Budget process 2012-13

Guidance for subject committees

Introduction

1. The Scottish Government has indicated that it intends to publish a spending review in September 2011 alongside the draft budget for 2012-13. The spending review will cover the period until 2014-15. It is intended that the Finance Committee’s budget adviser will be invited to draft guidance for subject committees once these documents have been published.

2. The Finance Committee has agreed to publish this initial guidance prior to summer recess to assist committees in developing their initial work plan programmes.

3. The timetable for budget scrutiny will be as normal:

   - By 20 September – Scottish Government publishes draft budget and Spending Review
   - Mid-November – Subject committees report to Finance Committee
   - Early December – Finance Committee publishes report on draft budget
   - Week prior to Christmas recess – Debate on Finance Committee report
   - By 20 January – Scottish Government publishes budget bill
   - End January – Stage 1 debate
   - Prior to February recess – Stage 2 and Stage 3.

Preventative spending

4. The Finance Committee has agreed the recommendation of its predecessor Committee that scrutiny of preventative spending\(^1\) should be integral to the annual budget process and that subject committees should be invited to scrutinise the Scottish Government’s progress in moving towards a more preventative approach to public spending.

5. In its report on the Draft Budget 2011-12 the previous Finance Committee emphasised “the effectiveness of investment in the early years” and “that the Government should work with its partners in local government, health boards and the

third sector to move forward an early years agenda.\textsuperscript{2} In evidence to the Committee the Cabinet Secretary for Finance and Sustainable Growth stated that: “the whole concept of preventative intervention lies at the heart of the Government’s policy interventions.”\textsuperscript{3}

6. In written evidence to the Committee, COSLA also agreed with the need to develop a preventative approach and stated that: “we need to find and develop a model that would allow us to redirect resources away from crisis intervention to crisis prevention. That means all community planning partners will need to find a means of better supporting preventative services (like housing support, health screening, family support, community policing) and managing reduced services at the acute end (e.g. care home provision, acute hospital provision, prosecution).”\textsuperscript{4}

7. The Committee has issued a call for evidence (\textbf{Annexe A}) inviting views on what spending commitments and priorities should be in the draft budget for 2012-13 and spending review in order to ensure that progress is being made on preventative spending and, in particular, early years intervention. In addition, the Committee is seeking information on how a preventative spending approach is being implemented and shared across key agencies such as local authorities, NHS boards and police forces.

8. A key challenge identified in the preventative spending report was the need for better collaborative working between Scottish public bodies in developing and delivering a preventative approach to tackling Scotland’s social problems. In its response to the Committee, the Scottish Government indicated that it saw CPPs as an important way to foster better collaboration.\textsuperscript{5} The Committee has therefore written separately to community planning partnerships (CPPs) (\textbf{Annexe B}).

9. The Committee has asked for responses to both consultations by \textbf{Friday 2 September} and may then also hold follow-up oral evidence sessions in autumn 2011 as part of its budget scrutiny. These responses will be made available to subject committees.

10. There are a number of commitments in relation to preventative spending and early years intervention within the Draft Budget 2011-12 which subject committees may want to follow up. These include:

\textbf{Investing for Better Health}

- We will prioritise frontline services, enhancing support for prevention and early intervention and maintaining vital investment in major public health programmes;

\textsuperscript{2}http://www.scottish.parliament.uk/s3/committees/finance/reports-11/fir11-02-vol1-pdfversion.pdf
\textsuperscript{4}http://www.scottish.parliament.uk/s3/committees/finance/inquiries/preventative/PS-COSLA.pdf
\textsuperscript{5}http://www.scottish.parliament.uk/s3/committees/finance/inquiries/preventative/SGresponse.pdf
• This Budget reaffirms the commitment of the Scottish Government and its key partners to working together to tackle the root causes of health and social inequalities, which damage lives and impair Scotland’s economic potential;

Early Years

• We are providing 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;
• We will introduce a new Early Years and Early Intervention Fund from 2011-12, with initial funding of £5 million. In addition to this fund we have sought to protect funding that we provide to the third sector to improve outcomes for children and young people, including children with disabilities;

Health and Wellbeing

• We believe that action in children’s early years is the most fundamental and effective form of early intervention to address poor health. Evidence shows that the early years are crucial in developing a person’s strengths and the assets they will need to maintain their health and wellbeing in the future;
• We will also continue to support wider preventative services, such as parenting support, education and learning support, employability services, drugs and alcohol services, community policing and services, with a particular focus on vulnerable groups, such as looked after children, offenders and children affected by domestic abuse;

Social Care

• In recognition of the pressures on the health and social care system in a challenging fiscal climate, the Scottish Government has allocated £70 million in 2011-12 within the NHS Budget to a Change Fund for NHS Boards and partner local authorities to redesign services to support the delivery of new approaches to improved quality and outcomes;

Conclusion

11. Subject committees may wish to pursue with their respective ministers the progress which has been made within each portfolio budget in shifting towards a more preventative approach.
Annexe A

Scrutiny of the forthcoming spending review and Draft Budget 2012-13:
Preventative spending

Call for evidence

The Scottish Government’s 2012-13 draft budget and spending review will be published in September 2011.

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 Partnership’s, 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.

In essence, preventative spending aims to prevent negative social outcomes arising or attempts to eliminate or lessen the impact of such outcomes once they have arisen.

The *Report on preventative spending* set out some of the costs to the public sector in reacting to current social problems and argued that a preventative approach would be a better way of tackling these problems. It also set out the views of the then Cabinet Secretary for Finance and Sustainable Growth who said that “the whole concept of preventative intervention lies at the heart of the Government's policy interventions”.

This Finance Committee has agreed to build on the work of its predecessor and focus on preventative spending in its scrutiny of the forthcoming spending review and 2012-13 draft budget. Given this background, the Committee would welcome responses to the following questions—

1. The previous Scottish Government said that: “Preventative action is integral to the approach to government in Scotland and delivering the outcomes set out in the National Performance Framework”. What spending commitments and priorities would you like to see in the 2012-13 draft budget and spending review in order to ensure that progress is being made on preventative spending and, in particular, Early Years intervention?

2. The Scottish Government has emphasised an outcomes based approach through both the National Performance Framework and Single Outcome Agreements. What, if any, additional national and local indicators would you like to see as a means of supporting the shift towards a greater focus on preventative spending?

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3. The Scottish Government’s response to the Committee’s *Report on preventative spending* stated that: “The Spending Review that will follow the Scottish elections in May will provide another opportunity for the Scottish Government to support delivery agencies in their efforts to increase the proportion of their budget dedicated to preventative activity.” What support should the Scottish Government provide in its spending review to support delivery agencies in increasing preventative activity?

4. What long term planning is carried out to fully deliver on preventative spending strategies and how do you plan for this within short term budget periods?

5. What baseline evidence is used to measure preventative outcomes?

6. In oral evidence to the Committee, COSLA stated that: “we want budgets to be thought of more as being part of the public purse than as belonging to the council or NHS”. To what extent are you able to pool your budget, or even reallocate budgets to other agencies, and make joint spending decisions through initiatives such as the Integrated Resource Framework?

7. The Committee will be writing separately to individual Community Planning Partnerships but would welcome views from other interested organisations on what elements should be in the spending review and the 2012-13 draft budget to support more effective collaborative working in moving towards a more preventative approach to public spending.

8. How can good examples of collaboration be encouraged and shared nationally across key agencies and what is the role for the Scottish Government here?

**Community Planning Partnerships**

A key challenge identified in the report was the need for better collaborative working between Scottish public bodies in tackling Scotland’s social problems. In its response to the Committee, the Scottish Government indicated that it saw community planning partnerships (CPPs) as an important way to foster better collaboration. A summary of the key points from the Committee’s report and the Scottish Government’s responses that are of particular relevance to the questionnaire can be found below.

[Link to summary of points]

The Committee is therefore contacting all CPPs to request their views on how collaborative working actually works in practice, what challenges remain, and how best practice is being encouraged and shared nationally across key agencies. The specific questions to the CPPs are—

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7 Scottish Government response:  
1. To what extent has preventative spending been embedded within the CPP’s work so that it focuses on trying to prevent social problems arising rather than on dealing with their consequences?

2. Can you provide specific examples of where the CPP has been effective in developing a preventative approach on a (a) collaborative basis and (b) individual agency basis?

3. What baseline evidence is used to measure how preventative outcomes are being achieved?

4. What are the main barriers for the CPP to overcome in developing more effective collaborative working and moving towards a more preventative approach to public spending?

5. In oral evidence to the Committee, COSLA stated that: “we want budgets to be thought of more as being part of the public purse than as belonging to the council or NHS”. To what extent are CPP partners able to pool their budgets, or even reallocate budgets to other agencies, and make joint spending decisions through initiatives such as the Integrated Resource Framework?

6. Are new financial and governance arrangements needed to strengthen this process?

7. What long term planning is carried out by CPP’s to fully deliver on preventative spending strategies and how do they plan for this within more short term budget periods?

8. The Scottish Government’s response to the Committee’s preventative spending report stated: “The Spending Review that will follow the Scottish elections in May will provide another opportunity for the Scottish Government to support delivery agencies in their efforts to increase the proportion of their budget dedicated to preventative activity.” What support would CPP’s welcome?

**How to submit responses to the call for evidence and CPP questionnaire**

In order to inform its scrutiny of the forthcoming spending review and Draft Budget 2012-13, the Finance Committee would be grateful if written responses to the general call for evidence could be with the Committee by Friday 2 September 2011. In relation to the specific questions to the Community Planning Partnerships only, again the deadline for responses is Friday 2 September 2011.

It would be most helpful if responses, in MS Word format, were submitted by e-mail to: finance.committee@scottish.parliament.uk. Alternatively, responses can be posted to: Finance Committee, Room T3.60, The Scottish Parliament, Edinburgh, EH99 1SP. If an electronic copy is supplied, there is no need to post a hard copy.
Before you submit your questionnaire, please ensure that you have read the Scottish Parliament’s [policy for handling written evidence received in response to calls for evidence (pdf 15kb)](#). Written submissions will be handled in accordance with this policy.
Annexe B

Questionnaire to Community Planning Partnerships

Background

In the previous session of the Scottish Parliament, the Finance Committee published a major report on preventative spending.\(^8\) The Finance Committee in the new parliamentary session has agreed to build on the work of its predecessor, and intends to focus on preventative spending as the theme for its scrutiny of the forthcoming spending review and draft budget.

A key challenge identified in the Committee’s report was the need for better collaborative working between Scottish public bodies in tackling Scotland’s social problems. In its response to the Committee, the Scottish Government indicated that it saw Community Planning Partnerships (CPPs) as an important way to foster better collaboration.\(^9\)

The Committee has therefore agreed to contact all CPPs to request their views on how collaborative working actually works in practice, what challenges remain, and how best practice is being encouraged and shared nationally across key agencies.

The annexe to this questionnaire contains a summary of the key points from the Committee’s report and the Scottish Government’s response that are of particular relevance to CPPs.

How to submit the questionnaire

In order to inform its scrutiny of the forthcoming Scottish Spending Review and Draft Budget 2012-13, the Committee would be grateful if CPPs could submit completed questionnaires in MS Word format by **Friday 2 September 2011**.

It would be most helpful if responses could be submitted by email to: finance.committee@scottish.parliament.uk. Alternatively, responses can be posted to: Lucy Scharbert, Finance Committee, Room T3.60, The Scottish Parliament, Edinburgh EH99 1SP.

However, please note that if an electronic copy is supplied, there is no need to post a hard copy.

Before you submit your questionnaire, please ensure that you have read our [policy for handling written evidence received in response to calls for evidence (pdf 15kb)](http://www.scottish.parliament.uk/s3/committees/finance/reports-11/fir11-01.htm), [see in particular paragraphs 114-126](http://www.scottish.parliament.uk/s3/committees/finance/reports-11/fir11-01.htm), and [SGresponse.pdf](http://www.scottish.parliament.uk/s3/committees/finance/inquiries/preventative/SGresponse.pdf).
Questionnaire

1. To what extent has preventative spending been embedded within the CPP’s work so that it focuses on trying to prevent social problems arising rather than on dealing with their consequences?

2. Can you provide specific examples of where the CPP has been effective in developing a preventative approach on (a) a collaborative basis and (b) an individual agency basis?

3. What baseline evidence is used to measure how preventative outcomes are being achieved?

4. What are the main barriers for the CPP to overcome in developing more effective collaborative working and moving towards a more preventative approach to public spending?

5. In oral evidence to the Committee, COSLA stated that: “we want budgets to be thought of more as being part of the public purse than as belonging to the council or NHS”. To what extent are CPP partners able to pool their budgets, or even reallocate budgets to other agencies, and make joint spending decisions through initiatives such as the Integrated Resource Framework?

6. Are new financial and governance arrangements needed to strengthen this process?

7. What long term planning is carried out by CPP’s to fully deliver on preventative spending strategies and how do they plan for this within more short term budget periods?

8. The Scottish Government’s response to the Committee’s preventative spending report stated: “The Spending Review that will follow the Scottish elections in May will provide another opportunity for the Scottish Government to support delivery agencies in their efforts to increase the proportion of their budget dedicated to preventative activity.” What support would CPP’s welcome?
Annexe to the questionnaire to Community Planning Partnerships

Summary of key points

This annexe summarises the key points from the Committee’s report and the Scottish Government’s responses that are of particular relevance to this questionnaire.

The Committee’s report did not define the term “preventative spending” but noted that there is spending that seeks to prevent negative social outcomes arising and spending that attempts to eliminate or lessen the impact of negative social outcomes once they have arisen.

The report focused primarily on preventative spending from an early years perspective, and from a health and social care perspective.

In terms of the early years, one of the Committee’s conclusions was that there is a need—

“to provide greater clarity on the roles of the various levels of government and various service providers in delivering the more effective implementation of early years policy.”

In terms of health and social care, the Committee noted the various barriers to realising savings from these budgets. For example, the Association of Directors of Social Work in Scotland said—

“The great challenge to be faced in integrating resources is how to free the money that is locked up in acute care and hospital provision … so that it can be put into preventive services at a time when there will not be enough funds to continue with the current service model aims to meet the needs of people with high-level needs…

One section of the report (paragraphs 114-12) examined the specific issue of collaborative working – a recurring criticism made by witnesses was that relevant public sector bodies do not always work together on tackling Scotland’s social problems.

For example, DCS John Carnochan, Strathclyde Police Violence Reduction Unit considered that—

“There is still a deal of territorialisim between agencies, including the voluntary agencies, that is more corrosive and pernicious than that between the gangs in the east end of Glasgow.”

Dr Harry Burns, Chief Medical Officer, Scottish Government, added—
“Within community planning partnerships and so on, there is evidence of interventions developing across agencies—local authorities, the health service and the third sector—very effectively. It is happening at different rates in different areas. In part, that is dependent on the complexity of the relationships in those areas, but it is happening. My point is that it needs to happen faster and needs to be built very firmly into the public sector ethos.”

Paragraphs 127 and 128 set out a series of specific questions for the Scottish Government to address in terms of role played by CPPs in fostering collaborative working. The questions and the Scottish Government’s response are reproduced below—

The Committee invites the Scottish Government to consider whether the principles behind its work on IRF and the change fund could also be applied to ensure greater collaborative working and pooling of budgets in early years policy. (Paragraph 127)

The SG encourages outcome-based approaches to budgeting and resource alignment; we know some CPPs are starting to develop these approaches and we have funded the Improvement Service to support further work with CPPs. There is undoubtedly a lot to learn from the IRF. There is no reason why the principles of the IRF and the Change Fund could not be applied to create greater collaborative working and pooling of budgets in early years policy. The IRF is not confined to older people, indeed two of the pilot sites are specifically looking at children’s services.

The Minister for Children and Early Years has taken a keen interest in the development of the IRF. In Highland, the improved trust and understanding among agencies and the increased use of a common language and shared understanding of children’s needs led, under the Governance structure in Highland, to increased sharing of resources.

The application of the Getting it right approach encourages business process redesign leading to streamlined systems using a single model. Evidence from pathfinders and learning partners such as Lanarkshire and Edinburgh is that there is considerable scope to rationalise the various processes, meetings and documents around children. In Lanarkshire for example the Getting it right is simplifying the process available to Public Health Nurses and Health visitors seeking assistance from other professionals, streamlining the 58 different types of referral forms used and rationalising their content into one easy to access electronic ‘request for assistance’ form, thus reducing the time burden.

Considering the Scottish Government’s focus on the key role played by Community Planning Partnerships (CPPs) in fostering collaborative working, the Committee would welcome the Scottish Government’s response on the following questions which are relevant to the early years, and health and social care (Paragraph 128)
How can the concept of preventative spending be embedded in CPPs, so that there is a focus across the public sector on trying to prevent social problems arising rather than on dealing with their consequences?

We agree that embedding the concept of preventative spend is a major challenge and more progress is needed. Ministers have consistently given senior Community Planning and local government figures encouragement to 'disrespect boundaries' - including the challenging of established spending patterns to effect real change. The Local Government Improvement Service has a key role to play here in supporting CPPs to make those meaningful changes, and is doing so through (for example) rolling out self-assessment and improvement tools and working with CPPs to develop outcome-based approaches to budgeting and financial decision making.

Is there merit in establishing a new financial settlement for CPPs so that relevant bodies are better able to pool their resources?

Scottish Government has created the broad framework within which Councils and CPPs can make radical decisions to do things differently, reinforced by the ongoing challenge to 'disrespect boundaries'. We think there is a lot of scope to do this already, but understand that the reality of this can be challenging. Governance and decision-making chains in CPPs need to support the CPP to overcome traditional resource ‘territories’ and realign resources to the right local priorities. Effective partnership cultures and the will to make things happen are also critical. Where there are real, demonstrable barriers for CPPs in how they manage their resources to achieve the local outcomes they have committed to deliver, we continue of course to be in listening mode.

What is the best means of ensuring that CPPs are making satisfactory progress in delivering better outcomes?

As discussed earlier, in response to the Committees question at paragraph 60 of their report, the Concordat and accountability to communities play a key role.

How can the work of CPPs best complement the essential work carried out by the voluntary sector, families and communities?

Since 2008 SG has been working with CPPs and the third sector to create Third Sector Interfaces. These are intended to support voluntary organisations operating in the CPP area, advocate and promote volunteering, develop social enterprise, and connect the 3rd sector more strongly to Community Planning. There are already over 20 Interfaces in place across Scotland.

How can the views of the expert witnesses who have contributed to this inquiry help to shape the decision making of CPPs?

We see this as largely in the hands of CPPs themselves. We hope they will read the Committee's report closely, and take advantage of the huge body of experience vested
in the expert witnesses who contributed along with the significant intellectual capital and experience within CPPs themselves. The Improvement Service again has a role to play here, through its Communities of Practice and the other tools which it supports in spreading good practice.