



FINANCE COMMITTEE

AGENDA

25th Meeting, 2013 (Session 4)

Wednesday 9 October 2013

The Committee will meet at 9.30 am in Committee Room 2.

1. **Decision on taking business in private:** The Committee will decide whether to take items 3 and 4 in private.
2. **Draft Budget Scrutiny 2014-15:** The Committee will take evidence in a round table format on the Scottish Government's Draft Budget 2014-15 from—

Ruchir Shah, Policy Manager, SCVO;

Stephen Boyd, Assistant Secretary, STUC;

Kay Sillars, Information Development Officer, Unison Scotland;

Martyn Evans, Chief Executive, Carnegie UK Trust;

Angela O'Hagan, Convenor, Scottish Women's Budget Group;

Francis Stuart, Research and Policy Adviser, Oxfam Scotland;

and then from—

David Walker, Sector Director, South Glasgow, NHS Greater Glasgow and Clyde;

Stephen Fitzpatrick, Head of Strategic Services, Glasgow City Council;

Jan Baird, Director of Adult Care, NHS Highland;

Bill Alexander, Director of Health and Social Care, Highland Council;

Chris Bowring, Director of Finance, NHS Fife;

Douglas Dunlop, Head of Service - Children and Criminal Justice, Fife Council.

3. **Implementation of Scotland Act 2012:** The Committee will consider a draft report.
4. **Work programme:** The Committee will consider a paper by the clerk.

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The papers for this meeting are as follows—

Agenda item 2

Note by the Clerk

FI/S4/13/25/1

Agenda item 3

PRIVATE PAPER

FI/S4/13/25/2 (P)

Agenda item 4

PRIVATE PAPER

FI/S4/13/25/3 (P)

Finance Committee

25th Meeting, 2013 (Session 4), Wednesday 9 October 2013

Draft budget for 2014-15

Introduction

1. The Scottish Government published its [draft budget for 2014-15](#) on 11 September 2013.
2. At its meeting on 9 October, the Committee will take evidence from two groups of witnesses, both in a roundtable format. The first group have been invited to provide evidence on the National Performance Framework while the second group consists of local authorities and health boards who will provide evidence on preventative spending and implementation of the change funds.
3. Submissions received from the organisations providing oral evidence can be accessed at Annexe A.¹ (Hard copies of the submissions have been provided to Committee members.)

Focus of budget scrutiny

4. The Committee agreed to focus its scrutiny of the draft budget 2014-15 on the Scottish Government's [National Performance Framework](#).
5. To inform its scrutiny, the Committee's [call for evidence](#) sought views on a number of areas and the summary of submissions from witnesses for this meeting provided below is structured to reflect this.
6. As part of the Budget Strategy Phase, the Committee also asked the Scottish Government to provide in a performance evaluation paper details of the impact that the Scottish Government's spending priorities are having on outcomes. The Committee asked the Scottish Government to provide performance information as follows—
 - The Committee, therefore, requests that the performance evaluation document includes details of the impact which the SG's spending priorities are having on outcomes.
 - The Committee would welcome an update from the SG on the progress it is making in delivering the decisive shift to preventative spending including details of the initial impact on outcomes and the savings which have resulted.
 - The Committee invites the SG to provide details of the impact which each of the change funds has made on improving outcomes and reducing demand on acute services.
 - The Committee would welcome an update on the SG's progress in relation to these indicators including spending details and how performance will inform future spending allocations. The Committee would also welcome an

¹ All submissions received in response to the call for evidence can be viewed online at: <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/66640.aspx>

assessment of the impact of preventative spending and the early years change fund in improving performance in relation to these indicators.

- The Committee would welcome an update from the SG on progress in delivering efficiency savings across the public sector over the period of the current Spending Review
- The Committee would also welcome an update from the SG on progress in implementing the McClelland Review's recommendations including details of the savings and efficiencies achieved and projected efficiencies and savings.

7. Hard copies of the performance information provided by the Scottish Government have previously been circulated to members.

Roundtable 1 – National Performance Framework

Summary of written submissions

The progress being made by the Scottish Government in meeting its 16 national outcomes as demonstrated by the 50 national indicators, and its 11 purpose targets and and The progress being made in relation to any specific indicator or target

8. Oxfam Scotland queries the emphasis of the Government's purpose being on sustainable economic growth, pointing to a risk of 'chasing the wrong goals'—

"In the communities where Oxfam works the economic and social policies pursued in recent years have largely been ineffective in reducing deprivation, while unquestionably prioritising economic growth has produced social and environmental damage – perhaps most evidence in our large and growing health inequalities."

9. The Carnegie UK Trust notes—

"Theory and international evidence suggests that the NPF should be an effective performance management tool for government. However to be successful it must go further, it must be an accountability tool used by Parliament and other stakeholders and it must be used to affect policy change."

10. In its submission, SCVO questions the extent to which the Scottish Government should be held accountable for the outcomes, rather than just the Government's performance in contributing to those outcomes—

"Given the wide scope of 'wellbeing', any NPF would likely contain outcomes that are the responsibility of all in society. Within such a framework, Scottish Government should be accountable for its performance in contributing to these outcomes, but not accountable for the outcomes themselves. Local government should also be accountable at its level for performance locally."

Whether the national indicators and purpose targets are an effective means of measuring the performance of government

11. STUC—

“The STUC has previously expressed concern to the EET Committee over the contradictions inherent in the Government’s strategy and target regime... We would anticipate next year’s budget again sidestepping the difficult decisions and trade-offs (between business and collective prosperity, between growth and sustainability, between profit and wages etc) inherent in such a strategy.”

12. UNISON comments on whether the intention behind the NPF is delivered by the framework in its current form—

“The site does not have easy to understand pages, does not provide “quick access to information” nor is there evidence of it being a strategic planning tool. Scotland Performs has surface similarities to Virginia Performs but is nowhere near as extensive in terms of data or analysis.”

13. In respect of gender analysis, the Scottish Women’s Budget Group notes—

“SWBG has proposed that the EBS [Equality Budget Statement] reflects the extent to which policy proposal and spending allocations support or advance the objectives of the GES [Government Economic Strategy] and contribute to progress against indicators within the NPF... Evidence from other countries emphasises the need for sustained political will and leadership from elected members and officials in Finance Departments, the adoption of processes and indicators that allow for robust equality analysis and to track progress towards cross-cutting equalities objectives, underpinned by a commitment to integrating equality into all aspects of government policy of which the budget is the principal expression of its priorities.”

14. The STUC also comments on equalities considerations—

“The STUC is concerned that the current NPF has not been sufficiently equality proofed. For instance there’s no reference to the different position of men and women in terms of labour market participation or of the distinct challenges currently facing women. It is essential that the Scottish Government works diligently with all key stakeholders to ensure that the NPF adequately reflects the interests and needs of all Scotland’s people.”

Whether there are additional indicators or targets which should be included to measure performance

15. Oxfam Scotland—

“The National Performance Framework does not currently deal with the *quality of work* in the labour market. As Oxfam knows from our work on the Humankind Index, people value satisfying work (whether paid or unpaid) as well as secure and suitable work.”

The data used to measure any of these indicators or targets

16. Carnegie UK Trust comments on the nature of the focus of some of the indicators—

“However there are a number of process indicators, for example the proportion of schools and pre-schools achieving positive inspection reports. There are better measures of childhood wellbeing and we are aware of work being carried out by the Scottish Government and stakeholders to better understand and measure childhood wellbeing.”

17. UNISON comments—

“UNISON does not find Scotland Performs to be a useful gateway to data about Scotland and its public services. The key indicators are mainly updated annually; there are timelags between collection, analysis and appearing on the website.”

The linkage between performance information and the Scottish Government’s spending priorities and Whether there is any evidence of specific spending decisions resulting from changes to the performance information within Scotland Performs performance information resulting in

18. In relation to this aspect of the NPF, SCVO comments—

“We are unsure as to whether the NPF has really altered any strategies, policies, or spending decisions, or encouraged people in the public sector to work differently... Particularly considering the on-going public service reform agenda (self-directed-support procurement, local government reform), SCVO is concerned that we are yet to see the NPF being used for the purpose of reforming, reflecting and modernising.”

19. UNISON Scotland notes—

“Scotland Performs doesn’t link the indicators to actual government programmes or initiatives or to other public bodies involved in delivering. In particular it would be useful to see some link to and discussion of the national indicators and targets and local authority Single Outcome Agreements. These too do not seem to be widely used... The performance framework doesn’t seem to us to really link in to the detail of government initiatives. The framework doesn’t provide a format for strategic planning or review of the ongoing work of the public sector or economy in Scotland in the way promised.”

20. Addressing how the Government’s spending priorities tie in with the National Performance Framework, and echoing the comment made in relation to the Government’s purpose, Oxfam Scotland notes—

“Because the National Performance Framework covers such a large number of indicators, there is a risk that what is perceived to be at the top of the tree – sustainable economic growth – is emphasised at the cost of all else... With the focus solely on economic growth, it is not clear how the other important

parts of the National Performance Framework are reflected in spending priorities.”

21. The Carnegie UK Trust cautions about the need to understand the complex relationship between performance and policy—

“The lack of current information on impact should not be viewed as evidence of no impact, rather of the complexity involved in understanding how performance information impacts on policy development.”

How should Scotland Performs be utilised to inform policy development and spending decisions

22. Carnegie UK Trust identifies three potential mechanisms for embedding Scotland Performs in policy development: providing a tool to assess policies across the full range of domains of wellbeing, introducing a wellbeing impact assessment for policies and developing a ‘green book’ approach which advises civil servants on assessing proposals before committing funds.

Is there a need for Scotland Performs to have a statutory basis?

23. The Carnegie UK Trust notes—

“A statutory basis would mean that the progress to date on measuring wellbeing is not lost during a change of government and would signal important cross-party support for a wellbeing approach to public policy. It would also arguably increase the status of the dashboard and ensure that Parliament is provided with an annual report on progress which could be debated as part of the budget process.”

24. Although not expressing a view as to whether the NPF should be placed on a statutory basis, the STUC notes—

“Beyond the small community of people with a keen interest in policy, the STUC believes the NPF has a very low profile and has little if any relevance to the way most people judge the performance of the Scottish Government.”

Roundtable 2 – Preventative spending

Previous consideration by the Committee

25. The Committee, and its predecessors, have undertaken scrutiny of the move towards preventative spending. Most recently, the Committee considered this issue as part of its scrutiny of the Scottish Government’s draft budget for 2013-14.

26. In its report on the draft budget for 2013-14, published in December 2012, the Committee made a number of recommendations, including asking the Scottish Government to write to all local authorities and health boards in Scotland seeking—

- an update on the funding which has been allocated and is likely to be allocated by local authorities and health boards to each of the change funds since the 2011 spending review

- how much of this is additional funding
- how much is refocusing existing activities towards a preventative approach.

27. The [response received from the Government](#) described the approach it is taking to monitoring and evaluating implementation of the change funds.

28. In response to the points in the questions identified in the bullet points above, the Government indicated that the government had already requested that—

“With regards to EYCF the 2012-13 budgets have been set by Local Authorities and the 2013-14 and 2014-15 allocations will be confirmed in due course when Councils formally set their budgets for those years.

In addition, the returns from CPPs as part of the Early Years Change Fund Guidance will include a request for details from local partnerships regarding additional spend and a move to preventative spend. This information will be available by autumn 2013.”

29. The Committee may recall the evidence provided by East Dunbartonshire Council in response to a question asking how much of the change funds is new money for the council—

“From the discussions that we have had, I know that the investment in change fund activity is not new money; it is the same money spent differently.”²

30. In relation to linking change fund expenditure to the delivery of joint commissioning strategies, the response stated—

“We are seeking joint strategic commissioning plans for 2013-14 from local partners by the end of February 2013. These plans acknowledge the Change Fund’s role in preventative expenditure, and we expect to be able to report partnerships’ intentions regarding preventative spend in more detail to Ministers and Committee members alike in due course.”

Joint Improvement Team Report

31. The [Joint Improvement Team³ \(JIT\) report](#) on progress in relation to the reshaping care for older people change fund addressed a range of issues that face partnerships in delivering the preventative spending agenda, including the use of resource.

32. In terms of the spread of investment from the Change Fund resource and the projected spend for 2012/13 (with comparison figures from 2011/12) the JIT report noted that—

² Finance Committee, *Official Report*, 25 September 2013, col 3036.

³ The Joint Improvement Team is a partnership between the Scottish Government, COSLA and NHSScotland, located within the Directorate for Health and Social Care Integration within the Scottish Government.

- 52% of the Change Fund resource was identified for preventative services; 25% on preventative and anticipatory care and 27% on proactive care and support at home
- The projection of spend for preventative and anticipatory care showed an increase from 19% to 25% while the projection in spend on hospital or long stay care homes showed a reduction from 23% to 12%
- Projected spend on enablers (e.g. training and development) went up from 7% to 12%, which the report noted “perhaps signals the scale of transformation required to enable a sustainable shift in the location and approach to care – something that may have been underestimated in year one.”

33. The JIT report also identified carers support as an area where the actual resource allocation required is beyond the level identified. The report notes that the commitment from 2012/13 on was that at least 20% of the Change Fund investment would be in supporting carers. However, indications from partnerships is that actual investment is higher than that figure, with £35.2 million being allocated for direct and indirect carer support, of which £19.2 million is projected to be spent by the end of 2012/13. In overall terms, £35.2 million represents around 44% of the £80 million Change Fund allocation for 2012/13.

34. The 2012-13 mid-year progress reports submitted to JIT by those organisations providing evidence can be accessed at Annexe A and hard copies have been provided to members.

Performance information from the Scottish Government

35. The Committee requested information from the Scottish Government to provide an update on a number of aspects of preventative spending, including—

- An update on progress in delivering the decisive shift to preventative spending including details of the initial impact on the outcomes and saving which has resulted
- An update on the impact which each of the change funds have made on improving outcomes and reducing demand on acute services
- An update on progress in relation to those Scotland Performs indicators which relate directly to early intervention
- An assessment of the impact of preventative spending and the early years change fund on the early intervention indicators.

36. In relation to the Scotland Performs indicators, the Government provided a scorecard which shows improved performance on: the percentage of children in deprivation, the percentage of local authorities receiving positive inspection reports for children’s services and the percentage of P1 children with no obvious tooth decay. Maintained performance is shown on: the percentage of babies with a healthy

birth weight, the percentage of children with healthy weight and the percentage of schools and pre-school centres receiving positive inspections.

37. The information provided on the impact of preventative spending on these indicators highlights two particular areas; a HEAT target for antenatal access and a framework for improving maternal and infant nutrition. However, while some information is provided about finance to support these areas, the performance information does not seem to make clear the impact of this investment or link it directly to any of the identified indicators.

Conclusion

38. **The Committee is invited to consider the above in taking evidence from the witnesses appearing before it.**

**Catherine Fergusson
Senior Assistant Clerk to the Committee**

ANNEXE A

Roundtable 1 – National Performance Framework

- [SCVO](#)
- [STUC](#)
- [UNISON](#)
- [Carnegie UK Trust](#)
- [Scottish Women's Budget Group](#)
- [Oxfam Scotland](#)

Roundtable 2 – Preventative Spending

- [Submission from Fife Partnership](#)
- [Submission from Glasgow City Council](#)
- [Submission from Highland Council and NHS Highland](#)

- [Mid-year progress report – Fife](#)
- [Mid-year progress report – Glasgow](#)
- [Mid-year progress report – Highland](#)