

Finance Committee

3rd Report, 2011 (Session 4)

Report on Scottish Spending Review 2011 and Draft Budget 2012- 13

Volume 1: Finance Committee Report

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The Scottish Parliament
Pàrlamaid na h-Alba

Finance Committee

3rd Report, 2011 (Session 4)

**Report on Scottish Spending
Review 2011 and Draft Budget 2012-
13**

**Volume 1: Finance Committee
Report**

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The Scottish Parliament
Pàrlamaid na h-Alba

Finance Committee

Remit and membership

Remit:

1. The remit of the Finance Committee is to consider and report on-

(a) any report or other document laid before the Parliament by members of the Scottish Executive containing proposals for, or budgets of, public expenditure or proposals for the making of a tax-varying resolution, taking into account any report or recommendations concerning such documents made to them by any other committee with power to consider such documents or any part of them;

(b) any report made by a committee setting out proposals concerning public expenditure;

(c) Budget Bills; and

(d) any other matter relating to or affecting the expenditure of the Scottish Administration or other expenditure payable out of the Scottish Consolidated Fund.

2. The Committee may also consider and, where it sees fit, report to the Parliament on the timetable for the Stages of Budget Bills and on the handling of financial business.

3. In these Rules, "public expenditure" means expenditure of the Scottish Administration, other expenditure payable out of the Scottish Consolidated Fund and any other expenditure met out of taxes, charges and other public revenue.

(Standing Orders of the Scottish Parliament, Rule 6.6)

Membership:

Gavin Brown
Kenneth Gibson (Convener)
Derek Mackay
John Mason (Deputy Convener)
Margaret McCulloch
John Pentland
Paul Wheelhouse

Committee Clerking Team:

Clerk to the Committee

Jim Johnston

Senior Assistant Clerk

Fergus Cochrane

Assistant Clerk

Lucy Scharbert

Committee Assistant

Jennifer Bell



The Scottish Parliament
Pàrlamaid na h-Alba

Finance Committee

3rd Report, 2011 (Session 4)

Report on Scottish Spending Review 2011 and Draft Budget 2012-13

The Committee reports to the Parliament as follows—

INTRODUCTION

1. The *Scottish Spending Review 2011 and Draft Budget 2012-13*¹ (“spending review 2011”) was published by the Scottish Government on 21 September 2011 and this report provides the findings of the Finance Committee’s scrutiny of these proposals including a number of recommendations for consideration by the Scottish Government in advance of the publication of the Budget Bill in January 2012. The Committee received reports from each of the subject committees and the Equal Opportunities Committee and the European and External Relations Committee and these have been published on the Parliament’s website as annexes to this report in Volume 2.²

2. The Committee also conducted its own detailed budget scrutiny and a list of all oral evidence and a link to all written evidence is provided at Annexe C. A briefing by the Budget Adviser, Professor David Bell and a summary of evidence are attached as Annexe B. A briefing by the Financial Scrutiny Unit (FSU) is available on the Parliament’s website.³ The Committee would like to thank all those involved in providing evidence to support the budget scrutiny process.

3. The report focuses on four key areas—

- Strategic context for the spending review;

¹ Scottish Government. *Scottish Spending Review 2011 and Draft Budget 2012-13*. September 2011. Available at: <http://www.scotland.gov.uk/Resource/Doc/358356/0121130.pdf> [Accessed 25 November 2011]

² John Pentland MSP and Margaret McCulloch MSP dissented from this report.

³ Financial Scrutiny Unit. (2011) *Scottish Spending Review 2011 and Draft Budget 2012-13*. FSU Briefing 11/72. Available at: <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/30938.aspx> [Accessed 25 November 2011]

- Accelerating economic recovery;
- Renewing public services; and
- A decisive shift to preventative spending.

4. The report then considers equalities issues, the Scottish Government's climate change targets and access to budget information followed by consideration of the Scottish Parliamentary Corporate Body's (SPCB) budget and the Scottish Commission for Public Audit's (SCPA) scrutiny of the Audit Scotland budget proposal.

Strategic context for the spending review

5. The Committee notes that over the period of the UK Government's spending review to 2014-15 the Scottish budget will decrease by 12.3% in real terms. The biggest fall will be in the current financial year when the value of public spending will decline by 7% with the remaining 5.3% spread across 2012-13 to 2014-15.⁴ The Committee also notes that this decline has to be managed against a backdrop of increasing economic uncertainty. The Scottish Government states that—

“Such cuts would be extremely difficult to manage at the best of times. As it stands, they are taking place at a time when the global economic recovery remains fragile, with concerns over the pace of growth in most major economies and uncertainty over inflation and job security acting to dampen economic confidence.”⁵

6. The Committee agrees with its predecessor that continuing to produce a balanced budget in these circumstances is a significant challenge for both the Scottish Government and the Parliament.

7. The Scottish Government states that its budgetary decisions continue to be shaped by its Purpose “of creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.”⁶ This Purpose was first published as part of the spending review 2007 and is supported by the National Performance Framework (NPF).⁷

8. The Scottish Government states that the fundamental priorities of the spending review 2011 are to—

- accelerate economic recovery, to create the jobs our people need and to secure new opportunities through the low carbon economy;

⁴ Scottish Government (2011), *Scottish Spending Review 2011 and Draft Budget 2012-13*. Available at: <http://www.scotland.gov.uk/Resource/Doc/358356/0121130.pdf> [Accessed 25 November 2011]

⁵ Scottish Government (2011), *Scottish Spending Review 2011 and Draft Budget 2012-13*.

⁶ Scottish Government (2011), *Scottish Spending Review 2011 and Draft Budget 2012-13*.

⁷ <http://scotland.gov.uk/About/scotPerforms>

- deliver an ambitious public sector reform programme with a decisive shift in favour of preventative spend; and
- deliver a Social Wage for the people at a time of acute pressures on household incomes.

National Performance Framework

9. The Government stated in its response to the previous Committee's report on the draft budget 2011-12 that the NPF "provides a link, or common alignment between reporting on policy progress and financial reporting."⁸

10. The Committee also held an oral evidence session with the Carnegie UK Trust on its report, *More Than GDP: Measuring What Matters*. The Trust established a "Round Table" "to look in more detail at how to better manage economic performance and social progress in Scotland."⁹ The report emphasises the positive impact of the NPF and in evidence to the Committee the Trust stated—

"The framework is a rare international example of a Government trying to measure what matters and using those measurements to drive public policy, spend and investment."¹⁰

11. In its spending review 2007¹¹ the Scottish Government stated that it was re-aligning the government to deliver its Purpose through five strategic objectives supported in turn by 15 national outcomes and 45 national indicators and targets. The document contained a chapter on each of these strategic objectives including a summary of the budgetary decisions being taken to achieve them. The spending review 2007 also stated that the NPF would be "fully integrated into the Spending Review, which will underpin delivery against the government's agenda."¹²

12. The Scottish Government published a revised economic strategy on 12 September 2011 which emphasises the Purpose of the Scottish Government and the NPF. The strategy also states that—

"The NPF is a 10 year plan with a refresh of the national indicator set to be published in Autumn 2011 to reflect lessons learned since 2007; provide a better measure of progress towards the National Outcomes; and reflect current priorities."¹³

⁸ Scottish Government response to Scottish Parliament Finance Committee. 2nd Report, 2011 (Session 3). *Report on Scotland's Spending Plans and Draft Budget 2011-12* (SPP 564). Available at: http://archive.scottish.parliament.uk/s3/committees/finance/inquiries/budget/documents/2011-12_sgresponse.pdf [Accessed 25 November 2011]

⁹ Carnegie UK Trust (2011), *More Than GDP: Measuring What Matters*. Available at: <http://www.carnegieuktrust.org.uk/publications/2011/more-than-gdp--measuring-what-matters> [Accessed 25 November 2011]

¹⁰ Scottish Parliament Finance Committee, *Official Report*, 16 November 2011, Col 326.

¹¹ Scottish Government (2007), *Scottish Budget: Spending Review 2007*.

¹² Scottish Government (2007), *Scottish Budget: Spending Review 2007*.

¹³ Scottish Government (2011), *Government Economic Strategy*. Available at: <http://www.scotland.gov.uk/Publications/2011/09/13091128/3> [Accessed 25 November 2011]

13. **The Committee welcomes this refresh of the national indicators, which it understands will be published in December and invites the Scottish Government to consider the written evidence which it received in relation to the NPF and, in particular, paragraph's 75-78 of the summary of evidence including the concerns about the lack of Early Years indicators.**¹⁴

14. The Scottish Government's programme for Scotland, which was announced by the First Minister on 7 September 2011, also emphasises the NPF as being fully integrated with the Government's spending plans.¹⁵ The Committee, therefore, finds it surprising that the spending review 2011 does not mention the NPF or the five strategic objectives which the previous Scottish Government has realigned to deliver. The Committee notes that there is some mention of the national outcomes within the portfolio chapters but it is unclear how this correlates with the strategic chapters of the spending review 2011.

15. The Royal Society of Edinburgh (RSE) stated in evidence to the Committee that—

“We would like to see much more linkage between the proposals in the budget document, the national performance framework and the Government's economic strategy.”¹⁶

16. This is an issue which the previous Finance Committee regularly raised with the Cabinet Secretary for Finance and Sustainable Growth.

17. The Local Government and Regeneration (LGR) Committee has also sought clarification from the Scottish Government and COSLA “on the continuing relevance of the National Performance Framework and how it will be implemented through the Community Planning Partnerships.”

18. The Cabinet Secretary for Finance, Employment and Sustainable Growth (“the Cabinet Secretary”) stated in evidence to the Committee that—

“We intend to maintain the bulk of the infrastructure and architecture of Scotland Performs, because it is a long-term performance assessment model and it gives us an opportunity to consider and clearly what impact we are making on the variety of issues with which we are confronted.”¹⁷

19. **The Committee would, therefore, welcome clarification from the Scottish Government on whether—**

- **there has been a review of the Scottish Government's progress over the period of the previous spending review against the National**

¹⁴ Scottish Parliament Finance Committee (2011), *Summary of evidence*. Available at: www.scottish.parliament.uk/S4_FinanceCommittee/Inquiries/Summary_of_evidence.pdf [Accessed 25 November 2011]

¹⁵ Scottish Government (2011), *Renewing Scotland: The Government's Programme for Scotland 2011-2012*. Available at: <http://www.scotland.gov.uk/Publications/2008/09/01093322/0> [Accessed 25 November 2011]

¹⁶ Scottish Parliament Finance Committee. *Official Report*, 26 October 2011, Col 182.

¹⁷ Scottish Parliament Finance Committee. *Official Report*, 7 November 2011, Col 314.

Performance Framework and how this informed the spending review 2011;

- **the NPF continues to be fully integrated into the Scottish Government's spending plans over the spending review period and how this works in practice;**
- **the national indicators represent Scottish Government priorities and have been funded accordingly;**
- **the 15 national outcomes and 45 national indicators have been reviewed to reflect the shift towards preventative spending; and**
- **specific indicators will be introduced to measure progress arising from the introduction of the shift towards preventative spending.**

Accelerating economic recovery

20. The Scottish Government states that its top priority within the spending review 2011 is accelerating economic recovery, boosting jobs and promoting economic security.

External meeting

21. The Scottish Government's spending plans to support economic growth, including job creation and tackling unemployment, were the focus of workshop sessions that the Committee held in advance of its external meeting in Largs. Local representatives from the public, private and voluntary sector were invited to consider the Scottish Government's plans in this area and the impact that they might have on the local community and economy.

22. While the Committee agrees with the Scottish Government's focus on accelerating economic recovery, it would be useful to have further discussion on a number of issues which arose during the budget scrutiny process in relation to economic growth as follows—

- Capital expenditure;
- Public sector pay;
- Non-domestic rates;
- Universal services; and
- Challenge function.

Capital Expenditure

23. A key component of the Scottish Government's economic strategy is seeking to increase the size of its capital budget despite the 36.7% real term cut over the period of the spending review. One aspect of this approach is to switch over £200 million a year from resource spending to capital expenditure. The Cabinet Secretary stated in

his spending review statement that this would amount to over three quarters of a billion pounds by 2014-15.¹⁸ While the Committee welcomes this approach both the FSU¹⁹ and the Budget Adviser²⁰ have pointed out that it is unclear from the spending review 2011 how precisely this transfer will be implemented.

24. The Committee also received a written submission and heard oral evidence from the Scottish Futures Trust (SFT) which was also unable to provide any details on the allocation of the capital transfers.²¹ The SFT also emphasised the increasing importance of investment prioritisation and agreed with the Independent Budget Review panel that investment is directed to where it makes the most difference to strategic priorities.²²

25. A further issue emphasised by the SFT is the essential maintenance of assets. It argued for the need for greater clarity on the prioritisation of maintenance expenditure.²³ The Auditor General for Scotland (AGS) made a similar point in evidence to the Committee, stating that “the maintenance problem is very significant, and it is important that we all bear that in mind when we consider choices around new projects.”²⁴

26. This issue was also considered by the Infrastructure and Capital Investment (ICI) Committee which considered that, in pursuing the Scottish Government’s commitment to preventative spending, it was important to maintain the existing asset base and strike the correct balance between investing in new capital infrastructure and investment in the maintenance of current assets. In evidence to that committee, Strathclyde Partnership for Transport suggested that—

“...it is about maintaining what we have. When we talk about capital investment, we discuss big projects, but it is important to ensure that we also maintain Scotland’s asset base. While we put lots of money into what I call shiny new buttons, we must ensure that the things that we have already invested in are maintained and enhanced. Otherwise, a huge amount of money will have to go in to tackle backlogs and do patching at a later date.”²⁵

27. The Committee acknowledges the recognition of the Scottish Government in the spending review 2011 to improving the management of assets across the public sector and the work it is taking forward.

28. The AGS also points out that—

¹⁸ Scottish Parliament. *Official Report*, 21 September 2011, Col 1915.

¹⁹ Financial Scrutiny Unit. (2011) *Scottish Spending Review 2011 and Draft Budget 2012-13*. FSU Briefing 11/72. Available at:

<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/30938.aspx> [Accessed 25 November 2011]

²⁰ Bell, D.N.F. (2011) *Report on the Draft Scottish Budget 2012-13*. Available at:

<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/30938.aspx> [Accessed 25 November 2011]

²¹ Scottish Parliament Finance Committee. *Official Report*, 2 November 2011, Cols 230-1.

²² Scottish Parliament Finance Committee. *Official Report*, 2 November 2011, Col 222.

²³ Scottish Futures Trust. Written submission to the Finance Committee.

²⁴ Scottish Parliament Finance Committee. *Official Report*, 21 September 2011, Col 57.

²⁵ Scottish Parliament Infrastructure and Capital Investment Committee. *Official Report*, 2 November 2011, Col 260.

“The Scottish Government has 182 major capital projects planned, with a combined estimated value of somewhere in the range of £13 billion to £15 billion.”²⁶

29. The Centre for Public Policy for Regions (CPPR) suggests that there is a need to revisit those projects which are not already committed and see if they are still worthwhile in terms of the overall benefit to the Scottish economy.²⁷

30. The Cabinet Secretary stated that—

“We arrive at our capital programme by a process of prioritisation” and “as we go forward with the capital programme, we will look at projects to ensure that we maximise the economic impact on Scotland.”²⁸

31. While the Committee supports the priority given to capital spending within the spending review 2011, given the above, it would welcome clarification from the Scottish Government on—

- **details of the priority which has been given to maintenance expenditure within the spending review 2011; and**
- **whether planned capital projects which are not already committed have been reviewed within the context of the Scottish Government’s strategic priorities.**

32. The Committee also invites the Scottish Government to provide an update on the actions taken in respect of the asset management issue since the publication of the spending review 2011 and what its approach going forward will be.

Public Sector Pay

33. The Budget Adviser notes that control over public sector pay continues to be a key part of the budget strategy.²⁹ The Scottish Government states in the spending review 2011 that its public sector pay freeze will continue for 2012-13 and that it will continue with its commitment to the Scottish Living Wage which will be uprated for 2012-13. The Cabinet Secretary also confirmed in his statement on the spending review that the Scottish Government will continue with its policy of no compulsory redundancies for 2012-13 and that there might be “modest increases” in public sector pay in the years that follow.³⁰ The CPPR point out that while the pressure on the budget has been partly released through the pay freeze “there is a pent up requirement” to address likely future pay rises.³¹

²⁶ Scottish Parliament Finance Committee, *Official Report*, 21 September 2011, Col 57.

²⁷ Scottish Parliament Finance Committee. *Official Report*, 26 October 2011, Col 181.

²⁸ Scottish Parliament Finance Committee. *Official Report*, 7 November 2011, Col 294.

²⁹ Bell, D.N.F. (2011) *Report on the Draft Scottish Budget 2012-13*. Available at: http://www.scottish.parliament.uk/S4_FinanceCommittee/Inquiries/Adviserpaper_draftbudget20122013.pdf [Accessed 25 November 2011]

³⁰ Scottish Parliament. *Official Report*, 21 September 2011, Col 1915.

³¹ Scottish Parliament Finance Committee. *Official Report*, 26 October 2011, Col 184.

34. The Committee notes the possibility of “modest increases” in public sector pay and seeks clarification from the Scottish Government on whether this has been accounted for in setting out its spending plans for the years covered by the spending review.

35. The Committee also notes the Economy, Energy and Tourism (EET) Committee’s recommendation that the Scottish Government acts to address the bonus culture that still exists within some parts of the senior civil service and in some government agencies.

36. In its response to the previous Committee’s report on the draft budget 2011-12³² the Scottish Government stated that it would be considering the final report of the *Hutton Review of Fair Pay in the Public Sector*.³³ The Committee has agreed to take evidence from Will Hutton on the findings of the report on 25 January 2012.

37. The Committee would welcome the views of the Scottish Government on the findings of the Hutton report prior to the Committee’s meeting on 25 January 2012.

Non-Domestic Rates

38. The Scottish Government confirmed in a letter to the Committee dated 27 September 2011 that Non-Domestic Rates Income (NDRI) is estimated to grow by £493 million by 2014-15 compared with 2011-12.³⁴ This letter was in response to a report by the CPPR on the draft budget in which it highlighted the 22% rise (in cash terms) in NDRI over the period of the spending review. The Scottish Government states that this rise is made up of four elements—

- an estimated RPI (Retail Price Index) increase of over 12% between 2012 and 2015;
- an estimate of the impact of changes in levels of economic activity and changes to the outcomes of appeals;
- revenue from changes to the empty property relief regime; and
- Public Health Levy on large retail properties that sell tobacco and alcohol.

39. The Scottish Government states that of these four elements, “only £40 million from the proposed Public Health Levy represents an additional increase in the rates for occupied properties” and no occupied property will face an increase from any of the other factors.³⁵

³² Scottish Government response to Scottish Parliament Finance Committee. 2nd Report, 2011 (Session 3). *Report on Scotland’s Spending Plans and Draft Budget 2011-12* (SPP 564). Available at: http://archive.scottish.parliament.uk/s3/committees/finance/inquiries/budget/documents/2011-12_sgresponse.pdf [Accessed 25 November 2011]

³³ *Hutton review of Fair Pay in the public sector: Final Report* (March 2011) Available at: http://www.hm-treasury.gov.uk/indreview_willhutton_fairpay.htm [Accessed 25 November 2011]

³⁴ Letter from the Cabinet Secretary for Finance, Employment and Sustainable Growth to the Convener of the Finance Committee, 27 September 2011. Available at: http://www.scottish.parliament.uk/S4_FinanceCommittee/Inquiries/Letter_-_Kenneth_Gibson_MSP_Convener_of_Finance_Committee_-_Scottish_Spending_Review_-_27_September_2011.pdf [Accessed 25 November 2011]

³⁵ Scottish Government (September 2011). *A Scottish Budget for Growth*. Available at: <http://www.scotland.gov.uk/Resource/Doc/49303/0121297.pdf> [Accessed 25 November 2011]

40. The EET Committee raised concerns that the projected income rise from NDR may not be realised depending on the overall economic situation. The LGR Committee has invited the Scottish Government to provide “regular reports on NDRI collection performance in order that the Committee can monitor whether the forecast increase is being realised in the current economic circumstances.”

41. In response to these concerns, the Cabinet Secretary stated in evidence to the Committee that—

“The assessment that I have set out is a robust assessment of the income that is likely to come in as a consequence of non-domestic rates. The assumptions are set very conservatively in relation to our economic circumstances.”³⁶

42. The Cabinet Secretary provided further details in a letter to the EET Committee dated 14 November 2011—

“The buoyancy estimates used in the Draft Budget and Spending review for Non-Domestic Rate income forecasts are 1.95% in 2012-13, 2.15% in 2013-14 and 2.35% in 2014-15. Buoyancy estimates are based on past buoyancy trends and an assessment of current and anticipated future economic trends.”³⁷

43. The Cabinet Secretary also confirmed that the Scottish Government has guaranteed the level of projected income from NDRI receipts to local government over the spending review period.³⁸

44. The Committee supports the LGR Committee’s request for regular reports on NDRI collection performance.

45. The Committee also invites the Cabinet Secretary to publish the economic growth assumptions which underpin the buoyancy estimates.

Universal Services

46. The AGS noted in evidence to the Committee that—

“Demand for services that are free at the point of delivery continues to rise. In round terms, we estimate that they cost about £870 million at the moment.”³⁹

47. Given these cost pressures the report from the Commission on the Future Delivery of Public Services states that—

³⁶ Scottish Parliament Finance Committee, *Official Report*, 7 November 2011, Col 298.

³⁷ Letter from the Cabinet Secretary for Finance, Employment and Sustainable Growth to the Convener of the Economy, Energy and Tourism Committee, 14 November 2011. Available at: http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/General%20Documents/2011.11.14_John_Swinney_follow_up_to_2_Nov_letter.pdf [Accessed 5 December 2011]

³⁸ Scottish Parliament Finance Committee, *Official Report*, 7 November 2011, Col 299.

³⁹ Scottish Parliament Finance Committee, *Official Report*, 21 September 2011, Col 55.

“Contentious issues such as the continuation of universal entitlements must be considered openly and transparently rather than in the current polarised terms.”⁴⁰

48. Previously, the Independent Budget Review panel stated in its report that “work to review the approach to providing universal services and the blocks of spend allocated to these is now required as a matter of urgency.”⁴¹ This is a view supported by West Lothian Council (WLC) which argued in its submission to the Committee that “a serious debate is now required on the future of universal services.”⁴²

49. The RSE stated in evidence to the Committee that there should “be an informed debate in the Parliament and elsewhere about the choices that should be being faced and whether funds can be released to other essential services.”⁴³ This is a view shared by the CPPR which stated that “we will have to make difficult decisions about whether we can afford every universal benefit or the level of service delivery that we have had in the past.”⁴⁴

50. In response to questioning on the sustainability of universal services the Cabinet Secretary stated—

“When a dialogue takes place in a period of spending pressure, people almost automatically say that the first thing we must do is stop universal benefits. The fact that our three-year spending review does none of that demonstrates that we believe the concept to be sustainable.”⁴⁵

51. The Committee welcomes the Scottish Government’s commitment to maintaining universal services over the period of the spending review. The Committee has agreed to hold an initial series of round table evidence sessions on fiscal sustainability, including a session on universal services.

Challenge Function

52. The Committee also heard evidence from the RSE that “consideration should be given to an internal treasury function within the Scottish Government to challenge spending proposals as well as consider them in an overarching and comparative way.”⁴⁶ Currently there is no department equivalent to the UK Treasury within the Scottish Government specifically tasked with looking across portfolio areas and taking decisions on budgetary allocations in the round. The RSE suggest that within the UK Treasury “all the options have been considered, and that they have been considered against other demands for finance. Perhaps within the Scottish Government we lack the full rigour of such internal scrutiny.”⁴⁷

⁴⁰ *Commission for the Future Delivery of Public Services* (2011), Foreword.

⁴¹ Independent Budget Review (2010). *The Report of Scotland’s Independent Budget Review Panel*, paragraph 5.18.

⁴² West Lothian Council. Written submission to the Finance Committee.

⁴³ Scottish Parliament Finance Committee, *Official Report*, 26 October 2011, Col 184.

⁴⁴ Scottish Parliament Finance Committee, *Official Report*, 26 October 2011, Col 187.

⁴⁵ Scottish Parliament Finance Committee, *Official Report*, 7 November 2011, Col 307.

⁴⁶ Scottish Parliament Finance Committee, *Official Report*, 26 October 2011, Col 161.

⁴⁷ Scottish Parliament Finance Committee, *Official Report*, 26 October 2011, Col 169.

53. The previous Finance Committee considered this issue in its report on strategic budget scrutiny in 2009 and recommended that it is “critical that the Scottish Government demonstrates how it has achieved” a strong challenge function.⁴⁸ The Scottish Government disagreed with that view pointing to a number of internal challenge functions which already exist including the work of the efficient government team and the rigour demanded by the Cabinet process for approving proposals.⁴⁹

54. The Committee recognises the need for the rigorous internal scrutiny suggested by the RSE and invites the Scottish Government to outline how such a challenge function operated during the spending review 2011, how it will operate in future and whether there are plans to develop this function if more financial powers are devolved to the Scottish Parliament.

Renewing public services

55. Within the spending review 2011 the Scottish Government has continued to emphasise its reform agenda for Scotland’s public services including the programme for efficiency savings. The Scottish Government states that it is committed to—

- ensuring the future sustainability of services;
- reducing inequalities;
- identifying those at risk and intervening early to prevent risks from materialising;
- shifting the focus from service delivery to building the capacity of individuals, families and communities; and
- unlocking resources currently invested in dealing with acute problems.

56. The Committee welcomes the Scottish Government’s continued emphasis on renewing public services and this section of the report considers the outcome of the Commission on the Future Delivery of Public Services, the McClelland Review and the progress in seeking efficiency savings across the public sector.

Commission on the Future Delivery of Public Services

57. In November 2010 the Scottish Government launched the Commission on the Future Delivery of Public Services to provide “recommendations about how public services must change to meet the medium and long-term financial challenges and the expectations of the people of Scotland.” The Commission was chaired by the late Dr Campbell Christie CBE, former General Secretary of the STUC.

58. The Christie Commission (as it was known) published its report on 29 June 2011⁵⁰ arguing for an urgent, sustained and coherent programme of public service

⁴⁸ Scottish Parliament Finance Committee. 2nd Report, 2009 (Session 3). *Strategic Budget Scrutiny*. (SP Paper 283). Available at: <http://archive.scottish.parliament.uk/s3/committees/finance/reports-09/fir09-02.htm> [Accessed 25 November 2011]

⁴⁹ Scottish Parliament Finance Committee. 2nd Report, 2009 (Session 3). *Strategic Budget Scrutiny*. (SP Paper 283). Available at: <http://archive.scottish.parliament.uk/s3/committees/finance/reports-09/fir09-02.htm> [Accessed 25 November 2011]

⁵⁰ *Commission on the Future Delivery of Public Services* (2011). Available at: <http://scotland.gov.uk/Resource/Doc/352649/0118638.pdf> [Accessed 25 November 2011]

reform and proposing an approach to that programme, including four key objectives that—

- public services are built around people and communities, their needs, aspirations, capacities and skills, and work to build up their autonomy and resilience;
- public service organisations work together effectively to achieve outcomes;
- public service organisations prioritise prevention, reduce inequalities and promote equality; and
- all public services constantly seek to improve performance and reduce costs, and are open, transparent and accountable.

59. In addition to the four key objectives and broad priorities for reforming public services, the Commission proposed a number of specific recommendations for reform.

60. The Scottish Government published its response to the Commission on 21 September 2011⁵¹ alongside its spending plans and announced that a Cabinet Subcommittee on Public Services Reform had been established to drive forward and co-ordinate progress on a comprehensive programme of improvement and reform.

61. The Committee took evidence from members of the Commission at its meeting on 28 September 2011. The Committee welcomes the Commission's report, particularly its focus on preventative spending and collaborative working.

62. The Committee notes the response from the Scottish Government to the Christie Commission, but would welcome clarification on what plans the Scottish Government has to take forward the following recommendations made by the Commission—

- **introduce a new set of statutory powers and duties, common to all public service bodies, focused on improving outcomes and which include a presumption in favour of preventative action and tackling inequalities (paras. 5.22 to 5.26 and para. 6.17);**
- **forge a new concordat with local government to develop joined-up services, backed by funding arrangements requiring integrated provision (para. 5.17); and**
- **review specific public services in terms of the difference they make to people's lives, in line with the Commission's reform criteria (para. 7.48).**

63. The Committee would also welcome further detail on how the Scottish Government plans to take swift action to “accelerate progress in building

⁵¹ Scottish Government (2011) *Renewing Scotland's public services - priorities for reform in response to the Christie Commission*. Available at: <http://www.scotland.gov.uk/Publications/2011/09/21104740/9> [Accessed 25 November 2011]

prevention into the design and delivery of all our public services” as set out in its response.⁵²

64. The Committee also refers to further recommendations from the Christie Commission in the section of the report below on preventative spending. The Committee would welcome a six-monthly update from the Cabinet sub-committee on the progress made in implementing the Christie Commission’s recommendations.

McClelland Review of ICT Infrastructure

65. In June 2011 John McClelland published his Review of ICT Infrastructure in the Public Sector in Scotland.⁵³ Mr McClelland was invited to carry out this review by the Cabinet Secretary for Finance, Employment and Sustainable Growth with the remit—

“to review the strategic management of investment in Scottish public sector information and communication technology (ICT) infrastructure, reporting on how best to deliver improved value for money and support multi-agency working and shared services.”

66. The Committee was interested in the opportunities for savings through, for example, improved tendering and procurement and the sharing of ICT resources (e.g. staff, hardware) and took oral evidence from Mr McClelland on 5 October 2011.⁵⁴ The review concludes that savings could commence in 2012-13 with cumulative savings over five years of up to £1 billion. It sets out proposals to implement the recommendations and suggests a new five-year ICT strategy is developed for each part of the public sector (local government, health, further and higher education, central government) with a ‘national imperatives’ strategy.

67. The Scottish Government “will implement the recommendations of the McClelland review of ICT infrastructure” in 2012-13. Its response⁵⁵ sets out the early actions it is taking and that “full implementation of the report’s recommendations will be delivered over the medium term”. It will provide £4.7 million in 2012-13, 2013-14 and 2014-15⁵⁶ to support “programmes and projects designed to improve public sector efficiency and effectiveness, including support for improving the deployment and exploitation of new and existing public sector ICT assets”.⁵⁷ It has established a Public Sector Reform Board responsible for public sector ICT and digital public

⁵² Scottish Government (2011) *Renewing Scotland’s public services - priorities for reform in response to the Christie Commission*. Available at: <http://www.scotland.gov.uk/Publications/2011/09/21104740/9> [Accessed 25 November 2011]

⁵³ John McClelland (2011) *Review of ICT Infrastructure in the Public Sector in Scotland*. Available at: www.scotland.gov.uk/Publications/2011/06/15104329/0 [Accessed 25 November 2011]

⁵⁴ Scottish Parliament Finance Committee. *Official Report, 5 October 2011*.

⁵⁵ Scottish Government. (2011) *Response to the McClelland Review of ICT Infrastructure in the Public Sector in Scotland*. Available at: www.scotland.gov.uk/Publications/2011/09/21103403/0 [Accessed 25 November 2011]

⁵⁶ Scottish Government. (2011) *Scottish Spending Review 2011 and Draft Budget 2012-13*. Table 8.04. Available at: www.scotland.gov.uk/Resource/Doc/358356/0121130.pdf [Accessed 25 November 2011]

⁵⁷ Scottish Government. (2011) *Response to the McClelland Review of ICT Infrastructure in the Public Sector in Scotland*. Available at: www.scotland.gov.uk/Publications/2011/09/21103403/0 [Accessed 25 November 2011]

services; a McClelland National Oversight Board sitting above oversight boards for each of the public sectors; and plans to develop a national public sector ICT strategy.

68. The Committee seeks clarification from the Scottish Government on whether the £4.7 million budget each year will deliver these projected savings and how.

69. The Committee further invites—

- **a progress report, as part of the annual budget document over the period of the spending review—**
 - **on how its strategy is bringing savings in ICT across the public sector;**
 - **details of the savings which have been achieved in each sector;**
 - **an explanation where the projected savings in each sector have not been achieved; and**
- **confirmation that the Scottish Government will ensure that the infrastructure needed to deliver these savings will be in place, including—**
 - **how this will be done;**
 - **what it will cost; and**
 - **an assessment of what impact it would have on securing these savings if the infrastructure is not provided.**

Efficiency savings

70. The Scottish Government stated in the draft budget 2011-12 that it was seeking efficiency savings of 3% across the public sector. However, it has subsequently announced that it will not be publishing an outturn report. The Cabinet Secretary explained to the Committee that this decision is because “we are obviously in a very different financial climate, in which very challenging budgets have been set for individual portfolios and portfolio holders.”⁵⁸ Consequently the Scottish Government has decided not “to create the type of infrastructure that surrounded the outturn report in the past.”⁵⁹

71. In response to the previous Committee’s report on the draft budget 2011-12 the Scottish Government stated—

“Scottish Ministers expect public bodies to be able to supply the necessary supporting evidence (on costs, activity and quality) to provide assurance on their reported efficiencies. We will produce a template, before the new Financial

⁵⁸ Scottish Parliament Finance Committee. *Official Report*, 7 November 2011, Col 316-7.

⁵⁹ Scottish Parliament Finance Committee. *Official Report*, 7 November 2011, Col 316.

Year, that will enable public bodies to report their efficiencies in a consistent format.”⁶⁰

72. The Scottish Government has not set a target for further efficiency savings in the spending review 2011. However, within the accompanying equality statement it states that—

“Notwithstanding the commitment to protect the Health budget, efficiency and productivity savings in excess of 3 per cent will continue to be required from NHS Boards, in view of the specific nature of Health’s inflationary, demographic and clinical cost pressures.”⁶¹

73. The Cabinet Secretary also stated in evidence to the Committee that—

“I expect all public bodies to deliver significant further efficiencies by drawing on, in particular, the McClelland review’s recommendations.”⁶²

74. The Scottish Government stated in its response to the McClelland Review that the spending review 2011 assumes savings of between £230 - £300m a year will be made in the ICT budgets of the public sector.⁶³

75. Given the response of the Scottish Government to the previous Committee’s report on the draft budget 2011-12 that it expects public bodies to provide the necessary supporting evidence to provide assurance on reported efficiencies, the Committee seeks assurances from the Scottish Government that the necessary supporting evidence will still be required from public bodies to provide assurance on reported efficiencies and that this will be published.

76. The Committee further seeks clarification from the Scottish Government on whether the efficiency savings made by a public body will be retained by that public body.

A decisive shift to preventative spending

77. The Committee welcomes the emphasis within the spending review 2011 on preventative spending including “significant funding” of over £500 million. The Scottish Government states that this marks a “decisive shift” to preventative spending and “a step change in the way in which we fund and deliver public services.”⁶⁴ To

⁶⁰ Scottish Government response to Scottish Parliament Finance Committee. 2nd Report, 2011 (Session 3). *Report on Scotland’s Spending Plans and Draft Budget 2011-12* (SPP 564). Available at: http://archive.scottish.parliament.uk/s3/committees/finance/inquiries/budget/documents/2011-12_sgresponse.pdf [Accessed 25 November 2011]

⁶¹ Scottish Government (2011) *Equality Statement: Scottish Spending Review and Draft Budget 2012-13*.

⁶² Scottish Parliament Finance Committee. *Official Report*, 7 November 2011, Col 289.

⁶³ Scottish Government. (2011) *Response to the McClelland Review of ICT Infrastructure in the Public Sector in Scotland*. Available at: www.scotland.gov.uk/Publications/2011/09/21103403/0 [Accessed 25 November 2011]

⁶⁴ Scottish Government. *Scottish Spending Review 2011 and Draft Budget 2012-13*. September 2011. Available at: <http://www.scotland.gov.uk/Resource/Doc/358356/0121130.pdf> [Accessed 25 November 2011]

support this approach the Scottish Government states that it is “introducing three new funds”—

- a continuation of the Change Fund;
- Early Years and Early Intervention Change Fund; and
- Reducing Reoffending Change Fund.

78. The LGR Committee also welcomed the allocation of funding via these funds, while the Health and Sport (HS) Committee supports the concepts of prevention and integration and has agreed to assess the progress being made.

79. It is clear from the evidence which the Committee received that there is strong support for the Scottish Government’s emphasis on preventative spending and the introduction of the change funds. However, NHS Greater Glasgow and Clyde (NHSGGC) stated in evidence to the Committee that “it is too early to say that there has been a ‘decisive shift’ to preventative spend”,⁶⁵ while the Scottish Council for Voluntary Organisations (SCVO) stated that “there is a distinct lack of shared objectives or vision around the change funds.”⁶⁶ The SCVO also suggests that “some local authorities have deliberately not acted in the spirit of what the change funds were intended.”⁶⁷

80. Some concerns were also raised in evidence as to whether the £500 million was substitute funding for existing projects rather than new money for new projects.

81. The Cabinet Secretary responded to these concerns by emphasising—

“The challenge...is to ensure that the transition from one year’s spending plans to the next is done in a way that protects all the fundamentals of the programme that is being advanced and brings in new elements that are well supported by the available resources.”⁶⁸

82. The Christie Commission emphasised that it is essential that the change funds are monitored and that it “does not become just a tick-box exercise.”⁶⁹

83. The Committee agrees with the Christie Commission and indicates that it plans to monitor the progress of each of these funds.

84. To assist with this process, the Committee invites the Scottish Government to provide further details on the £500 million funding, including—

- **who will manage each of the funds;**
- **how monies will be allocated;**

⁶⁵ Scottish Parliament Finance Committee. *Official Report, 2 November 2011*, Col 246.

⁶⁶ Scottish Parliament Finance Committee. *Official Report, 2 November 2011*, Col 244.

⁶⁷ Scottish Parliament Finance Committee. *Official Report, 2 November 2011*, Col 244.

⁶⁸ Scottish Parliament Finance Committee. *Official Report, 7 November 2011*, Col 302.

⁶⁹ Scottish Parliament Finance Committee. *Official Report, 28 September 2011*, Col 114.

- **what safeguards will be in place to ensure that funds for preventative spending will not be used to top up or substitute for existing expenditure;**
- **what outcomes have been set; and**
- **how progress will be measured.**

Reshaping Care for Older People Change Fund

85. The Change Fund is a continuation of the £70 million Reshaping Care for Older People Change Fund, introduced in the draft budget 2011-12 and held by NHS boards. It is intended to enable the redesign of services that support shifting the balance of care towards primary and community care. Additional funding has been allocated in the spending review 2011 of “£80m/£70m/£70m within NHS Budgets, supplemented by funding from local authority partners.”⁷⁰ However, there is no mention of the Change Fund within the Local Government chapter of the spending review 2011 and no indication of the level of supplementary funding which is expected. Neither is there any indication of the progress which has been made in implementing the Change Fund for 2011-12.

86. The SCVO raised concerns in evidence to the Committee that some local authorities have used monies from the change fund “as a different way of funding existing services.”⁷¹ It suggests that only 18% of the Change Fund is spent on prevention and that the majority is spent on funding existing methods of care.⁷²

87. The Change Fund was also discussed during the workshop sessions that the Committee held in Largs, where a concern was raised that the Fund was taking too long to implement.⁷³

88. The Committee would, therefore, welcome clarification from the Government on—

- **whether there has been a review of progress in implementing the Change Fund and whether this will be made publicly available;**
- **whether there is a need for Ministers to intervene to ensure that the money provided through the Change Fund is being spent appropriately; and**
- **the level of supplementary funding which it expects local authorities to contribute to the Change Fund.**

Early Years and Early Intervention Change Fund

89. The Scottish Government indicates that resourcing for the Early Years and Early Intervention Change Fund will be provided by NHS boards and local authorities

⁷⁰ Scottish Government. (2011) *Scottish Spending Review 2011 and Draft Budget 2012-13*. Available at: <http://www.scotland.gov.uk/Resource/Doc/358356/0121130.pdf> [Accessed 25 November 2011]

⁷¹ Scottish Parliament Finance Committee. *Official Report*, 2 November 2011, Col 264.

⁷² Scottish Parliament Finance Committee. *Official Report*, 2 November 2011, Col 245.

⁷³ Scottish Parliament Finance Committee. *Official Report*, 7 November 2011, Col 283.

with an additional contribution of £50 million from central government over the parliamentary term through the Sure Start Fund component of the Scottish Futures Fund. The Health and Well-being chapter sets out funding of £20m/£45m/£50m over the period of the spending review period. However, there is no indication within the Local Government chapter as to the level of funding to be provided by local authorities.

90. The Committee notes that the Scottish Government also announced a new Early Years and Early Intervention Fund in the draft budget 2011-12 with an initial investment of £5 million, while the Education chapter of the spending review 2011 mentions ongoing investment “of £6.8 million in our Early Years Early Action Fund.”⁷⁴ The draft budget 2011-12 also included provision for “over £45 million to support the most vulnerable children and young people in our society through focusing investment in the early years and early intervention”.⁷⁵ The Scottish Government also indicated that it “had sought to protect funding that we provide to the third sector to improve outcomes for children and young people, including children with disabilities.”⁷⁶

91. NHSGGC suggests that it is not clear whether the Early Years Change Fund “is really new money or a rebadging of money to show a shift towards prevention”.⁷⁷

92. In a written response to the Justice Committee the Scottish Government confirmed that its funding for the Early Years Change Fund is incorporated in the Positive Futures budget line.⁷⁸ The level 4 figures for the Education and Lifelong Learning portfolio show that this funding amounts to £12.28 million in 2012-13 and that “this will support a new generation of family centres, family support and parenting, and areas such as early learning, childcare and play. This budget also funds the Bookbug Bookgifting programme for children in their early years and the PlayTalk Read early years social marketing campaign.”⁷⁹

93. The Committee would, therefore, welcome clarification from the Scottish Government on—

- **how much of £12.28 million will be available to the Early Years Taskforce as part of the Change Fund;**
- **the amount of new money which the Scottish Government is allocating to the Early Years which is additional to the £45 million and £6.8 million allocated in the draft budget 2011-12;**

⁷⁴ Scottish Government. (2011) *Scottish Spending Review 2011 and Draft Budget 2012-13*. Available at: <http://www.scotland.gov.uk/Resource/Doc/358356/0121130.pdf> [Accessed 25 November 2011]

⁷⁵ Scottish Government. (2010) *Scotland's Spending Plans and Draft Budget 2011-12*.

⁷⁶ Scottish Government. (2010) *Scotland's Spending Plans and Draft Budget 2011-12*.

⁷⁷ Scottish Parliament Finance Committee, *Official Report*, 2 November 2011, Col 252.

⁷⁸ Letter from the Cabinet Secretary for Justice to the Justice Committee. Available at: http://www.scottish.parliament.uk/S4_JusticeCommittee/Inquiries/20111104CSfJresponseto2Novquestions.pdf [Accessed 6 December 2011]

⁷⁹ Level 4 figures, Scottish Parliament website. Available at: <http://www.scottish.parliament.uk/parliamentarybusiness/16305.aspx> [Accessed 6 December 2011]

- **whether the Early Years Change Fund is distinct from the Early Years Fund introduced in the draft budget 2011-12;**
- **whether the commitment remains to protect third sector funding to improve outcomes for children and young people, including children with disabilities, as indicated in the draft budget 2011-12;**
- **the level of local government funding which the Scottish Government anticipates will be contributed to the Early Years Change Fund and whether this will be additional to the funding of existing Early Years programmes; and**
- **which budget heading the investment of £20m/£45m/£50m comes under within the Health portfolio and whether this will be additional to the funding of existing Early Years programmes.**

Reducing Reoffending Change Fund

94. The Reducing Reoffending Change Fund will also focus on preventative spend and specifically those interventions that reduce reoffending. The Scottish Government states that it “will take account of the particular contribution that can be made by third sector service providers” and “will expand the impact and coverage of those interventions with a proven track record in reducing reoffending, as well as supporting innovation.”⁸⁰ However, the total funding for the fund is unclear. The FSU briefing on the spending review 2011 states that—

“There is an allocation of £1m per year within the Third Sector Budget and there is also an allocation within the Community Services budget line, although the exact amount is unspecified.”⁸¹

95. The Cabinet Secretary for Justice stated in evidence to the Justice Committee that £7.5 million has been allocated to the Change Fund over three years although there is no separate budget heading. The Justice Committee has, therefore, invited the Scottish Government to provide further details of the funds to be reallocated, what new programmes they will support and how their effectiveness will be assessed.

96. In addition to the request from the Justice Committee, the Committee would welcome clarification from the Scottish Government on the total amount of funding which is being allocated to the Reducing Reoffending Change Fund.

Implementation

97. The Committee agreed at its meeting on 22 June 2011 to take forward the work of its predecessor on preventative spending by focusing on this area in the scrutiny of the spending review 2011 and the draft budget 2012-13. In particular, the Committee

⁸⁰ Scottish Government.(2011) *Scottish Spending Review 2011 and Draft Budget 2012-13*. Available at: <http://www.scotland.gov.uk/Resource/Doc/358356/0121130.pdf> [Accessed 25 November 2011]

⁸¹ Financial Scrutiny Unit. (2011) *Scottish Spending Review 2011 and Draft Budget 2012-13*. FSU Briefing 11/72. Available at: <http://www.scottish.parliament.uk/business/research/briefings-11/SB11-72.pdf> [Accessed 25 November 2011]

agreed to focus on implementation and on this basis issued a general call for evidence and a separate questionnaire to community planning partnerships (CPPs). Ninety seven submissions were received and are available on the parliament's website.⁸²

98. The Committee has published a summary of the evidence⁸³ and identified five core cross-cutting themes—

- National Leadership;
- Prioritisation of Resources;
- Collaborative Working;
- Financial Challenges; and
- National Performance Framework/Measuring Outcomes.

99. The Committee subsequently held two round table sessions at its meetings on 26 October and 2 November 2011 which focused on these themes. The Committee also took evidence from the Social Research Unit (SRU) based at Dartington which is an independent charity dedicated to improving the health and development of children, primarily in Europe and North America. Its work has been described by the National Endowment for Science, Technology and the Arts as one of “a number of recent important prevention and early intervention initiatives that policy work should draw on.”

National Leadership

100. A key theme raised in the evidence received by the Committee was the issue of national leadership and the role of the Scottish Government and other national bodies in ensuring the implementation of the preventative spending agenda and collaborative working at a local level.

101. For example, the SCVO emphasised that a factor in making the shift to preventative spend was “political will and leadership to drive the agenda forwards and overcome opposition from vested interests.”⁸⁴ Likewise, the Scottish Association for Mental Health indicated that the role of the Scottish Government in taking toward joint working in preventative spending was “critical” not only in providing ongoing financial support but also in its role of providing “national leadership, direction and guidance”.⁸⁵

102. While the commitment to preventative spending in the spending review 2011 was therefore welcomed by witnesses, there was a sense that greater leadership at a national level was required. In particular, the SCVO felt that “people are asking for more direction. By that, I mean not more control but less ambiguity about how things are to be done.”⁸⁶ Likewise, Grampian Police stated that it was “imperative that the

⁸² <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/30938.aspx>

⁸³ Scottish Parliament Finance Committee. (2011) *Summary of evidence*. Available at: http://www.scottish.parliament.uk/S4_FinanceCommittee/Inquiries/Summary_of_evidence.pdf [Accessed 25 November 2011]

⁸⁴ Scottish Council for Voluntary Organisations. Written Submission to the Finance Committee.

⁸⁵ SAMH. Written submission to the Finance Committee.

⁸⁶ Scottish Parliament Finance Committee. *Official Report, 2 November 2011*, Col 244.

Scottish Government provides clear and unambiguous leadership (and appropriate governance) to community planning boards, alongside the necessary guidance.”⁸⁷

103. Witnesses also considered that national leadership required national policies to be developed on a cross-directorate basis. For example, WLC suggested that there “still seems to be a silo approach to prevention at a national level”⁸⁸ and Perth and Kinross CPP indicated that—

“National policy is perceived to be developed in ‘competing’ departmental silos, often ‘micro managing’ the delivery of some outcomes, which can result in local priority conflicts.”⁸⁹

104. Glasgow CPP suggested that partners may want to explore pooling resources more formally and that this would require support from the Scottish Government to pool agency or national departmental resources.⁹⁰

105. The SRU pointed to the risks associated with the transfer of resources, particularly in the area of social care and emphasised that there was a need to provide the “right incentives for public sector workers to take some of those risks.” Likewise, national politicians had a role in taking and carrying some of that risk.⁹¹

106. A number of organisations suggested that the Scottish Government had a key role in creating incentives for organisations that are performing well. Children in Scotland pointed out that “at the moment, there are no adverse consequences for public bodies that fail to deliver an adequate level of positive change and no real incentives to meet or exceed stated targets.”⁹²

107. And in his evidence to the Committee, Alex Linkston, member of the Christie Commission emphasised that—

“If we want collaborative working to work, there must be within the system accountability at community planning level, and there must be the carrot and stick. The carrot is the change fund and the stick is some inspection mechanism that holds people to account collectively, not individually. If an individual part of the system is not performing adequately, it should be publicly named and shamed.”⁹³

108. In his evidence to the Committee, the Cabinet Secretary confirmed that “the political will exists.”⁹⁴ He went on to state that—

“The Government expresses leadership in attaching the degree of significance to preventative spending that runs through the entire spending review document. If its approach is to be meaningful, it must be reflected in the

⁸⁷ Grampian Police. Written submission to the Finance Committee.

⁸⁸ West Lothian Council. Written submission to the Finance Committee.

⁸⁹ Perth and Kinross Community Planning Partnership. Written submission to the Finance Committee.

⁹⁰ Glasgow Community Planning Partnership. Written submission to the Finance Committee.

⁹¹ Scottish Parliament Finance Committee, *Official Report*, 23 November 2011, Col 382

⁹² Children in Scotland. Written submission to the Finance Committee.

⁹³ Scottish Parliament Finance Committee. *Official Report*, 28 September 2011, Col 121.

⁹⁴ Scottish Parliament Finance Committee. *Official Report*, 7 November 2011, Col 290.

interventions, actions and approaches of every single minister in their work on behalf of the Government for the remainder of the parliamentary session and for some time thereafter.”⁹⁵

109. However, he noted that “people still wait for authorisation from a more senior level.”⁹⁶ The Cabinet Secretary emphasised that—

“The Government is not waiting for that. Many preventative spending interventions will be the product of good thinking by public servants at the local level who know their communities and the circumstances well, and can find better ways in which organisations can utilise resources to deliver better outcomes.”⁹⁷

110. The Committee recognises that many preventative spending initiatives will rightly be developed at a local level in response to local needs, but considers that organisations across the public sector are seeking greater direction and guidance from the Scottish Government on how the preventative spending agenda should be taken forward to ensure that the “decisive shift” to which it is committed becomes a reality.

111. Therefore the Committee would welcome clarification on whether and, if so, how the Scottish Governments plans to—

- **ensure that the preventative spending agenda is embedded across the delivery of public services;**
- **respond to calls for greater direction on the national priorities for preventative spending and the agenda that should be taken forward at a local level;**
- **ensure that national policies which promote preventative spending are developed across directorates to facilitate collaborative working at a local level;**
- **help facilitate the pooling of resources by local organisations in the implementation of national policies promoting preventative spending;**
- **create incentives, in addition to the change funds, for organisations which embrace the preventative spending; and**
- **collate and disseminate examples of local good practice in preventative spending.**

Prioritisation of Resources

112. Witnesses emphasised, however, that given the current economic restrictions, difficult decisions regarding disinvestment would need to be made if the preventative

⁹⁵ Scottish Parliament Finance Committee. *Official Report, 7 November 2011*, Col 295.

⁹⁶ Scottish Parliament Finance Committee. *Official Report, 7 November 2011*, Col 295.

⁹⁷ Scottish Parliament Finance Committee. *Official Report, 7 November 2011*, Col 295.

spending agenda was to be taken forward and called on the Scottish Government to provide leadership on the areas that it would like to see prioritised. As WLC pointed out “not everything can be a priority.”⁹⁸

113. South Ayrshire CPP confirmed that one of the main barriers in the current financial climate was “deciding where disinvestment should occur, i.e. what current services are no longer required, in order to achieve the resource shift towards preventative services and approaches.”⁹⁹ The AGS also noted that a key issue is “the challenge of just having to stop doing things.”¹⁰⁰

114. NHS Education for Scotland emphasised that there had been “calls throughout the country...for stronger guidance from the Scottish Government on how to deliver greater preventative activity, and guidance in which specific prevention and early intervention programmes local authority should invest.”¹⁰¹

115. Likewise, the Royal College of Nursing considered that the Scottish Government must take the lead in supporting public bodies to prioritise preventative spending noting that national prioritisation of ever-more limited public funds was “never going to be an easy” but that “if the political will is for increased preventative investment in the current climate, the Scottish Government and the Scottish Parliament will need to be as clear in their support for disinvesting from those areas no longer prioritised, as they are in their support for investing in prevention.”¹⁰²

116. Witnesses emphasised that decisions on prioritisation needed to be made transparently and with the involvement of stakeholders and the general public. As NHSGGC pointed out—

“If you want to make the decisive shift that we are talking about, the public need to understand some of the issues better and some of the difficult decisions and choices need to be much more explicit than they are at the moment.”¹⁰³

117. It suggested that there should be agreement on a set of prevention and early intervention objectives, and then work systematically through the change that will be required to deliver them. As the SCVO articulated—

“The key is the outcomes and areas that we will work on. We must accept that we will get to other areas later. The political challenge for all the parties and the Government is in saying, “This is the focus. This is what we are going to try to do to make your lives better.”¹⁰⁴

⁹⁸ Scottish Parliament Finance Committee. *Official Report, 2 November 2011*, Col 254.

⁹⁹ South Ayrshire Community Planning Partnership. Written submission to the Finance Committee.

¹⁰⁰ Scottish Parliament Finance Committee. *Official Report, 21 September 2011*, Col 66.

¹⁰¹ NHS Education for Scotland, Written submission to the Finance Committee.

¹⁰² Royal College of Nursing, Written submission to the Finance Committee.

¹⁰³ Scottish Parliament Finance Committee. *Official Report, 2 November 2011*, Col 253.

¹⁰⁴ Scottish Parliament Finance Committee. *Official Report, 2 November 2011*, Col 269.

118. In particular, the SRU pointed to the proliferation of “early intervention” projects and stated that “some interventions are making things worse, not better”.¹⁰⁵ The SRU emphasised that the focus should be on scaling up four or five programmes that had been demonstrated to work¹⁰⁶ and made particular reference to the family-nurse partnership—

“Family-nurse partnership programmes are a perfect example. They are so effective that they should be a core part of children’s services, but it is necessary to deliver them at scale. For that to happen, a redesign of children’s services is required. The primary future investment of our work will be to work out how to do that.”¹⁰⁷

119. In his evidence to the Committee, the Cabinet Secretary stated—

“The question that lies at the heart of that challenge is how much we can deliver at a time when budgets are under so much pressure. I am confident that our approach in the spending review is sustainable and effective. It will enable us to make significant progress in the journey, and to manage the spending pressures—pressures that we will eventually avoid if we are successful in taking such a course of action.”¹⁰⁸

120. The Committee considers that, given the restrictions of the current financial climate, difficult decisions regarding disinvestment will need to be made to ensure that preventative spending becomes integral to service delivery in the long term. The Committee considers that the Scottish Government has a key role to play in leading the debate on the areas on which preventative spending at both a national and local level should initially focus and where disinvestment should occur. It therefore seeks clarification from the Scottish Government on how it plans to—

- **lead the public debate on the need for investment and disinvestment to ensure that preventative spending becomes integral to public service delivery in the long term;**
- **draw up a list of early intervention objectives and criteria by which decisions on investment and disinvestment should be made; and**
- **set out the priority areas that should initially form the focus of preventative spending at both a national and local level.**

121. The Committee supports, in particular, the roll out of the family-nurse partnership across Scotland.

Collaborative working

122. A number of important points were raised in the written evidence and these are highlighted in the summary of the written evidence to which the Scottish Government

¹⁰⁵ Scottish Parliament Finance Committee. *Official Report*, 23 November 2011, Col 366

¹⁰⁶ Scottish Parliament Finance Committee. *Official Report*, 23 November 2011, Col 383

¹⁰⁷ Scottish Parliament Finance Committee. *Official Report*, 23 November 2011, Col 380

¹⁰⁸ Scottish Parliament Finance Committee. *Official Report*, 7 November 2011, Col 296.

is referred.¹⁰⁹ As the summary points out, there are many good examples of local collaborative projects across local authorities, NHS boards etc producing beneficial results. For example, in evidence given to the Committee, Highland Council said—

“Our solution—we are not saying that it is the only solution—is to transfer our adult social care budget to the health board. We will retain responsibility for that budget but we will commission the service. There will then be one budget, managed by the health board, covering both health and adult social care expenditure. With early years’ services, it is the other way round—we are working towards the NHS transferring its early years’ health budget, which will be managed as part of one budget.”¹¹⁰

123. Welcome as this is, there is no strong evidence of regular and consistent collaboration on larger scale projects involving larger budgets which could produce more positive results and budget savings. The Committee believes, therefore, that there is a key role for the Scottish Government in taking the lead on this, given the potential for significant budget savings.

124. The Committee notes that the written evidence emphasises the extent of the challenge in breaking down the silo mentality within the public sector and in his oral evidence to the Committee, John Trainer from Renfrewshire’s Children’s Services Partnership pointed out that—

“...children’s lives do not exist in the agency silos. We provide services to children and young people in their home communities, but our services were often structured in a way that created barriers.”¹¹¹

125. The SCVO saw “silo thinking across local and national government”,¹¹² while WLC was “looking for back-up” to “break down some of the silos”¹¹³ and NHSGGC said that “under the current governance arrangements, the breaking down of silos at local level is enormously difficult”.¹¹⁴ It is of concern when Highland Council, which the Committee recognises as having “a good track record”, describes joint working as “tortuous”.¹¹⁵

126. The SRU summed it up as follows—

“it is very tribal out there. Everyone wants change, but they do not want change in their tribe.”¹¹⁶

127. The LGR Committee also pointed out that “there are both cultural and structural obstacles to partnership working.” In particular, “the inconsistency of budgetary cycles and accounting procedures between local authorities and NHS boards and the

¹⁰⁹ Scottish Parliament Finance Committee. (2011) *Summary of evidence*. Available at: http://www.scottish.parliament.uk/S4_FinanceCommittee/Inquiries/Summary_of_evidence.pdf [Accessed 25 November 2011]

¹¹⁰ Scottish Parliament Finance Committee. *Official Report, 26 October 2011*, Col 199.

¹¹¹ Scottish Parliament Finance Committee. *Official Report, 23 November 2011*, Col 366

¹¹² Scottish Parliament Finance Committee. *Official Report, 2 November 2011*, Col 258.

¹¹³ Scottish Parliament Finance Committee. *Official Report, 2 November 2011*, Col 254.

¹¹⁴ Scottish Parliament Finance Committee. *Official Report, 2 November 2011*, Col 260.

¹¹⁵ Scottish Parliament Finance Committee. *Official Report, 26 October 2011*, Col 199.

¹¹⁶ Scottish Parliament Finance Committee. *Official Report, 23 November 2011*, Col 366

focus of NHS boards on meeting HEAT targets not linked to Community Planning Partnership plans.”

128. The Committee notes that some of this silo mentality may stem from the “protectionism” which surrounds budgets. The lack of shared responsibility and purpose can lead to departments “protecting” their budget when asked to commit funds to a preventative spend project. This “protectionism” could become more prevalent as funding is reduced in the tight spending settlements the public sector is experiencing.

129. The Committee seeks clarification from the Scottish Government on whether it plans to implement the following Christie recommendations—

- **implement new inter-agency training to reduce silo mentalities, drive forward service integration and build a common service ethos; (Foreword) and**
- **play a full and active part in the operation of local partnership arrangements in each part of Scotland and in particular in the integration of service provision (para. 5.13).**

130. There was a lack of evidence that an effective system is in place nationally to allow, for example, CPPs to share best practice with say NHS boards other than at a very local level. A number of submissions suggested that systems must be put in place, particularly at this early stage in moving decisively to a more preventative approach. As Inverclyde CPP stated in its written evidence—

“a fast culture change has to take place, changing attitudes, which could be assisted (and speeded up) through joint training and working between agencies. We can’t afford to wait for an incremental change to take place”.¹¹⁷

131. The Committee recognises from the strong views expressed both in writing and orally that there is an opportunity here to generate and foster a more collaborative approach and culture across organisations. As WLC stated in oral evidence—

“there is a consensus that we need to work much harder on collaborative working and using our community planning partnerships more effectively”.¹¹⁸

132. The Committee seeks clarification from the Scottish Government on what systems it is putting in place to facilitate the sharing of practice across all agencies and the creation of a solid evidence base.

133. While CPPs will play a lead role in delivering preventative policies, the key role of the third sector was considered. This was recognised in oral evidence when NHSGGC stated—

¹¹⁷ Inverclyde Alliance Community Planning Partnership. Written submission to the Finance Committee.

¹¹⁸ Scottish Parliament Finance Committee. *Official Report*, 2 November 2011, Col 260.

“We would not even necessarily want to spend the money ourselves—it could be spent by local authorities or the third sector, which can be better at delivering things around the prevention agenda”¹¹⁹

134. However, the Committee is mindful of the comment by the SCVO in oral evidence that some local authorities are being proactive and involving the third sector which indicates that some are not.¹²⁰ That would be an opportunity lost and could give rise to situations where valuable funds are being either wasted or not used in the most beneficial way possible.

135. The Committee invites the Scottish Government to—

- **detail how it will actively involve the third sector in the delivery of preventative spend policies and services;**
- **detail how it is ensuring that there are no unnecessary statutory or institutional barriers which prevent the third sector from participating in such delivery; and**
- **demonstrate that there is ‘parity of esteem’¹²¹ between the third and public sectors in designing and commissioning services.**

Financial challenges

136. The issues raised in written evidence around the financial challenges in shifting further to a preventative spend approach are set out in the summary of the written evidence. While the social, community, employment, education, financial and many other benefits of preventative spend are well rehearsed and accepted, there can be difficulties for bodies in the transition period. For example, several contributors referred to diverting resources from demand led commitments particularly when these are statutorily required. The tightness of the budget generally makes these challenges more pressing.

137. An issue highlighted in written evidence to the Committee was the short term allocation of budgets which hindered organisations in their budget planning and did not assist in fully adopting a preventative spend approach (the issue is also covered in the report of the LGR Committee). Short term budget planning was a particular difficulty for the third sector leading to unnecessary inefficiencies as organisations were not able to plan for, or commit to, long term projects as they did not know whether they would be funded and, if so, by how much.

138. The Committee invites the Scottish Government to detail what consideration it is giving to longer term budget settlements and whether this would assist local authorities, community planning partnerships and others in moving further to a preventative spend approach.

¹¹⁹ Scottish Parliament Finance Committee. *Official Report, 2 November 2011*, Col 253.

¹²⁰ Scottish Parliament Finance Committee. *Official Report, 2 November 2011*, Col 245.

¹²¹ Scottish Council for Voluntary Organisations. Written submission to the Finance Committee.

139. The provision of funding for the preventative spend agenda was discussed in the oral evidence session with Graham Allen MP,¹²² a long-time advocate of the early intervention approach. Mr Allen drew attention to alternative funding models and sources of funding such as social finance. For example, there is a pilot study underway in Peterborough on the use of social impact bonds (SIB).¹²³ This is a form of payment in which funding is obtained from private investors to pay for interventions to improve social outcomes. The Peterborough SIB, launched in September 2010, aims to reduce reoffending by prisoners who have served short custodial sentences. He also drew attention to the consideration given, in his second early intervention report to the UK Government,¹²⁴ to issues such as the creation of an early intervention foundation, encouraging locally based financing ideas for early intervention, incentives to encourage social and philanthropic finance through the tax system, and community investment tax relief.

140. The LGR Committee recommends that the Scottish Government should “encourage local authorities to consider and develop more innovative alternative means of borrowing.”

141. The Committee plans to return to the issue of alternative funding methods early next year by holding a round table discussion with interested parties.

142. **The Committee invites the Scottish Government to outline—**

- **what consideration has been given to the findings of Graham Allen MP in his reports on the Early Years for the UK Government;**
- **what consideration it has given, or will give, to the use of forms of social finance such as social impact bonds; and**
- **whether it considers such forms of finance would assist the public sector in the delivery of the preventative spend approach.**

143. A further area of interest to the Committee was on pooling budgets and joint working. The Committee recognises, from the evidence submitted, the difficulties which exist across local authorities, NHS boards, CPPs and others.

144. The Committee also heard that the lack of co-terminosity can hinder good partnership working and invites the Scottish Government to consider whether this is a further barrier to allowing local agencies to pool and use the money they have, as a witness put it, “more productively”.¹²⁵ The Committee would be concerned if the commitment and desire to further shift to a preventative spend approach was being hindered due to a lack of goodwill in seeking to pool resources. The Committee also notes that differing governance and budgeting arrangements act as a barrier to

¹²² Scottish Parliament Finance Committee. *Official Report*, 28 September 2011.

¹²³ www.justice.gov.uk/publications/research-and-analysis/moj/social-impact-hmp-peterborough.htm

¹²⁴ Graham Allen MP. (2011) *Early Intervention: Smart Investment, Massive Savings*. Available at: www.cabinetoffice.gov.uk/resource-library/early-intervention-smart-investment-massive-savings

[Accessed 25 November 2011]

¹²⁵ Scottish Parliament Finance Committee. *Official Report*, 26 October 2011, Col 199.

sharing resources but expects local partners to work together to overcome these challenges.

145. A further issue highlighted was that of shared responsibility. For example, when the agencies within a community planning partnership consider and agree priorities and the allocation of funds in respect of early intervention projects there could be a lack of shared responsibility because the impact may be less on some agencies than others leading to a lack of commitment to then allocate funds. The Committee agrees that there is a need for clarity and consistency from the Scottish Government down to local agencies on what is meant by 'preventative spend' (an issue the Committee notes was also considered by the HS Committee in its report) so that the money allocated to projects is targeted properly, with a clear purpose, known and supported by all.

146. Across the evidence on financial challenges there is a call for leadership and direction by the Scottish Government. Concerns about how the money is being used have also been raised by local agencies and there is some expectation of the Scottish Government having a role in monitoring this. The Committee supports this call for leadership but would add that this is needed from across all public sector agencies, including COSLA and the Scottish Parliament.

147. The LGR Committee suggest that the Change Funds "represent an opportunity to promote partnership working and that there should therefore be a presumption in favour of such projects in the allocation of the Funds."

148. The Committee supports this view and would welcome an indication from the Scottish Government as to whether such a presumption will be considered in the allocation of the Change Funds.

149. The Committee also seeks clarification from the Scottish Government on—

- **whether it intends to implement the Christie Commission recommendation to review jointly with local government "the current funding arrangements for public services organisations to increase flexibility"; (para. 5.31)**
- **what consideration it is giving to 'unifying' budget timetables;**
- **what its response is to the points made in evidence around co-terminosity and budget pooling; and**
- **its planned approach to encourage a sense of shared responsibility and objective across local agencies and what specific discussions it has had on this.**

National Performance Framework/Measuring outcomes

150. The Christie Commission found that “the wider system of governance and organisation of public services still does not fully embrace”¹²⁶ the outcome based approach established by the NPF. Different funding and budgeting and accounting arrangements also act as a barrier to collaborative working. In particular, the Christie Commission found that different accountability frameworks often pull organisations in different directions and that there is a focus on inputs and outputs rather than outcomes. For example, the health service is measured against the Health Improvement, Efficiency Access Treatment (HEAT) targets and not the outcome agreement or the community plan. The Commission argue that this must change.¹²⁷

151. A recent report by Audit Scotland on the role of CPPs in economic development also highlights the tension between different local and national democratic structures in Scotland—

“Different governance and accountability arrangements for individual partners are still considered by CPP managers to be a barrier to effective partnership working.”¹²⁸

152. Audit Scotland argues that unless these tensions are resolved then CPPs will be unable to achieve their potential in improving services.

153. The report recommends that the Scottish Government should ensure that NHS bodies are held to account for their performance in community planning and that there is a need to clarify the contribution of CPPs to national outcomes.¹²⁹

154. The findings of the Christie Commission and Audit Scotland are also consistent with much of the written evidence that the Committee received in relation to the NPF and measuring outcomes.¹³⁰ For example, Glasgow CPP suggests that “more coherent performance arrangements across partners would be also be beneficial”,¹³¹ while East Ayrshire CPP states that—

“Targets and budgets are set independently for the NHS and the Local Authority and this is reflected in very separate and different governance arrangements. Such an approach is not consistent with enhanced Community Planning arrangements.”¹³²

155. The LGR Committee accepts the Christie Commission recommendation that there is a need for local authorities to move systematically towards an outcomes-based approach.

¹²⁶ *Report of the Commission on the Future Delivery of Public Services* (2011), paragraph 5.2.

Available at: <http://scotland.gov.uk/Resource/Doc/352649/0118638.pdf> [Accessed 25 November 2011]

¹²⁷ Scottish Parliament Finance Committee. *Official Report*, 28 September 2011, Col 112.

¹²⁸ Audit Scotland. (2011) *The role of community planning partnerships in economic development*, paragraph 96.

¹²⁹ Audit Scotland. (2011) *The role of community planning partnerships in economic development*.

¹³⁰ Scottish Parliament Finance Committee. (2011) *Summary of evidence*, paragraphs 73-4. Available at: http://www.scottish.parliament.uk/S4_FinanceCommittee/Inquiries/Summary_of_evidence.pdf [Accessed 25 November 2011]

¹³¹ Glasgow Community Planning Partnership. Written submission to the Finance Committee.

¹³² East Ayrshire Community Planning Partnership. Written submission to the Finance Committee.

156. The Scottish Government states in its response to the Christie Commission that it will prioritise supporting continuous improvement of CPPs and Single Outcome Agreements as key drivers for partnership working and delivery of outcomes.¹³³ The Scottish Government also states in its spending review 2011 that CPPs “will continue to play a significant role in identifying priority local outcomes and leading integration in their areas through the further development of Single Outcome Agreements and deployment of Change Fund resources.”¹³⁴

157. The Committee welcomes this approach, but given the challenges identified above would welcome further details from the Scottish Government in response to some of the specific recommendations of Audit Scotland and the Christie Commission in relation to CPPs. In particular, whether the Scottish Government plans to implement the following Christie recommendation—

- **that each CPP “develops and agrees with the Scottish Government a clear plan setting out how partner organisations will pursue local service integration to achieve outcomes”. (para. 5.17)**

Access to budget information

158. A recurring theme of the annual budget process is the challenges faced by subject committees in accessing relevant information to support effective budget scrutiny. The Committee notes with concern that a number of subject committees have reported difficulties in carrying out effective scrutiny due to a lack of detail in certain areas of the budget. In particular, both the EET Committee and the ICI Committee emphasised a lack of clarity in relation to the Scottish Government’s resource to capital transfer plans.

Resource to capital transfer plans

159. The Cabinet Secretary for Infrastructure and Capital Investment stated in evidence to the ICI Committee that he had “a table that shows precisely where the move from resource to capital will be”¹³⁵ and that he would make this available. However, despite several requests the information was not communicated to the ICI Committee before it published its budget report thus impacting on the Committee’s “ability to scrutinise the budget in a meaningful and effective way.”

160. In a similar vein the EET Committee regards the detail within the draft budget in this area as being insufficient and states that—

“This is symptomatic of a general decline in the level and detail of information that has been provided to us this year compared to previous years.”

¹³³ Scottish Government (2011) *Renewing Scotland’s public services - priorities for reform in response to the Christie Commission*. Available at: <http://www.scotland.gov.uk/Publications/2011/09/21104740/9> [Accessed 25 November 2011]

¹³⁴ Scottish Government.(2011) *Scottish Spending Review 2011 and Draft Budget 2012-13*. Available at: <http://www.scotland.gov.uk/Resource/Doc/358356/0121130.pdf> [Accessed 25 November 2011]

¹³⁵ Scottish Parliament Infrastructure and Capital Investment Committee. *Official Report*, 9 November 2011, Col 315.

161. The Rural Affairs, Climate Change and Environment (RACCE) Committee also requested greater clarity.

162. The Committee notes that for the Parliament to carry out meaningful scrutiny of the Scottish Government's spending plans it is reliant on the level of information which the Government is willing to provide. It is, therefore, concerning that information which has been requested on a key aspect of the Scottish Government's economic strategy was not communicated to the two parliamentary committees with the primary responsibility for scrutinising this policy.

163. The Committee, therefore, recommends that the Scottish Government publishes full details of its resource to capital transfer plans prior to the debate on this report and, if not, explain why that is not possible.

Level 4 Figures

164. Concerns were also raised by the EET Committee and a number of other committees in relation to the publication of level 4 figures. The revised Written Agreement with the Scottish Government on the budget process states that "while there is no formal definition of "level 4" information there is nevertheless a presumption for information below "level 3" to be released."¹³⁶ However, as in previous years, subject committees again encountered difficulty in obtaining level 4 figures and the Committee wrote to the Cabinet Secretary on 5 October 2011 expressing its concerns. The figures were not provided by the Scottish Government until 24 October 2011 which was too late to be of full use to subject committees in carrying out effective budget scrutiny.¹³⁷ Subject committees require this information at the outset of their oral evidence scrutiny rather than just prior to the evidence session with their respective cabinet secretary.

165. In response to these concerns the Cabinet Secretary stated that—

"What has been delivered this time reflects the need to ensure that we have proper dialogue with many of the subsidiary organisations that act on our behalf in order to advise them of their financial position and to discuss any relevant issues before the Government confirms that position to Parliament."¹³⁸

166. The Committee notes that the recently agreed revised Written Agreement states that there is a presumption that level 4 information will be released. However, it also needs to be released within a timescale which allows subject committees to make good use of the information in scrutinising the budget. The Committee regrets that this did not happen during the current budget scrutiny process.

¹³⁶ *Written agreement between the Finance Committee and the Scottish Government on the budget process in session 4 of the Scottish Parliament (2011)*. Available at: http://www.scottish.parliament.uk/S4_FinanceCommittee/General%20Documents/Written_Agreement_with_Scottish_Government.pdf [Accessed 25 November 2011]

¹³⁷ www.scottish.parliament.uk/parliamentarybusiness/16305.aspx

¹³⁸ Scottish Parliament Finance Committee, *Official Report*, 7 November 2011, Col 294.

167. The Committee, therefore, invites the Scottish Government to ask relevant officials to liaise with the FSU to establish a reasonable timetable for the release of level 4 figures in future years to enable the Committee to consider a revised Written Agreement before Summer recess 2012.

NHS boards spending plans

168. A general issue raised by the HS Committee was a concern that the budget document continues to cover national spending on health in detail but does not give detail on how health boards will use over £8 billion.

169. The Committee shares this concern and notes the view of the Budget Adviser in evidence to the HS Committee that—

“It seems to me that much of this is about the failure to properly inform the Parliament and the people of Scotland about how £10 billion or £11 billion is really being spent.”¹³⁹

170. The Committee welcomes the commitment by the HS Committee to carry out further scrutiny of the spending plans of NHS boards and invites the Scottish Government to work with the HS Committee to ensure that sufficient budgetary information is provided both by NHS boards and in future draft budget documents.

Preventative Spending

171. The previous Committee recommended that “future draft budget documents should include an assessment under each portfolio heading of the progress being made towards a more preventative approach.”¹⁴⁰ The Scottish Government responded that it will “consider how it can assess progress towards a preventative approach as part of the budget process without incurring disproportionate cost.”¹⁴¹

172. The Committee would welcome an update from the Scottish Government on how it intends to assess the progress of the shift towards preventative spend in future budget documents.

Equalities

173. The Committee welcomes the new approach taken by the Equal Opportunities (EO) Committee in inviting the other committees to report to it on what steps they took to include equalities considerations in their draft budget scrutiny. The EO Committee concludes from the submissions from subject committees that there is an “especially significant impact on lower-income and deprived groups” but that it is difficult to quantify this impact. The EO Committee, therefore, invites the Scottish

¹³⁹ Scottish Parliament Health and Sport Committee. *Official Report*, 25 October 2011, Col 387.

¹⁴⁰ Scottish Parliament Finance Committee. 1st Report, 2011 (Session 3). *Report on Preventative Spending* (SP Paper 555). Available at: <http://archive.scottish.parliament.uk/s3/committees/finance/reports-11/fir11-01.htm> [Accessed 25 November 2011]

¹⁴¹ Response from the Scottish Government to Scottish Parliament Finance Committee. 1st Report, 2011 (Session 3). *Report on Preventative Spending* (SP Paper 555). Available at: <http://archive.scottish.parliament.uk/s3/committees/finance/inquiries/preventative/SGresponse.pdf> [Accessed 25 November 2011]

Government to “undertake an analysis with the aim of significantly improving the objective measurement of the impact of major budget decisions on inequalities strands.”

Fuel Poverty

174. The EET Committee notes that the Scottish Government is “committed under the Warm Homes and Energy Conservation Act of 2000, to “eradicate fuel poverty as far as is reasonably practicable by 2016.” The EET Committee point out that such action is clearly a good example of preventative spending but that the current spending proposals fall some way short “of half of what Energy Action Scotland estimate is the financial requirement to eradicate fuel poverty” which is at least £200 million per annum. Furthermore, spiralling energy costs and cuts to welfare spending will also have a detrimental impact on fuel poverty in Scotland.

175. The EET Committee, therefore, calls on the Scottish Government to reconsider its budget plans for combating fuel poverty with the aim of reaching the Energy Action Scotland estimate of at least £200 million per annum. The EET Committee “believes that some of this money may be recouped over other budgets in a relatively short space of time as well as creating jobs and boosting the economy.” For example, through lessening the burden on the NHS caused by damp housing.

Poverty and child poverty

176. The Committee received a number of submissions as part of its own budget scrutiny which emphasised the need to prioritise the eradication of poverty and child poverty in particular. The Child Poverty Action Group expressed concern that “there is no explicit proofing of the Scottish budget or recognition, description or explanation of how the budget will contribute to reducing child poverty or support the child poverty strategy.”¹⁴²

Collective well-being

177. The Committee also received evidence arguing for an emphasis on collective well-being rather than economic growth as the basis for budgetary decisions. Friends of the Earth, Oxfam and the WWF proposed in a joint submission that the Scottish Government’s Purpose Targets are revised to focus on factors which influence our collective well-being and that much more emphasis is placed on inequality and environmental factors within the NPF.¹⁴³ Barnardo’s Scotland also state in written evidence that “we would like to see the NPF move towards a greater focus on promoting wellbeing and tackling inequality.”¹⁴⁴

178. The Carnegie UK Trust also recommends in its report on *More Than GDP: Measuring What Matters*, that—

¹⁴² Scottish Parliament Finance Committee. *Official Report*, 26 October 2011, Col 197.

¹⁴³ Friends of the Earth, Oxfam and the WWF. Written submission to the Finance Committee.

¹⁴⁴ Barnardo’s Scotland. Written submission to the Finance Committee.

“Our collective purpose should be improving people’s well-being, so the time is right for Scotland to shift its emphasis from measuring economic production to measuring people’s well-being.”¹⁴⁵

179. The Trust suggests in a summary note of the report for the Committee that the NPF “may not have been used to its full potential” and should be “developed to create more joined-up policy debate.”¹⁴⁶

180. The EET Committee is of the view that “the positive attempt to align Scottish economic policy with a broad set of objectives as set out in the NPF is in danger of being lost in favour of a narrow focus on GDP only.” The EET Committee also expressed concern at the lack of progress in meeting the Solidarity target within the NPF and recommends that the Government conducts a “wider review of the NPF in the light of economic, social and environmental developments.”

181. The Committee has agreed to hold a round table discussion looking at inequalities and social deprivation as part of its ongoing work on fiscal sustainability in January.

182. The Committee would welcome clarification as to whether—

- **the refresh of the national indicators within the NPF is cognisant of the introduction of the child poverty strategy and whether there will be a greater emphasis on tackling inequality; and**
- **there are any plans for a wider review of the NPF which would include consideration of the recent debate around measuring well-being.**

Climate Change Targets

183. The Committee welcomes the work of the RACCE Committee in scrutinising the progress of the Scottish Government in meeting its climate change targets. In particular, the RACCE Committee considered that all committees need to consider climate change issues when scrutinising their own relevant Scottish Government portfolios, and need to discuss how to work together more effectively to hold the Scottish Government to account across all relevant areas of climate change spend.

184. To assist with this process, the RACCE Committee also recommended that the Scottish Government needs to improve the presentation of both its Report on Proposals and Policies and its budget documents, to make clearer who is responsible for delivering which proposals and policies, and to enable a clearer read-across between the documents.

¹⁴⁵Carnegie UK Trust (2011), *More Than GDP: Measuring What Matters*. Available at: <http://www.carnegieuktrust.org.uk/publications/2011/more-than-gdp--measuring-what-matters>
[Accessed 25 November 2011]

¹⁴⁶http://www.scottish.parliament.uk/S4_FinanceCommittee/Meeting%20Papers/Papers_20111116.pdf
[Accessed 25 November 2011]

185. The Committee agrees with the RACCE Committee that there is a need for all subject committees to consider climate change issues as part of their budget scrutiny and the need for a clear read-across between relevant documents to ensure effective scrutiny. The Committee also agrees that for this scrutiny to be effective there is a need for a clear read across between the Scottish Government's Report on Proposals and Policies in meeting its emissions reductions targets and the draft budget.

186. The Committee welcomes the initiative of the RACCE Committee in seeking to enhance scrutiny in this area.

187. The sustainability agenda was an issue the Committee discussed during the oral evidence session with the Carnegie UK Trust. The recommendations in its report refer to the loss of the Scottish sustainable development indicator. The Trust report stated that this "was a step backwards."

188. The report also stated that without such an indicator, the Scottish Government could not properly track economic, human and environmental performance as it relates to measuring wellbeing.

189. The Committee invites the Scottish Government to respond to this point made by the Carnegie UK Trust.

SCOTTISH PARLIAMENTARY CORPORATE BODY

Introduction

190. The Committee is required to consider the budget proposal of the Scottish Parliamentary Corporate Body (SPCB). The SPCB's budget is drawn from the Scottish Consolidated Fund and is allocated before the Scottish Government makes any other allocations. The SPCB budget covers not only the costs associated with the running and organisation of the Parliament (SPCB staff, capital costs etc) but also the budgets for the various parliamentary commissioners and the Scottish Public Services Ombudsman.

191. The budget proposal was considered by the Committee on 16 November 2011 when it took oral evidence from the SPCB.¹⁴⁷ The budget proposal can be accessed at Annexe C.

Headline figure

192. The SPCB has identified a total budget requirement of £86.4 million which represents a decrease of £1.6 million against the current year's budget. The 2012-13 budget for revenue and capital expenditure is £73.8 million which is £1.5 million lower than the current year which the SPCB states is "fully in line with the indicative 2012-13 forecast advised to the Finance Committee last year".

193. The Committee welcomes the progress made by the SPCB in reducing its budget in line with the real terms reduction in the Scottish Budget over the period of the UK Spending Review.

¹⁴⁷ Scottish Parliament Finance Committee. *Official Report, 16 November 2011.*

194. The Committee sought clarification on issues around the budgets for capital expenditure, MSP pay, contingency and the audit fee. For example, the Committee sought clarification on the maintenance costs associated with the upkeep of the building. The Committee was satisfied at the approach taken by the SPCB to continuous monitoring and its “confidence” in the budget planning associated with this. Similarly, the SPCB indicated no concerns in respect of its proposed contingency budget.

Audit fee

195. The budget proposal (schedule 3) identifies an audit fee increase to £79,000 in 2012-13 (2.6% increase). The Committee noted that Audit Scotland, in its 2012-13 budget proposal¹⁴⁸ considered by the Scottish Commission for Public Audit (see SCPA report at Annexe M), highlights Audit Scotland’s plans for an average reduction in the level of fees of 7.75% across most sectors of audit. As Audit Scotland is responsible for delivering the annual audit of the Parliament the Committee was interested in why this fee was increasing.

196. In oral evidence, the witnesses stated¹⁴⁹ that the SPCB was grateful to the Committee for highlighting this issues and that it would discuss this further with Audit Scotland.

197. The Committee invites the SPCB to respond with details of the discussions it has with Audit Scotland on this issue and what actions emerge, identifying any change to the proposed budget.

Commissioners and Ombudsman

198. In its report on the draft budget 2011-12¹⁵⁰, the previous Committee drew attention to the expectation of the then SPCB that, over the period of the UK spending review, the various parliamentary officeholders would be expected to make the same budget reductions as the SPCB. In future years, the SPCB expected “reasonably significant savings from shared services and the amalgamation of existing property from bringing different bodies together”. The report also highlighted the “significant variations in the degree of reductions agreed with the different bodies”. The budget proposal for the officeholders (schedule 4) again showed variations.

199. The Committee noted that there were no cumulative figures in the budget proposal submitted showing how each officeholder was performing against the baseline year (2010-11). Figures were produced by the FSU for the oral evidence session with the SPCB.

200. The Committee sought clarification from the witnesses as to the progress being made by each of the officeholders in meeting the target of a real terms decrease of

¹⁴⁸ Audit Scotland’s budget proposal 2012-13 and fee strategy. Available at: www.scottish.parliament.uk/2011_10_27_SCPA_Meeting_papers.pdf [Accessed 25 November 2011]

¹⁴⁹ Scottish Parliament Finance Committee. *Official Report*, 16 November 2011, Col 354.

¹⁵⁰ Scottish Parliament Finance Committee. 2nd Report, 2011 (Session 3). (SPP 564). Available at: <http://archive.scottish.parliament.uk/s3/committees/finance/reports-11/fir11-02-vol1.htm> [Accessed 25 November 2011]

12.2% by 2014-15 and on the variations in the reduction achieved so far. In oral evidence, the witnesses stated¹⁵¹ they monitored this issue closely and were content at the position and performance to date of the officeholders in meeting the reduction.

201. The Committee invites the SPCB, in its budget proposals for 2013-14 and 2014-15, to provide a breakdown showing how each officeholder is performing against the expected budget reductions, using 2010-11 as the baseline.

Audit Scotland

202. Under section 11(9) of the Public Finance and Accountability (Scotland) Act 2000¹⁵²—

“Audit Scotland must, for each financial year, prepare proposals for its use of resources and expenditure and send the proposals to the Scottish Commission for Public Audit (constituted under section 12), which is to examine the proposals and report to the Parliament on them.”

203. The Scottish Commission for Public Audit (SCPA) is required to consider the budget proposal from Audit Scotland and then report to Parliament. It considered the budget proposal¹⁵³ from Audit Scotland at its meeting on 27 October 2011¹⁵⁴ when it took oral evidence from the Auditor General for Scotland and officials. The SCPA reported to the Parliament on 4 November 2011¹⁵⁵ in line with its agreement with this Committee¹⁵⁶. The report is attached at Annexe M.

204. Audit Scotland’s income comes from two main sources, fees and direct funding from the Parliament. Its budget proposal indicates a requirement of £6,973,000 for the 2012-13 financial year which it states is an overall cash reduction of 1.4% over the current budget. The proposal outlines where it is ‘generating its own efficiencies and cost reductions’ through, for example, staffing number reductions, and revised approaches to procurement and property. The bulk of its income comes from the fees charged to local government, the NHS, Scottish Water, central government and further education for audit work. In 2012-13 it estimates income from fees totalling £18,036,000.

205. The budget proposal aims to deliver on the following—

- audit fee reduction of 7.75%;

¹⁵¹ Scottish Parliament Finance Committee. *Official Report*, 16 November 2011, Col. 350.

¹⁵² Available at: www.legislation.gov.uk/asp/2000/1/section/11 [Accessed 25 November 2011]

¹⁵³ Audit Scotland. Letter from the Auditor General for Scotland to the Convener of the SCPA dated 30 September 2011. Available at: www.scottish.parliament.uk/2011_10_27_SCPA_Meeting_papers.pdf [Accessed 25 November 2011]

¹⁵⁴ Scottish Commission for Public Audit. *Official Report*, 27 October 2011.

¹⁵⁵ Scottish Commission for Public Audit. 1st Report, 2011 (Session 4). [Audit Scotland’s Budget proposal for 2012-13](#) (SPP 30)

¹⁵⁶ Written Agreement between the Finance Committee and the Scottish Commission for Public Audit on the Budget Process in Session 4 of the Scottish Parliament. Available at: www.scottish.parliament.uk/S4_FinanceCommittee/General%20Documents/Written_agreement_with_SCPA.pdf [Accessed 25 November 2011]

- reduced revenue resource requirements of 4.2% from parliamentary funding;
- running cost reduction of 6.2% from last year; and
- a second year of overall cost reduction and continuing to reduce the cost of audit by at least 20% in real terms over four years.

206. In its report, the SCPA highlights a number of issues around the robustness of the audit scrutiny, pay and staff and the fee strategy. The Committee notes the recognition by the SCPA that, during periods of reduced resources and increased pressure on public finances, the role and benefit of good audit must be supported to ensure the public purse achieves maximum benefit for every pound spent. The SCPA sought assurance from Audit Scotland that, given its ambitious, but welcome, savings targets the quality and robustness of audit scrutiny of public bodies would not be reduced. In oral evidence, the Auditor General for Scotland gave an “absolute assurance” that this would not be the case.

207. The Committee notes that the SCPA pursued with Audit Scotland the £1.2 million of savings from the fees paid to external firms who deliver, under contract, audit work. It was interested in how Audit Scotland monitors the work of such firms and ensures that the quality of the audits conducted is of the required and expected standard. Audit Scotland clarified its approach to this which the SCPA stated was “sound”.

208. The Committee welcomes the consideration given by the SCPA to Audit Scotland’s budget proposal and its assistance in the Committee’s overall scrutiny of the draft budget. The SCPA’s report concludes that it—

- is satisfied at the detail and information provided by Audit Scotland, both in the budget proposal document and in oral evidence;
- again stresses the importance of maintaining a high quality, independent audit function and this is an area which it will continue to monitor closely; and
- recommends that Audit Scotland’s request for a total resource requirement of £6,973,000 for 2012-13, to be provided from the Scottish Consolidated Fund, be approved by the Parliament.

209. The Committee agrees these recommendations.

ANNEXE A: EXTRACT FROM THE MINUTES OF THE FINANCE COMMITTEE

4th Meeting, 2011 (Session 4), Wednesday 21 September 2011

Scotland's public finances: addressing the challenges: The Committee took evidence on the Audit Scotland report, Scotland's public finances: addressing the challenges, from—

Robert Black, Auditor General for Scotland;
Barbara Hurst, Director of Performance Audit, Graeme Greenhill, Portfolio Manager, and Michael Oliphant, Project Manager, Audit Scotland.

5th Meeting, 2011 (Session 4), Wednesday 28 September 2011

Preventative spending and early intervention: The Committee took evidence from—

Graham Allen MP.

Commission on the Future Delivery of Public Services: The Committee took evidence on the report from the Commission on the Future Delivery of Public Services from—

Alex Linkston CBE, and
Professor James Mitchell, Members of the Commission on the Future Delivery of Public Services.

6th Meeting, 2011 (Session 4), Wednesday 5 October 2011

Review of ICT infrastructure in the public sector in Scotland: The Committee took evidence from—

John McClelland CBE.

7th Meeting, 2011 (Session 4), Wednesday 26 October 2011

Decision on taking business in private: The Committee agreed to take item 4 in private and that consideration of a draft report on the Draft Budget 2012-13 and Spending Review 2011 at future meetings should be taken in private.

Draft Budget 2012-13 and Spending Review 2011 Scrutiny: The Committee took evidence on the Scottish Government's Draft Budget 2012-13 and Spending Review 2011 from—

Professor Jo Armstrong, Centre for Public Policy for Regions;
Professor Jeremy Peat, Royal Society of Edinburgh.

Draft Budget 2012-13 and Spending Review 2011 Scrutiny: The Committee took evidence on the Scottish Government's Draft Budget 2012-13 and Spending Review 2011 from—

David Alston, Budget Leader, Highland Council;
Gwen Barker, Community Planning and Partnership Manager, East Ayrshire Community Planning Partnership;
George Black, Chair of the Executive Group, Glasgow Community Planning Partnership;

Marita Brack, Programme Director for Psychology of Parenting, NHS Education for Scotland;
Rachel Cackett, Policy Advisor, Royal College of Nursing Scotland;
John Dickie, Head, Child Poverty Action Group in Scotland;
Aubrey Fawcett, Corporate Director, Regeneration and Environment, Inverclyde Alliance Community Planning Partnership.

Draft Budget 2012-13 and Spending Review 2011 Scrutiny: The Committee considered the evidence heard to date, in order to inform the drafting of its report.

8th Meeting, 2011 (Session 4), Wednesday 2 November 2011

Draft Budget 2012-13 and Spending Review 2011 Scrutiny: The Committee took evidence on the Scottish Government's Draft Budget 2012-13 and Spending Review 2011 from—

Sir Angus Grossart, Chairman, and
Barry White, Chief Executive, Scottish Futures Trust.

Draft Budget 2012-13 and Spending Review 2011 Scrutiny: The Committee took evidence in a round table format on the Scottish Government's Draft Budget 2012-13 and Spending Review 2011 from—

Ron Ashton, Director of Neighbourhood Services, Angus Community Planning Partnership;
Bronwen Cohen, Chief Executive, Children in Scotland;
John Downie, Director of Public Affairs, Scottish Council for Voluntary Organisations;
Lorraine Gillies, Life Stages Programme Manager, West Lothian Council;
Maria Reid, Assistant Health Promotion Manager, South Lanarkshire Partnership;
Catriona Renfrew, Director of Corporate Planning and Policy, NHS Greater Glasgow and Clyde.

Draft Budget 2012-13 and Spending Review 2011 Scrutiny: The Committee considered the evidence heard to date, in order to inform the drafting of its report.

9th Meeting, 2011 (Session 4), Wednesday 7 November 2011

Draft Budget 2012-13 and Spending Review 2011 Scrutiny: The Committee considered the outcomes of the workshop sessions involving local organisations held before the start of the meeting.

Draft Budget 2012-13 and Spending Review 2011 Scrutiny: The Committee took evidence on the Scottish Government's Draft Budget 2012-13 and Spending Review 2011 from—

John Swinney MSP, Cabinet Secretary for Finance, Employment and Sustainable Growth,
Gary Gillespie, Chief Economic Advisor, and
Andrew Watson, Head of Finance Policy, Scottish Government.

10th Meeting, 2011 (Session 4), Wednesday 16 November 2011

Carnegie UK Trust: The Committee took evidence from—
Martyn Evans, Chief Executive, Carnegie UK Trust.

Draft Budget Scrutiny 2012-13: The Committee took evidence from the Scottish Parliamentary Corporate Body—
Liam McArthur MSP, Member of the Scottish Parliamentary Corporate Body,
Paul Grice, Clerk and Chief Executive, and
Derek Croll, Head of Financial Resources, Scottish Parliament.

11th Meeting, 2011 (Session 4), Wednesday 23 November 2011

Eary intervention in children's services: The Committee took evidence from—
Michael Little, co-Director, The Social Research Unit, Dartington; and
John Trainer, Project Manager, Renfrewshire's Children's Services Partnership.

12th Meeting, 2011 (Session 4), Tuesday 29 November 2011

Draft Budget 2012-13 and Spending Review 2011 Scrutiny (in private): The Committee considered a draft report. Various changes were agreed to, and the Committee agreed to consider a revised draft, in private, at its next meeting.

13th Meeting, 2011 (Session 4), Wednesday 7 December 2011

Draft Budget 2012-13 and Spending Review 2011 Scrutiny (in private): The Committee considered its draft report. Subject to a number of changes (one agreed to by division), the report was agreed to. John Pentland MSP and Margaret McCulloch MSP dissented from the report.

Record of divisions in private:

John Pentland proposed the following paragraph after paragraph 14. The proposal was disagreed to by division: For 2 (Margaret McCulloch and John Pentland), Against 5 (Gavin Brown, Kenneth Gibson, Derek Mackay, John Mason and Paul Wheelhouse).

Given the disappointing absence of reference to the National Performance Framework in the Spending Review, we are concerned about how far measures within the Spending Review will support the process of economic growth and recovery.

Gavin Brown proposed adding the following text to the end of paragraph 23. The proposal was disagreed to by division: For 3 (Gavin Brown, Margaret McCulloch and John Pentland), Against 4 (Kenneth Gibson, Derek Mackay, John Mason and Paul Wheelhouse)

For example despite a request by the EET Committee, the Cabinet Secretary for Infrastructure and Capital Investment did not provide a confirmation on whether or not the use of savings from the Forth Road for the Warm Homes and Future Transport Fund represents a transfer of revenue to capital budget.

Margaret McCulloch proposed the following paragraphs after paragraph 23. The proposal was disagreed to by division: For 2 (Margaret McCulloch and John Pentland), Against 5 (Gavin Brown, Kenneth Gibson, Derek Mackay, John Mason and Paul Wheelhouse).

The lack of detail on this central Spending Review policy is regrettable and has also been raised as a concern by CBI Scotland, CPPR and STUC in evidence to the EET Committee. It is hard to assess the merits of the transfer when we have not been told which resource lines the money will come from and which capital lines the money will go to.

Particularly as the Economy, Energy and Tourism Committee note that the shift in resources may not in fact represent much of a change to current practice and policy.

SCDI told the Economy, Energy and Tourism Committee that “the fact that a large proportion of the budget shifted from resource to capital will be in the enterprise budget will reduce the economic benefit of this decision”.

The Enterprise Agencies account for a third of the Scottish Government’s proposed £750m resource to capital transfer. Yet in evidence to the Economy, Energy and Tourism Committee the Chief Executives of Highlands and Islands Enterprise and Scottish Enterprise said that both agencies had always used the facility to move resource funding to capital as a matter of course and that 2012-13 would be no different.

John Pentland proposed the following paragraph after paragraph 39. The proposal was disagreed to by division: For 2 (Margaret McCulloch and John Pentland), Against 5 (Gavin Brown, Kenneth Gibson, Derek Mackay, John Mason and Paul Wheelhouse).

What this means then is that the Scottish Government is relying on the number of businesses setting up in a new property increasing – and it has to be businesses that do not qualify for the small business bonus scheme. CPPR in evidence to the Finance Committee (26.10.11) said that “the overall budget is at risk if non-domestic rates income, the required increase in which is well above the rate of inflation, does not come in at the forecast level.”

John Pentland proposed inserting the following sentence after the first sentence in paragraph 40. The proposal was disagreed to by division: For 2 (Margaret McCulloch

and John Pentland), Against 5 (Gavin Brown, Kenneth Gibson, Derek Mackay, John Mason and Paul Wheelhouse).

The EET Committee concerns are a legitimate fear given current growth predictions and the fear of a double dip recession.

John Pentland proposed the following paragraph after paragraph 44. The proposal was disagreed to by division: For 3 (Gavin Brown, Margaret McCulloch and John Pentland), Against 4 (Kenneth Gibson, Derek Mackay, John Mason and Paul Wheelhouse).

The Committee notes that in order for the Spending Review to balance it is dependent on the Cabinet Secretary's projected increase in business rates being met.

Gavin Brown proposed replacing “welcomes” with “notes” in paragraph 51. The proposal was disagreed to by division: For 3 (Gavin Brown, Margaret McCulloch and John Pentland), Against 4 (Kenneth Gibson, Derek Mackay, John Mason and Paul Wheelhouse).

Kenneth Gibson proposed removing the following text in paragraph 75 after the first “reported efficiencies” and merging paragraph 75 and the subsequent paragraph. The proposal was agreed to by division: For 4 (James Dornan, Kenneth Gibson, John Mason and Paul Wheelhouse), Against 3 (Gavin Brown, Margaret McCulloch and John Pentland).

it is regrettable that the Government has now decided not to publish an outturn report

John Pentland proposed a minority view to be annexed to the Committee's report. The proposal was disagreed to by division: For 2 (Margaret McCulloch and John Pentland), Against 5 (James Dornan, Gavin Brown, Kenneth Gibson, John Mason and Paul Wheelhouse).

ANNEXE B: BRIEFING PAPERS

Report on the Draft Scottish Budget 2012-13

Professor David Bell
Stirling Management School
University of Stirling

September 2011

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(Standing Orders of the Scottish Parliament, Rule 6.6)

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Introduction

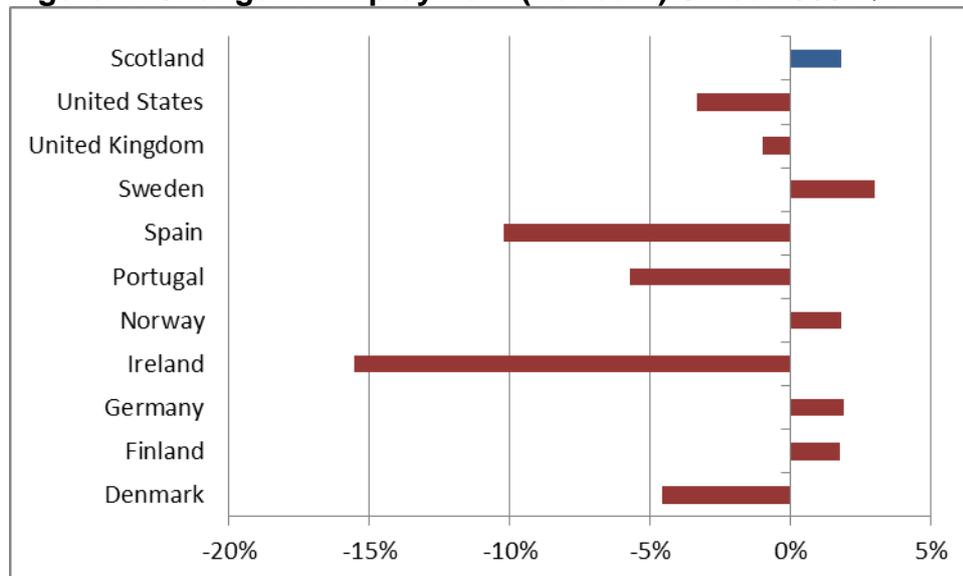
This report has been prepared for the Finance Committee of the Scottish Parliament. It analyses the 2012-13 Draft Budget and Spending Review.

Context

The 2012-13 Scottish Budget is set against a world of increasing economic uncertainty. There are significant risks of further financial collapse along the lines of 2008. This would inevitably impact significantly on the Scottish economy, increasing the likelihood of a further recession. The performance of the Scottish economy since 2008 has been weak, but not nearly as bad as that of some other developed countries.

Figure 1 shows that the Scottish labour market has performed comparatively well since the beginning of the recession. Figure 1 gives the percentage change in employment since the first quarter of 2008. This is generally accepted as the period when the recession started in most countries. Figure 1 shows that Scottish employment increased between early 2008 and mid-2011. This compares well with many European countries and particularly those that have been affected by large scale financial difficulties. It is also better than the UK as a whole.

Figure 1: Change in Employment (Per cent) Since 2008 Q1

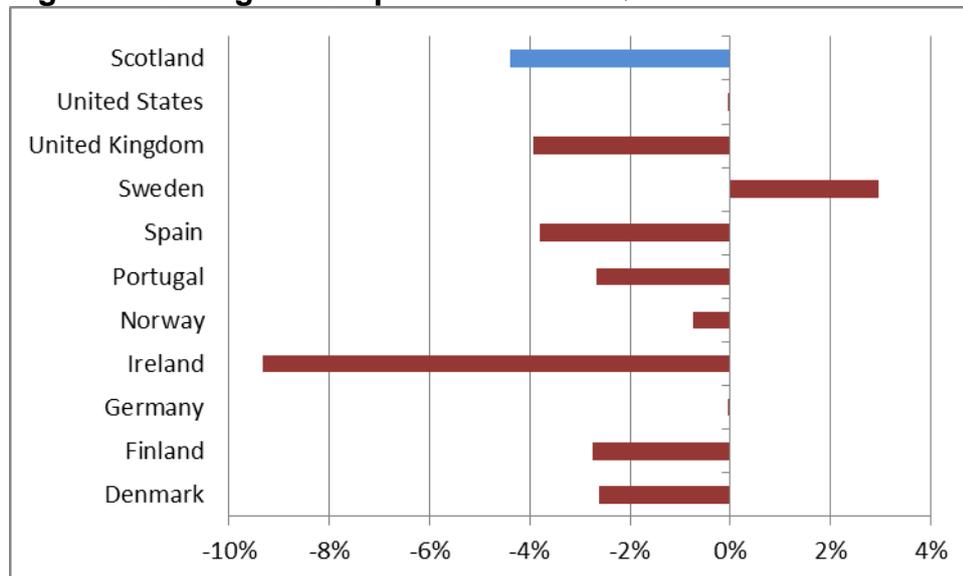


Source: OECD and ONS

However, although the labour market performed reasonably, growth has been relatively weak. Figure 2 shows the percentage change in output since the first quarter of 2008. The level of output in Scotland at the start of 2011 was more than 4% below its value at the start of 2008. The combination of increasing employment and falling output suggests that productivity in Scotland, already low by international standards, has further declined.

The Scottish jobs market has performed somewhat better than the rest of the UK and other parts of Europe since the beginning of the recession. On the other hand, the economy has notably failed to recover to 2008 levels of output.

Figure 2: Change in Output since 2008 Q1



Source: OECD and Scottish Government

Comparing UK spending deficit reduction plans with those of other countries, the Institute for Fiscal Studies (IFS) has argued that: "There is no escaping the fact that the UK was affected relatively badly by the crisis and the government's plans will need to be harsher than those of most other advanced economies if we do not want the UK to remain with relatively high levels of public sector borrowing"¹⁵⁷

However, the medicine may have been rather harsh, particularly when growth is stagnating around the world. Reviewing public sector borrowing data for August 2011, Rowena Crawford of the IFS commented that "The bad news is that, for a third consecutive month, tax receipts have been weak. The latter increasingly suggests that borrowing this year could overshoot the official forecast. That said, with only five months of data currently available, much uncertainty remains. A significant pick-up in tax receipts over the coming months or an undershoot on investment spending could lead to the OBR's forecast still proving correct, but it is also possible that the deficit this year could even exceed the deficit last year."¹⁵⁸ This suggests that the outcome of the current austerity programme, as measured by its effectiveness in actually reducing the debt, is subject to considerable doubt.

If the UK does not achieve its deficit reduction objectives, it is not clear what the policy response from the UK government will be. Though unlikely, there could be a slowing down in the rate at which austerity measures are introduced. This would inevitably affect the profile of public spending in Scotland over the Spending Review period.

¹⁵⁷ [How Does the UK Fiscal Consolidation Compare?](#), Institute for Fiscal Studies, 2011

¹⁵⁸ [Rowena Crawford, Institute for Fiscal Studies, commenting on the August 2011 UK borrowing data](#)

The 2012-13 Budget

The 2011 Scottish Spending Review and 2012-13 Draft Budget lays out the value of Total Managed Expenditure (TME), Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME) for Scotland from 2011-12 to 2014-15. These aggregates are close to expectations. This is due to the April 2011 UK budget not deviating significantly from the previously announced UK Spending Review figures. Consequently, the magnitude of Barnett consequential changes arising from the 2011 UK budget is small and the aggregates listed in the Scottish Spending Review do not deviate substantially from those announced in the UK Spending Review 2010.

This is confirmed by Table 1, which shows that the estimated size of the resource and capital budgets for the spending review period has changed little since January 2011 when Mr Swinney, the Cabinet Secretary, offered indicative spending plans for the Spending Review period to the Finance Committee.

Table 1: differences between indicative budget (January 2011) and draft budget (September 2011)

		2011-12	2012-13	2013-14	2014-15
Resource					
	Indicative	25,400.7	25,642.9	25,929.3	26,206.9
	DB	25,400.6	25,788.4	26,079.4	26,286.6
	Difference	-0.1	145.5	150.1	79.7
Capital					
	IB	2,606.6	2,536.0	2,299.0	2,380.0
	DB	2,606.7	2,471.4	2,238.4	2,319.6
	Difference	0.1	-64.6	-60.6	-60.4
Total					
	IB	28,007.3	28,178.9	28,228.3	28,586.9
	DB	28,007.3	28,259.8	28,317.8	28,606.2
	Difference	0.0	80.9	89.5	19.3

Source: SPICE

Table 2 shows that the differences are of a second-order magnitude, implying that estimates of Scottish Government budgets for the next four years have been stable since the UK Spending Review 2010. As suggested above, these plans are likely to remain in force so long as Britain's economic recovery is not driven substantially off course by external instability.

Capital and Revenue Spending

The real value of Scotland's DEL allocation will decline by 12.3% over the Spending Review period. This assertion is based on the UK GDP deflator, which is subject to change. This is partly due to inflation being somewhat higher than expected. In November 2010, the Office of Budget Responsibility forecast that prices would increase by 11.2% between 2010 and 2015. By March 2011, its forecast had risen to the 13.3%. These estimates are of very similar magnitude to the estimated real

decline in the Scottish DEL allocation. This is consistent with a "flat cash" Scottish budget over the spending review period. And indeed, this is how Mr Swinney framed his indicative spending review proposals to the Finance Committee in January 2011. It is also of relevance to the proposal to freeze public sector pay, since this would hold portfolio budgets constant in cash terms.

The largest part of the real decline is occurring in 2011-12. During the present financial year, the real value of public spending in Scotland will fall by 7%. The remaining 5.3% of the real cuts will be spread from 2012-13 to 2014-15. Though the cuts may be less dramatic in future years, it will become increasingly difficult to find efficiency savings, given that those most easy to achieve will be selected first.

The most dramatic falls will be in the capital budget. The reason for this is due to the Barnett formula. Spending departments in England that are important in the calculation of Barnett consequential have experienced much more severe cuts in their capital budget than in their resource budget. Thus, the Scottish resource DEL is expected to grow in cash terms by 1% between 2010-11 and 2014-15. On the other hand the capital DEL will *fall* in cash terms by 29.6% over the same period.

To partially offset this effect, the Scottish government has decided to switch £200 million per year from resource spending to capital spending. As can be seen from Table 1, this measure will increase public sector capital spending in Scotland by around 8% above what it would otherwise have been. This may well make sense in terms of promoting economic growth in Scotland by improving transport and digital infrastructure. Yet it is not clear from the Draft Budget how precisely this transfer will be implemented.

Annually Managed Expenditure

One important aspect of the Spending Review is the increase in Annually Managed Expenditure (AME) over the period 2011-12 to 2014-15. AME is that part of spending which cannot be easily planned except on the year-to-year basis. Adjustments to AME are funded separately by the Treasury and have no effect on the DEL settlement. They do count against UK borrowing requirements.

Between 2011-12 and 2014-15 the AME budget increases from £5.6 billion to £6.7 billion. This is a significant contrast with Scottish DEL. It is partly explained by an increase in provision of over £300 million to Scottish Public Pensions Agency which provides pensions to public sector workers in Scotland. There is also a significant increase in the AME budget in the Education and Lifelong Learning Portfolio which has to do with changes in student loan arrangements. A £500 million increase in non-domestic rate income is also encompassed by the AME budget.

Council Tax Freeze

The council tax freeze will continue to benefit those in the middle of the income distribution and make little difference to poorer or richer households. The distributional aspects of the Council tax freeze - its relative effects on the rich and the poor - have not been commented on in the Draft Budget. This issue has previously been raised in reports to the Parliament and would seem to be relevant for the Equalities Report.

The Draft Budget does not reference the imminent change in Council Tax Benefit arrangements arising from the UK Welfare Reform Bill. In England, council tax benefit is to be replaced by grants to local authorities in April 2013. In Scotland, the grant will be made to the Scottish Government. The value of the Council Tax Benefit in Scotland in 2009-10 was £368 million. Although this change to localised rules governing CTB has been criticised, for example by the Institute of Fiscal Studies, nevertheless if it proceeds, it will have significant implications for local authority funding over the course of the spending review period.

Public Sector Pay

Control over public sector pay continues to be a key part of the budget strategy. The importance of controlling pay is due to its dominant role in the Scottish budget. It is clear that this is the view of the Cabinet Secretary.

"Pay is a significant issue, given that it accounts for at least 60 per cent of Scottish departmental resource expenditure - in fact, it is the key variable. The pay policy that we will set out will be driven by the budget numbers that we receive. It will be a heavily constrained pay policy. ... I think there will be a loss of public sector employment in the years going forward."

John Swinney MSP, Cabinet Secretary for Finance and Sustainable Growth, oral evidence to the Scottish Parliament Finance Committee, 18 May 2010¹⁵⁹

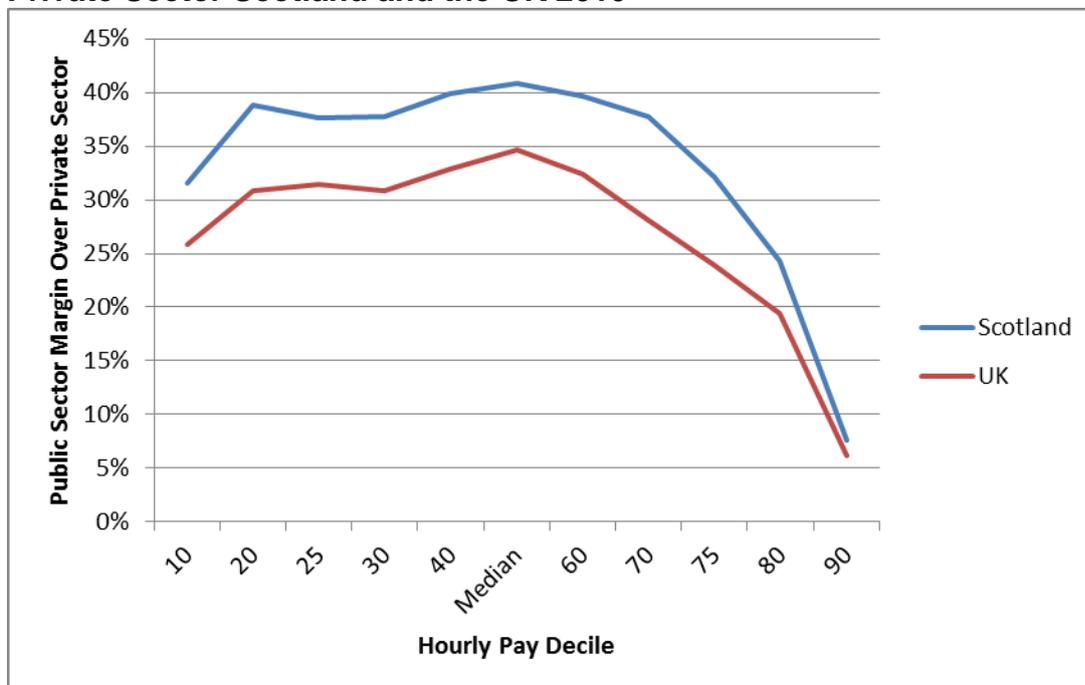
It is also clear that the current pay policy, which protects low paid workers earning less than £21,000 does have differential effects across the workforce. In the Budget Adviser's report on the 2011-12 Draft Budget, it was argued that a freeze on public sector pay for those earning over £21,000 will mainly benefit relatively poorly paid women and younger people. Pay policy also affects differentials between the private and public sectors. Figure 3 shows the margin between the hourly wage of private sector and public sector workers in Scotland and the UK as a whole in 2010. Thus for example if the going rate in the private sector is £10 per hour and in the public sector is £12 per hour, then the margin in favour of the public sector is 20%. These margins are calculated for each earnings decile. So the calculation is done across the spectrum from the relatively poorly paid to the relatively well-paid. The results are shown in Figure 3.

The figure illustrates a number of points. First, hourly pay in the public sector is higher than that in the private sector right across the hourly earnings distribution. Thus, for example, the hourly wage of those in the lowest 10% of earners in the UK public sector have an hourly wage that is 25% higher than the lowest 10% of earners in the UK private sector. Second, the margin between public and private sector pay only starts to fall at around the seventh income decile. It is those in the public sector with the highest pay that have the lowest margin above their private sector comparators. Third, it is clear that the margin by which hourly wages in the public sector exceeds those in the private sector in Scotland is higher than in the UK as a whole. A market-based conclusion from this finding would be that the productivity of public sector workers must exceed those in the private sector by more in Scotland than in the UK as a whole. If this is not the case, then perhaps public sector workers

¹⁵⁹ <http://www.scotland.gov.uk/Publications/2010/07/29082838/18>

are earning a "premium" in Scotland relative to those in the private sector. If the latter interpretation is correct, implying a degree of inefficiency in Scotland's public sector, then perhaps existing bargaining arrangements are leading to this outcome. A move towards bargaining at Scottish level might be an appropriate policy response.

Figure 3: Margin of Hourly Earnings in the Public Sector over Those in the Private Sector Scotland and the UK 2010



Source: Annual Survey of Hours and Earnings 2010, Office of National Statistics

The importance of this issue is shown in Table 2, which is drawn from the independent budget review (2010). It firstly shows projections of the reduction in resource DEL that would be available for pay, assuming that the people accounts for 59% of resource DEL. Second, it shows the projected increase in people costs assuming that past trends in pay increases continued. Thus, in 2014-15, the continuation of past trends in pay within the Scottish public sector would have resulted in an increased DEL funding requirement of £2 billion. Clearly, a "pay freeze" consistent with the Cabinet Secretary's current policy will substantially diminish the need for such an increase.

Table 2 Projected Changes in Resources Available for Pay (£m)

£ million, cash terms	2011-12	2012-13	2013-14	2014-15
Impact of Resource DEL projections on resources available to meet the pay bill. This assumes the pay bill continues to account for 59% of Resource DEL.	-320	-230	-200	-260
Theoretical pay bill increases, calculated in line with historical movements	+420	+900	+1,430	+2,000

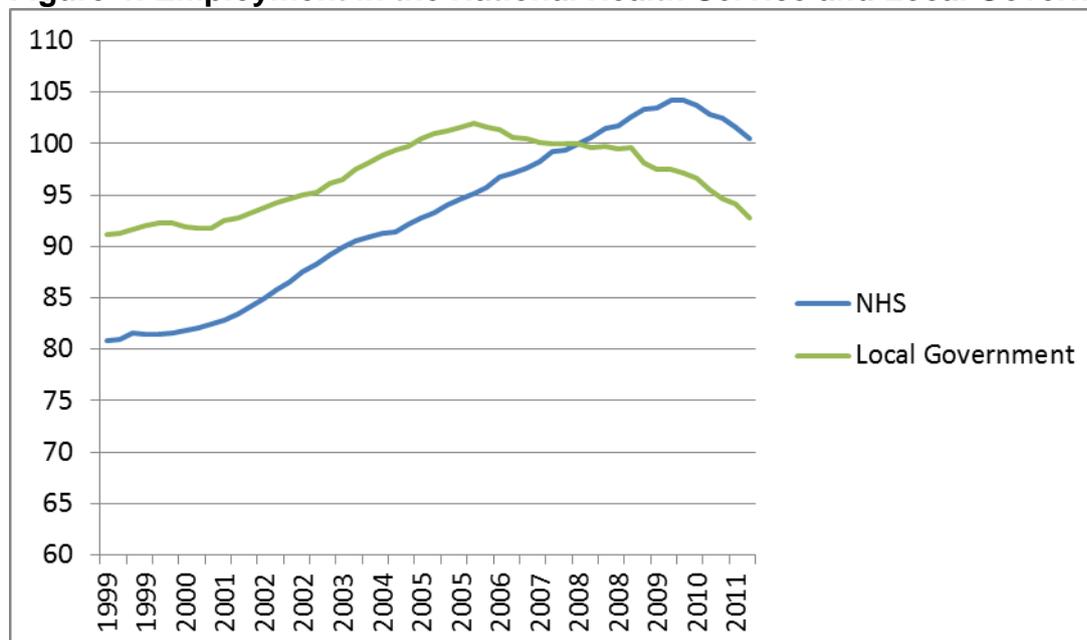
Source: Independent Budget Review (2010)¹⁶⁰

¹⁶⁰ <http://www.scotland.gov.uk/Publications/2010/07/29082838/6>

Public Sector Employment

It is worth noting that public sector employment is already falling in Scotland. This is shown in Figure 4, which plots indices of employment for the Scottish NHS and Scottish local authorities. The indices take the value 100 in 2008 Q1. Two findings are evident. First employment in both sectors has been falling. In fact the reduction in local authority employment predated the beginning of the recession in 2008. The reduction in NHS employment came later and has been milder than the decline in local authority employment. Second, overall employment in the NHS has grown at a much more rapid pace than in Scotland's local authorities. Employment in the local authority sector is now close to where it was in 1999. These outcomes also reflect the growth in the NHS budget relative to that in local government, particularly in recent years.

Figure 4: Employment in the National Health Service and Local Government



Source: Scottish Government

Public Sector Pensions

The Scottish government is to implement the public sector increases in pensions mandated by the UK government. On average, pension contributions will increase by 3.2% over the next three years. The Scottish Government argument is that not to introduce these pension increases would cause cuts in its own budget leading to falls in employment and/or further pressure on public sector wages. It has also been informed by HM Treasury that if it does not introduce the changes, its block grant will anyway be cut. Clearly this is a somewhat unsatisfactory situation. It reinforces the argument that the Scottish Government should be responsible for the pension arrangements of public sector employees in Scotland.

Non-Domestic Rates

Non-domestic business rates bills are calculated by applying the "non-domestic rating multiplier", also known as the Uniform Business Rate, to the rateable value of the property. The multiplier is increased each year in line with the Retail Price Index.

Hence yields tend to increase with prices. In recent years, the Scottish Uniform Business Rate has been harmonised with that in England. This is a policy choice.

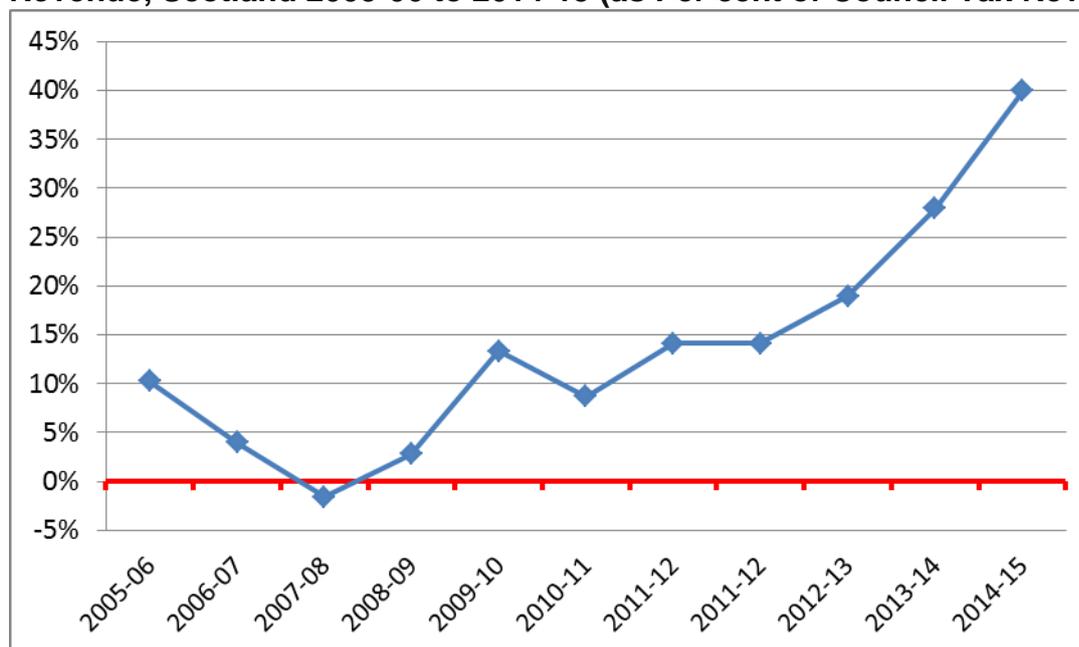
The Scottish Government is committed to not raising the business rate poundage in Scotland above that in England during this Parliament. In answer to a parliamentary question, John Swinney, the Cabinet Secretary responded:

“The Scottish Government is committed to the Scottish poundage rate not rising above the English poundage rate during the current Scottish Parliament. The calculations underpinning the Draft Budget 2011-12, published on 17 November 2010, were based on a then anticipated inflationary uplift in the poundage rate of 2.5 per cent. The UK Government announced on 14 December 2010 that the uplift for the poundage in England would be 4.6 per cent, and this is now the rate used for the Scottish poundage.”

John Swinney, Cabinet Secretary for Finance and Sustainable Growth, Parliamentary Answer, 4th February 2011

This means that local government finance will become increasingly dependent on contributions from non-domestic rate relative to those from council tax. Note however that Scottish Government takes up any shortfall on NDRI receipts. Thus it takes the risk if the receipts do not match the forecast contained in the Spending Review. The burden of funding local government will switch from households towards businesses during the spending review period. This is illustrated in Figure 5, which shows the extent to which revenue from non-domestic rates exceed those from council tax from 2005-06 to the end of the spending review period.

Figure 5: Difference between Non-Domestic Rate Revenue and Council Tax Revenue, Scotland 2005-06 to 2014-15 (as Per cent of Council Tax Revenue)



Thus, for example, in 2007-08 non-domestic rate revenue exceeded that from council tax. By 2014-15, assuming that the Council tax freeze remains in place and therefore that the nominal value of council tax revenue stays profit constant, nondomestic rates will be providing 40% more revenue to local government and will council tax.

This raises a number of issues. Firstly, revenue from nondomestic rates is somewhat less than the estimates of Corporation tax revenue provided by the GERS analysis. Thus in 2009-10 the estimated yield from corporation tax (excluding the North Sea) in Scotland was £2.6 billion while the revenue from non-domestic rates was £1.8 billion. Both are taxes on businesses. Their effect is somewhat different since the yield from corporation tax will be focused on more profitable businesses, while the yield from nondomestic rates is concentrated on those businesses that use valuable properties. Non-lump sum taxes have negative effects on incentives. Therefore both of these are likely to deter business activity.

There is also the traditional public finance argument that taxes have a less distortionary economic impact if the tax base is kept as wide as possible. The switch to increasing dependence on businesses for local government revenue generation and away from households does not seem to accord with this principle.

Climate Change

In the budget document, spending on climate change is taken as an exemplar of preventative spend. This is different from the usual definition of preventative spend. Some detail on how this will result in lower spend on firefighting services in Scotland would have been useful. It would also be useful to have some evidence of the costs, as well as the benefits of climate change interventions.

Issues Arising from Previous Finance Committee Reports

This section considers some issues that have previously been raised by the Finance Committee and looks at how they have been addressed in the 2012-13 Draft Budget and Spending Review. Some of these have already been raised in the text, but there are some further issues to discuss.

Preventative spending

The budget focused attention on initiatives relating to preventative care which have been highlighted by the Finance Committee during the last Parliament. Spending in this area is projected to increase by some £500 million over the next three years. In particular, programmes involving adult social care, early years intervention and re-offending will be targeted. This does imply shifting resource from "firefighting" services into prevention, though the mechanisms whereby this might happen are not clarified. Together these funds provided over £500 million over the course of the Parliament. This amounts to £167 million per year. This is a rather small share of the overall budget.

What would be useful would be some indication as to what evidence would be necessary to extend preventative budgets and to include them in the "baseline" budget. If preventative spending is effective, then its use will improve the efficiency of public sector delivery in Scotland. The key is to understand what evidence would demonstrate increased efficiency and what process would lead to a shift in budgets towards preventative services and how the Scottish Government might put such a policy change into effect.

Linkage of budgets to policy priorities and outcomes

The current budget documents do show an increase in the linkage between resource inputs and hoped for outcomes. Thus this budget has witnessed an increase in the number of specific funds devoted to particular purposes. For example the £250 million Scottish Futures Fund (SFF) will comprise a "Young Scots" fund focusing on sport, enterprise and creativity and additional Sure Start funds. It will also support the development of superfast broadband, energy-efficient homes and low carbon travel. However, the "Futures Fund" title seems to be a wrapper for a disparate group of activities, some of whom also seem likely to appear under the "preventative spending" rubric. With many separate funds being established, there is a danger of double counting.

There is an argument for "ring fenced" funding although the trend in the recent years seems to have been against such initiatives. However, there also has to be a clear understanding of where these targeted funds are intended to lead and what decision process might result in their continuation on the one hand or abandonment on the other.

One of the main arguments against ring fencing is that it reduces local autonomy. If local authorities become even more dependent on central government grants, then Scottish politics become more centralised. Without ring-fencing, the Scottish public has largely to rely on the ex-post analyses of Audit Scotland to establish how resources have been allocated to priorities.

Budget process timescales

Following the UK spending review, the Scottish budget last year only covered a single year budget. Mr Swinney published indicative figures in January 2011. But now, with the publication of the spending review, public sector bodies now have a longer time horizon over which to plan their resource and capital spending which must be welcomed.

Government's Purpose

The Finance committee questioned whether the 2011-12 budget prioritised economic growth. Scotland's economic growth over the last 12 months has so far been disappointing. How far do the measures taken within the budget support the process of economic growth and recovery? There is little reference in this Spending Review to the National Performance Framework, which featured very heavily in the 2007 Spending Review.

Efficiency savings

Efficiency savings are not particularly emphasised in the Draft Budget. However, if services are to be maintained in the light of reduced resource inputs, efficiency gains must be made. The current target of 3% efficiencies is implicit in portfolio budgets. Some examples of success are quoted in the Draft Budget. But a more systematic approach to reporting the outcomes of policies to increase efficiency would surely be welcomed by politicians and the public.

Finance Committee's call for evidence on the Draft Budget 2012-13 and Spending Review 2011

Summary of evidence

Introduction

1. The aim of this paper is to provide a summary of the written evidence received in response to the Finance Committee's consultation on the Spending Review 2011 and Draft Budget 2012-13. The Finance Committee has agreed that part of its scrutiny of these documents will focus on the extent to which the Scottish Government is encouraging a more preventative approach to public spending and how this approach is being implemented and shared across key agencies such as Community Planning Partnerships, NHS boards, local authorities and police forces. This scrutiny builds on the work carried out by the Session 3 Finance Committee which published a major report in 2011 on [preventative spending](#).

2. In focusing on how to move the preventative spending agenda forward the Committee has identified the following themes within the submissions:

- National Leadership;
- Prioritisation of Resources;
- Collaborative Working;
- Financial Challenges;
- National Performance Framework/Measuring Outcomes.

3. The Committee will hold two round table evidence sessions which will focus on these themes as part of its ongoing budget scrutiny. The summary of evidence has also been circulated to subject committees, the Equal Opportunities Committee and European and External Relations Committee.

4. The Committee thanks all those organisations who responded to the consultation and all submissions are published on the Committee's web pages:

<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/42438.aspx>

National Leadership

5. A key theme raised in a number of submissions was the issue of national leadership and the role of the Scottish Government and other national bodies in ensuring the implementation of the preventative spending agenda and collaborative working at a local level.

6. For example, the Scottish Council for Voluntary Organisations (SCVO) emphasised that a factor in making the shift to preventative spend was "political will and leadership to drive the agenda forwards and overcome opposition from vested interests." Likewise, SAMH indicated that the role of the Scottish Government in

taking toward joint working in preventative spending was “critical” not only in providing ongoing financial support but also in its role of providing “national leadership, direction and guidance”.

7. Grampian Police had a clear view on the role of central government—

“It is imperative that the Scottish Government provides clear and unambiguous leadership (and appropriate governance) to community planning boards, alongside the necessary guidance. Too often it has been a “light touch” fashion, but absolute clarity by all those involved must be present first before meaningful preventative budget work can be undertaken secure in the knowledge that it can withstand external scrutiny.”

8. Within this theme were a number of sub-themes, each of which is considered below.

Leading by example

9. A key sub-theme was the need for the Scottish Government to lead by example. There was a suggestion that while the preventative spending agenda required collaborative working by local agencies this approach was not always reflected at a national level.

10. For example, West Lothian Council suggested that there “still seems to be a silo approach to prevention at a national level.” The Council indicated that it would: “welcome more dialogue between organisations such as COSLA and ACPOS and SOLACE and the Scottish Government around expectations and outcomes.”

11. A similar point was made by Perth & Kinross CPP, which indicated that: “National policy is perceived to be developed in ‘competing’ departmental silos, often ‘micro managing’ the delivery of some outcomes, which can result in local priority conflicts.”

12. For its part, East Ayrshire CPP suggested that, although policy is becoming more integrated at Scottish Government level, there were still examples of activity where outcomes required a collaborative approach, but the policy was not jointly owned or agreed. It pointed to the example of the NHS Quality Strategy for Scotland.

13. Glasgow Community Partnership suggested that, in some policy areas, such as early intervention and prevention, partners may want to explore pooling resources more formally and this would require support from the Scottish Government to pool agency or national departmental resources, allocate them to the city on a themed basis, such as children and families, with agreed outcomes to be delivered.

14. Similarly, Inverclyde Alliance CPP pointed out that elements of budgets provided to some CPP partners from the Scottish Government were for the delivery of specific activities and were therefore tied to a set of programme rules. To enable the pooling of budgets at a local level there would need to be change in policy.

15. Midlothian Council also felt that there should be a more explicit requirement placed on national government agencies (e.g. SNH, SEPA, Scottish Water) to

engage in shared planning at the spatial level of community planning partnerships to enable further development of preventive spending approaches.

16. In a slightly different approach, NHS Education in Scotland saw a role for the Scottish Government in developing national interventions that could be implemented locally. It pointed to the Family Nurse Partnership of such an approach being highly successful.

Promoting preventative spending

17. A number of organisations pointed to the role that the Scottish Government had to play in promoting the preventative spending agenda and encouraging collaborative working.

18. For example, ASH Scotland emphasised that “the Government can play a valuable role in encouraging relevant partners to work in a more effective joint manner.” In a similar vein, Highland Council agreed that the Scottish Government has a key role in promoting and encouraging collaboration, and in sharing examples of good practice taking place.

19. Likewise, Orkney Islands Council advised that: “the Government’s summaries/analyses of SOA reports are always useful and enable a spotlight to be shone on particular areas of policy” and suggested that: “A future focus on collaboration in preventative spending would be one way to help share good practice in this area.”

20. Grampian Police emphasised that: “Incentives for those who embrace this thinking should be made and the sharing of good practice robustly encouraged across the country.” Children in Scotland agreed that the Government had a role in considering how it creates incentives for organisations that are performing well. It pointed out that “at the moment, there are no adverse consequences for public bodies that fail to deliver an adequate level of positive change and no real incentives to meet or exceed stated targets.”

21. Highland Council emphasised that “financial support and incentives were key to many of the preventative spending areas identified, given the many years it can take for the positive outcome and financial benefits of preventative spending to be realised.”

Providing analytical support and disseminating evidence

22. Several organisations saw a key role for the Scottish Government in providing analytical support and disseminating research evidence. Renfrewshire CPP suggested that partnerships require analytical support from the Scottish Government in order to base preventative spend activity on robust evidence and accurate estimates of the benefit of the activity.

23. The Royal Society of Edinburgh recommended that the Scottish Government should make “available all existing evidence on preventative interventions” and should place on agencies “an obligation to gather and share evidence on new and on-going initiatives from the outset”.

24. Children in Scotland emphasised—

“Leadership in ensuring that such knowledge is well known, understood and incorporated into strategy, service planning and resource allocation would be a critical role for the Scottish Government.”

Prioritisation of resources

25. The majority of those responding to the call for evidence were wholly supportive of the preventative spending agenda. However, a number of respondents emphasised that, given the current economic restrictions, difficult decisions regarding disinvestment would need to be made if the preventative spending agenda was to be taken forward. As South Ayrshire CPP pointed out—

“One of the main barriers in the current financial climate where resources are diminishing is deciding where disinvestment should occur, i.e. what current services are no longer required, in order to achieve the resource shift towards preventative services and approaches.”

26. Respondents called on the Scottish Government to give a clear indication of the areas and targets that should be prioritised. For example, NHS Education for Scotland emphasised that—

“The Scottish Government is ideally placed to be able to provide leadership and to support a national process of decision making around investment to increase activity and just as importantly, disinvestment decisions. There have been calls throughout the country (including from practitioners themselves) for stronger guidance from the Scottish Government on how to deliver greater preventative activity, and guidance in which specific prevention and early intervention programmes local authority should invest.”

27. Likewise, the Royal College of Nursing considered that the Scottish Government must take the lead in supporting public bodies to prioritise preventative spending—

“National prioritisation of ever-more limited public funds, when public expectations and demands of services are running high, is never going to be an easy or comfortable activity for any chief executive, politician or, indeed trade union. However, if the political will is for increased preventative investment in the current climate, the Scottish Government and the Scottish Parliament will need to be as clear in their support for disinvesting from those areas no longer prioritised, as they are in their support for investing in prevention.”

28. Children in Scotland agreed with this approach stating that “the Scottish Government should lead in the elimination of wasteful and ineffective services as well as on the adoption of best practice. This would also free up resources for increased preventive spending.”

29. South Lanarkshire CPP pointed to the likely focus of public spending should no direction be provided—

“A third issue is around statutory duties and regulations which can put up barriers to collaborative working and a preventative approach. The Scottish Government has acknowledged that it is understandable that the public sector may increasingly focus on scarce resources on meeting their statutory obligations.”

Prioritisation should be evidence-based process

30. A number of respondents emphasised that the process of prioritisation should be evidence-based and should involve a review of how previous budgets had been spent and what benefits had been delivered.

31. For example, the Royal Society of Edinburgh emphasised that—

“Moves to embed preventative spending in budgets should be a factor in a comprehensive review of how we can do things better. Policies designed in an era of steadily increasing expenditure must be reconsidered, with a clear understanding of how the additional budget available between 2005 and 2010 has been spent and precisely what benefits have accrued. This review should include the identification of policies that already deliver preventative activity, and those that run counter to the whole notion of preventative intervention.”

32. It confirmed that the Scottish Government “must ensure that all existing evidence on particular interventions is mined and understood, and that it is easily available to those who make service-related decisions, particularly local authorities. It must also prioritise the gathering of further evidence, with all initiatives designed and funded in such a way that the delivery agency can monitor their impact from the outset.”

33. Save the Children recommended that the Scottish Government publish and widely publicise an accredited list of evidence-based family and parenting programmes to support delivery agencies to invest in programmes that have a proven track record. It went on to recommend that the Government should encourage investment in programmes from this list and therefore disinvestment in existing partnerships that do not deliver a preventative agenda.

Short- and medium-term savings

34. A number of organisations suggested that, given the restrictions of the budget process, programmes that delivered short or medium term benefits should be prioritised. For example, SCVO emphasised that “it would be prudent to decide on key priority areas where significant savings could be realised relatively quickly, which have a range of existing projects already in operation and where prevention delivers easily measurable outcomes.”

35. While West Lothian Council reaffirmed that it would “welcome more emphasis and focus from the Scottish Government on how to prioritise prevention within the medium term budget process.”

36. Midlothian CPP indicated that it would operate most effectively if it was able to focus on a small number of priorities.

37. For its part, Aberdeen City CPP sought a model of funding which bridged the gap between upstream investment and longer term cost reduction.

Need for public debate

38. It was suggested that, if difficult budgetary decisions were to be made in order to take forward the preventative spending agenda, there was a need for public debate and awareness raising.

39. For example, Dundee Partnership called for a broad public debate on the purpose of public services and their role in delivering long term sustainable changes in the lives of people in Scotland, pointing out that—

“Achieving positive outcomes while public funding is constrained may mean reducing well established and valued services to individuals and communities if new (and risk-taking) approaches to prevention are to be pursued.”

40. Renfrewshire CPP agreed that the Scottish Government had a key role in communication with service users and the general public regarding the short and long term impact of moving to a preventative spending model.

Collaborative working

Possible ‘barriers’ to effective collaboration

41. There are many references in the written submissions, particularly from the community planning partnerships, to individual projects in local areas which demonstrate effective collaboration between key partners in local areas across Scotland. However, there was perhaps less evidence of collaboration at a more strategic and higher level as it relates to the large sums of money and the pooling of budgets e.g. between local authorities and NHS boards.

42. An issue highlighted in the submissions was the complexity and range of key partners involved and whether this could hinder good collaboration. A point was made by both Glasgow and Inverclyde CPPs relating to the challenges arising from CPPs working across several local authority and NHS board areas which does not lend itself to coherent collaboration. Indeed, Parenting Across Scotland saw the lack of co-terminosity as an ‘obstacle’ which impedes good partnership working.

43. Highland Partnership however appears to have aligned budgets across the council and NHS board area and broken down ‘silos’. Grampian Police, Inverclyde CPP and West Lothian Council also highlight the continuing ‘silo’ approach to funding and a lack of ‘systems’ to expedite pooling. It also suggests, in its written submission, that—

‘we need more integrated management structures and more integrated joint outcomes. If we get that part right then there is a sense that the budget will follow. The Scottish Government may want to consider how it would scrutinise that joint spend on outcomes. If we achieve clarity and agreement of outcomes we want to achieve locally and understand how collaboratively we want to work together to achieve this then we can have confidence that funding will achieve the outcomes we have prioritised.’

44. On this issue, SAMH states in its written submission—

‘In relation to preventative spending, it may be more valuable for different bodies and sectors to demonstrate how they are working together towards shared long term goals. A potential danger is that any outcomes may become too narrowly focused, compartmentalised or designated as the sole responsibility of a particular body or department. For example, mental health cuts across almost every policy area but is often seen as preserve of the NHS, which can come to be reflected in targets and outcomes.’

45. Outer Hebrides CPP asks whether ‘protectionism’ of budgets is more prevalent in the current tight spending period.

46. A point made by both East Ayrshire Council and South Ayrshire CPPs was that targets and budgets for local authorities and NHS boards were set independently leading to separate governance arrangements. This approach was inconsistent with good community planning arrangements.

47. East Renfrewshire CPP stated that—

‘there can be conflicting priorities across partners as some are focussed on the Westminster agenda, others on the Scottish Government priorities and some are centred on local priorities.’

48. Glasgow CPP also made reference to the impact of UK policy decisions which have a bearing on the ability of partners to act.

Sharing good practice

49. The issue of disseminating good practice/experiences information across Scotland was raised, for example by Inverclyde Alliance CPP. Views were expressed on the need for the Scottish Government to ‘lead on elimination of wasteful and ineffective services as well as adoption of best practice’ (Children in Scotland). NHS Education in Scotland felt that stronger guidance was needed on how to deliver a preventative strategy and national interventions locally while the Royal College of Nursing believes that the Scottish Government must give a clear direction to local public bodies on how to deliver step change to preventative spend.

50. The WAVE Trust felt that there needed to be national leadership to inspire local agencies to work preventively. The written submissions indicate that CPPs and others are looking to the Scottish Government for ‘leadership’ on taking a preventative spend approach forward. The Aberlour Childcare Trust highlights a ‘reluctance’ to fully embrace collaborative approach particularly in the current climate and that the Scottish Government needs to lead on this.

51. The SCVO highlights real difficulties in rolling out successful projects from a local authority across 32 local authorities, 14 NHS boards and 40 CPPs. Consumer Focus suggested that *Scotland Performs* might be developed to address this issue of sharing good practice.

52. Highland Council states in its submission—

‘Scottish Government has a key role in promoting and encouraging collaboration, and in sharing examples of good practice taking place. As highlighted at Q3 and General Comments, financial support and incentives are however key to many of the preventative spending areas identified, given the many years it can take for the positive outcome and financial benefits of preventative spending to be realised. However it should be noted that even with good collaboration, there is a gap in governance for accountability of partnership performance. Each CPP partner is accountable to its own board or in the case of local authorities to its Council. Outcomes can rarely be achieved by one organisation so accountability for partnership performance is important. Although the current SOA approach has improved the direction for CPPs performance accountability is still lacking. A review of the arrangements for CPP accountability should be undertaken by the Government which could include potentially strengthening the facilitation role of local authorities.’

Role of the voluntary sector

53. Several submissions highlight the input of the third sector. Inverclyde Alliance CPP wondered what encouragement is given to involve the voluntary sector in delivering services and how negative impressions of this sector which exist might be removed. There were references, for example by Outer Hebrides CPP, to the third sector being keen to be more involved in the collaborative delivery of public services but that short-term budget planning may be a barrier to this. NESTA made the point that the conditions need to exist in which investment in new approaches to preventative spending can happen. This would involve exploring ways to commission more effectively from the third sector.

54. The SCVO has highlighted the need for a ‘shift in power’ with third sector operating on ‘parity of esteem’ and involved in commissioning services from the outset and at the highest level. It also highlights ‘resistance’ and the barriers in place to this from those ‘who stand to lose out from doing things differently’. A further point made by it is that: “there is an incomplete picture of all the services being provided by third sector which could be central to shift to preventative services”.

Financial challenges

Paying to move to a more preventative approach

55. Several submissions highlight the issue of properly funding and supporting a shift towards a more preventative spend approach across key partners particularly given the current fiscal environment. West Dunbartonshire CPP for example considers a comprehensive shift to be ‘currently unaffordable’ and that ‘significant’ new money is required which is a view shared by others in written evidence.

56. For example, Angus CPP wondered whether any ‘bridging’ funding would be made available to accommodate a big shift to preventative spend. Support for an extension of the Change Fund to facilitate a transition to preventative action in relation to services for children and young people was highlighted in the submissions from Angus CPP, Children in Scotland, Ownership Options, SCVO and West Lothian Council.

57. More generally, North Ayrshire CPP stated that there should be a review of current funding arrangements while Highland Council supports a review to improve the accountability of CPPs performance. West Lothian Council stated that a 'fundamental review of budget allocation measures across the whole public sector' is needed.

58. The written submissions are clear in the challenges which will need to be addressed in moving to a more preventative approach. Aberdeenshire, Fife, Inverclyde, Orkney and South Lanarkshire CPPs all make the point about the challenge/difficulty in moving to a preventative spending approach and diverting resources from demand led commitments, particularly when these are statutorily required. South Ayrshire CPP asks 'what services would no longer be required' if moving to a preventative spend approach.

59. The submission from the Auditor General for Scotland states that—

"the constraints on public spending that are likely to be with us for several years will make it all the more difficult to move resources into services and activities that could contribute to preventative spend. Finding ways of doing this, in my opinion, is one of the major challenges facing the Scottish Parliament and the Scottish Government."

60. East Lothian CPP considers there is a 'massive risk' in shifting resources in this way. Other evidence, for example from Inverclyde Alliance and North Ayrshire CPPs, recognises the short term positive impacts which can be achieved but there is perhaps a 'worry' about the time involved in achieving positive medium and long term impacts.

Governance

61. The issue of governance in respect of budgets is a point which features in several submissions. For example, Angus CPP 'believes that there is a need to look more broadly at the resources available through all our public sector organisations' while East Dunbartonshire CPP has called for a 'mapping' exercise to track the money from national, regional and local sectors and to assess what comes out at the end.

62. Glasgow CPP makes the point about the 'sovereignty' of decision taking around budgets. Governance was also highlighted in relation to one of the key issues which has emerged from the written evidence: the scope, capacity, ability etc to pool budgets across key partners. For example, North Ayrshire CPP makes the point about the difficulties around the complexity and duplication of pooled budgets in relation to governance and accounting for the money.

63. A further challenge highlighted is whether there is a political desire and commitment to proceed to a more preventative spend approach. SCVO, Fife CPP and the WAVE Trust refer to a 'limiting factor' being a lack of political will and local leadership. Further to this are the 'cultural challenges' within key partners which is touched on by, for example, Glasgow, Inverclyde Alliance and Outer Hebrides CPPs and West Lothian Council in their submissions.

Pooling budgets and funding arrangements

64. A key point made relates to whether the existing funding arrangement and forward budget planning properly support the shift to a preventative/outcomes approach and whether it is possible/simple to pool budgets when there is a desire to do so by key partners. Several submissions highlight that longer term budget planning is required (five years suggested by Angus and Glasgow CPPs and West Lothian Council) and that a proper long term commitment to preventative spending is not supported by a one-year budget settlement. Glasgow, Inverclyde Alliance, Midlothian and Renfrewshire CPPs and West Lothian Council all touch on this issue. West Lothian Council states in its written submission that: “Continuing to set short-term budgets is the biggest constraint we have towards progressing in terms of preventative spending.”

65. The general challenge/barriers to budget pooling/sharing across CPP partners are clearly highlighted in the evidence. For example, Outer Hebrides CPP draws attention to funding which is allocated through different channels; the different budget timetables which key partners work to; that budgets are set in different ways; and the different procurement processes involved.

66. The Royal Society of Edinburgh in its submission states that CPPs: “allow budget holders to sit around the table but to date there has been very little actual pooling of budgets.”

Ring-fencing

67. The continued ring-fencing of funding, particularly in the health budget, is raised in written submissions (e.g. Inverclyde Alliance and Angus CPPs) and the impact of this in encouraging an effective shift to preventative spend. The removal of ring-fencing supported by CPPs such as Perth & Kinross although the WAVE Trust states that specific ring-fenced funding specifically for preventative work would be ‘a boon’.

68. Outer Hebrides CPP states that some budgets from the Scottish Government are tied to delivery of specific services and that this policy would need to change to enable an effective pooling of budgets.

69. On a related note to the availability of funding SCVO does ask what scope there is for other funding sources to assist in shift to preventative spend e.g. social finance.

National Performance Framework/Measuring Outcomes

70. The Committee asked respondents to consider the SG’s outcomes based approach and asked what additional indicators should be included in the National Performance Framework and Single Outcome Agreements as a means of supporting the shift towards preventative spending. A number of core issues emerged in response to this question.

Driving the Decision-Making Process

71. Some of the submissions questioned the extent to which the NPF drives the decision-making process within the Scottish Government. For example, the RSE state that: “it is not clear how these very high level aims will be able to drive decision

making and assist with difficult choices at a time of spending reduction” and ask “Are we confident that detailed performance indicators are feeding through to action for improvement?” NHSGFC recommend that outcomes indicators relating to child poverty and vulnerable children need “to have much higher prominence and pressure to ensure that they drive change across all agencies.” There are also issues as to the extent to which annual budgetary decisions are framed within a longer-term prevention strategy. The Wave Trust recommends the development of an “overall long-term prevention strategy for Scotland with the goal to transform the quality of early childhood and, in particular, the period from onset of pregnancy to age 2.” West Lothian Council suggest that it may be more productive to have prevention as an overarching theme within the NPF and SOAs rather than develop new indicators.

Measuring Outcomes rather than Inputs and Process

72. A number of submissions also emphasise the need to focus on measuring outcomes rather than inputs and process. Angus CPP state that: “It will be important for the Scottish Government to review its focus on purely input targets that they wish to achieve through local government and through the wider public sector that are resource intensive.” The Inverclyde Alliance CPP recommends a “holistic approach to performance measures at a national level” and “moving away from an inputs approach to an outcomes approach.” Barnardo’s Scotland state that while they welcome Scotland Performs “there is still a huge lack of robust outcomes measurements at a service level.”

73. The Dundee Partnership recommends “improved national indicators which measure the impact of prevention.” West Lothian Council argue for a “fundamental and permanent move away from input measures set at a national level” and suggest that all public spending should be planned “in terms of the outcomes that are being sought and evaluated in terms of the outcomes that are being delivered.” Both East Dunbartonshire Council and Perth and Kinross CPP suggest that the statutory duties of Best Value and Community Planning should be extended to all public service providers.

A Joined-Up Approach

74. There is also some concern in relation to a lack of consistency in the indicators which are agreed by various public bodies. Glasgow CPP state that: “more coherent performance arrangements across partners would also be beneficial. Some existing performance indicators are contradictory and incoherent.” In particular, there is a need for a joined up approach between the NPF, NHS Heat targets and Local Authority SOAs. For example, East Ayrshire CPP state that: “Targets and budgets are set independently for the NHS and the Local Authority and this is reflected in very separate and different governance arrangements. Such an approach is not consistent with enhanced Community Planning arrangements.” North Ayrshire CPP recommend: “A longer term approach to health improvement with outcomes and indicators which reflect this approach and that all partners are accountable to deliver.”

75. In their response to a Scottish Government consultation on NHS HEAT targets the RCN stated: “We understand that the National Performance Framework is also under review. As this is an accountability system intended to apply to the whole of the Scottish public sector, commenting on HEAT proposals outwith this wider context

seems to us to be an artificial and unhelpful split in practice. They recommend that the Scottish Government introduce an integrated performance management system. Likewise Perth and Kinross CPP recommend that: “A common framework for accountability would reduce conflicting performance management and scrutiny expectations across the public sector.”

Early Years Indicators

76. A number of submissions suggest that there is a need for a greater emphasis on the Early Years within outcome indicators across public bodies. Alan Sinclair suggests that only 4 out of 45 indicators “at a stretch could be construed as being about early years and parenting” and that “Early Years ought to be taken seriously.” He recommends that: “Reflecting Early Years in the main measures for government, local authorities and the health boards and GP spend would make a big start.” Likewise *Children in Scotland* point out that there is “little in the way of useful nationally aggregated data on the health and well-being of pre-school children.” They also note that of the 33 datasets proposed to underpin the Early Years Framework only 3 “both refer specifically to pre-school children and are currently collected nationally” and only one of these, low birth weight, is a child well-being measure.

77. A number of additional indicators are also proposed. NHSGGC suggest developmental measures (including language) as identified at the 30 month assessment and readiness for school as assessed at school entry. Similarly, Healthcare Improvement Scotland suggest the need for an indicator on school readiness as well as a indicator which demonstrates how safe and secure children feel while the Royal College of Speech and Language Therapists recommend the need for an indicator on language development.

78. More generally there are also a number of submissions which recommend the need to prioritise the eradication of poverty and child poverty in particular and that the NPF should reflect this priority. The Child Poverty Action Group in Scotland (CPAG) state that: “explicit child poverty indicators should be included in the national performance framework and in all SOAs” while Save the Children argue for the inclusion of a specific indicator within the NPF relating to child poverty and that delivering the child poverty strategy should be a key priority within the forthcoming spending review.

Other Indicators

79. A number of other additional indicators have also been suggested by respondents. These include ASH who argue for the inclusion of a national indicator to reduce the prevalence of smoking in the most deprived groups. Scottish Women’s Aid point out that there are “currently no national outcomes or indicators that relate to violence against women.” Age Scotland emphasise the need for a “specific and defined national target relating to older people and their housing.”

Emphasis on Well-being

80. The Committee received a joint submission from Friends of the Earth, Oxfam and WWF recommending removing the reference to “increasing sustainable economic growth” from the SG’s Purpose within the National Performance Framework. They suggest that the Purpose Targets are revised to focus on factors

which influence our collective wellbeing and that much more emphasis is placed on inequality and environmental factors within the NPF. This a view also supported by the Poverty Alliance which argues that: “addressing poverty and inequality should be at the heart of our understanding of the need for a greater emphasis on preventative spending” and Barnardo’s Scotland which argues that: “we would like to see the NPF move towards a greater focus on promoting wellbeing and tackling inequality.”

September 2011

ANNEXE C: FINANCE COMMITTEE ORAL EVIDENCE AND ASSOCIATED WRITTEN EVIDENCE (published electronically only)

FINANCE COMMITTEE

ORAL EVIDENCE AND ASSOCIATED WRITTEN EVIDENCE

Please note that all oral evidence and associated written evidence is published electronically only, and can be accessed via the Finance Committee's webpages, at: <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/29822.aspx>

4th Meeting, 2011 (Session 4), Wednesday 21 September 2011

[ORAL EVIDENCE](#)

Robert Black, Auditor General for Scotland;
Barbara Hurst, Director of Performance Audit;
Graeme Greenhill, Portfolio Manager; and
Michael Oliphant, Project Manager, Audit Scotland.

5th Meeting, 2011 (Session 4), Wednesday 28 September 2011

[ORAL EVIDENCE](#)

Graham Allen MP;
Alex Linkston CBE; and
Professor James Mitchell, Members of the Commission on the Future Delivery of Public Services.

6th Meeting, 2011 (Session 4), Wednesday 5 October 2011

[ORAL EVIDENCE](#)

John McClelland CBE.

7th Meeting, 2011 (Session 4), Wednesday 26 October 2011

[ORAL EVIDENCE](#)

Professor Jo Armstrong, Centre for Public Policy for Regions; and
Professor Jeremy Peat, Royal Society of Edinburgh.
David Alston, Budget Leader, Highland Council;
Gwen Barker, Community Planning and Partnership Manager, East Ayrshire Community Planning Partnership;
George Black, Chair of the Executive Group, Glasgow Community Planning Partnership;
Marita Brack, Programme Director for Psychology of Parenting, NHS Education for Scotland;
Rachel Cackett, Policy Advisor, Royal College of Nursing Scotland;

John Dickie, Head, Child Poverty Action Group in Scotland; and
Aubrey Fawcett, Corporate Director, Regeneration and Environment,
Inverclyde Alliance Community Planning Partnership.

8th Meeting, 2011 (Session 4), Wednesday 2 November 2011

[ORAL EVIDENCE](#)

Sir Angus Grossart, Chairman, and
Barry White, Chief Executive, Scottish Futures Trust.
Ron Ashton, Director of Neighbourhood Services, Angus Community
Planning Partnership;
Bronwen Cohen, Chief Executive, Children in Scotland;
John Downie, Director of Public Affairs, Scottish Council for Voluntary
Organisations;
Lorraine Gillies, Life Stages Programme Manager, West Lothian Council;
Maria Reid, Assistant Health Promotion Manager, South Lanarkshire
Partnership; and
Catriona Renfrew, Director of Corporate Planning and Policy, NHS Greater
Glasgow and Clyde.

9th Meeting, 2011 (Session 4), Monday 7 November 2011

[ORAL EVIDENCE](#)

John Swinney MSP, Cabinet Secretary for Finance, Employment and
Sustainable Growth,
Gary Gillespie, Chief Economic Advisor; and
Andrew Watson, Head of Finance Policy, Scottish Government.

10th Meeting, 2011 (Session 4), Wednesday 16 November 2011

[ORAL EVIDENCE](#)

Martyn Evans, Chief Executive, Carnegie UK Trust;
Liam McArthur MSP, Member of the Scottish Parliamentary Corporate
Body;
Paul Grice, Clerk and Chief Executive; and
Derek Croll, Head of Financial Resources, Scottish Parliament.

11th Meeting, 2011 (Session 4), Wednesday 23 November 2011

[ORAL EVIDENCE](#)

Michael Little, co-Director, The Social Research Unit, Dartington; and
John Trainer, Project Manager, Renfrewshire's Children's Services
Partnership.

[WRITTEN SUBMISSIONS](#)

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