

An Leas-phrìomh Mhinistear agus Athshlànachadh
Cobhid
Deputy First Minister and Cabinet
Secretary for Covid Recovery
John Swinney MSP



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20 December 2022

Dear Siobhian,

Pre-budget scrutiny: Coronavirus (COVID-19): Scotland's Strategic Framework and Covid Recovery Strategy

Thank you for your letter of 28 October 2022 which outlined the observations and recommendations of the Covid-19 Recovery Committee regarding pre-budget scrutiny of the COVID-19 Strategic Framework and Covid Recovery Strategy.

I have addressed the issues raised in your letter in the following annex and I hope that the Committee finds this information useful.

JOHN SWINNEY

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ANNEX A – Scottish Government response

Covid recovery and the cost crisis

The Committee asks the Scottish Government to clarify whether budgetary and inflationary pressures have impacted on its priorities and ability to deliver the outcomes as set out in the Covid Recovery Strategy, and whether it intends to refresh the Covid Recovery Strategy to reflect any policy changes in light of the cost crisis.

The Covid Recovery Strategy is an 18-month programme which runs until summer 2023. It focuses on reducing poverty and inequality and making progress towards three outcomes: to enhance the wellbeing of children and young people; to increase the financial security of low income households; and to create good, green jobs and fair work. These outcomes are supported by an overarching ambition to reform public services in line with the approach set out in the Christie Commission. The Scottish Government has agreed these outcomes with local government and remains committed to achieving them together with partners.

The financial situation facing the Scottish Government is, by far, the most challenging since devolution; the impacts of the pandemic coupled with Russia's continued illegal invasion of Ukraine have created a disruptive set of financial and economic challenges that every government must address. Rising inflation means that our budget has fallen by 10% in real terms between this year and last and the announcements in the Chancellor's Autumn Statement do very little to address the damage that this has done to the Scottish Budget with no additional funding being provided in 2022-23. Spending cuts applied to the UK departments by the Chancellor also risk further reducing our block grant and are increasing the uncertainty of Scotland's funding.

The fiscal constraints of devolution mean that the Scottish Government cannot borrow to meet increased costs associated with the current financial situation and the Scottish Government has been forced to identify savings. This means we have had to make hard choices to prioritise spending which supports those who need it most. In the current context, the Scottish Government is prioritising funding to help families, back business and protect the delivery of public services. For example, the Emergency Budget Review identified savings in excess of £1.1 billion and confirmed a range of additional support in response to the cost crisis, guided by the principles of the Covid Recovery Strategy. This includes: expanding the Scottish Child Payment to eligible 6-15 year olds and increasing its value to £25 per child per week; doubling the Fuel Insecurity Fund to £20 million in 2022-23; and providing local authorities with additional Discretionary Housing Payment funding to mitigate the UK Government's benefit cap as fully as possible. In total, the Scottish Government has allocated around £3 billion this financial year to contribute towards mitigating the increased costs crisis. Over £1 billion of this support is only available in Scotland, with the remainder being more generous than that provided elsewhere in the UK.

The Scottish Government is committed to making progress towards the shared Covid Recovery Strategy outcomes in partnership with local government and other partners and will continue to prioritise spending which is targeted to support those in most need.

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The Committee notes that there is no specific budget line for Covid or Covid recovery. The Committee therefore seeks greater clarity on how much funding the Scottish Government intends to commit to reach the outcomes identified in the Covid Recovery Strategy in the upcoming budget.

The Committee requests that the Scottish Government considers the evidence heard by this Committee and ensures that future fiscal documents provide more clarity on specific funding directed at achieving the priorities and outcomes set out in the Recovery Strategy.

The Committee also requests further information on how the Scottish Government intends to evaluate the effectiveness of its policies and funding allocations in its forthcoming budget documents and asks that the Scottish Government ensures that budget documents make clear the relationship between specific budget lines and specific outcomes.

The 2023-24 Scottish Budget prioritises eradicating child poverty, transforming the economy to deliver a just transition to net zero, and achieving fiscally sustainable public services. These priorities are aligned with the principles of the Covid Recovery Strategy and spending across a number of areas will contribute to Covid Recovery outcomes. Throughout the budget process Scottish Government has again prioritised spending which supports those who need it most and will continue to prioritise funding to help families, back business and protect the delivery of public services. For example, in 2023/24 we will continue with the uprated Scottish Child Payment, increased to £25 per week in November 2022, at a cost of £442 million while all other devolved benefits will be uprated by September CPI (10.1 per cent) at a total cost of £428 million.

Additional detail on the outcomes is provided as part of the annual in-year budget revisions and the published consolidated accounts. The Consolidated Accounts for the year ended 31 March 2022 are available on the Scottish Government website.¹

The Scottish Government is committed to the delivery of the National Outcomes in its National Performance Framework and the Scottish Budget underpins this delivery. In recent years, information has been included in the portfolio chapters of the Budget document to identify the National Outcomes most closely associated with a portfolio's budget. The Scottish Government understands the Committee's interest in this area and has been considering this question further.

The Scottish Government considers the longer-term financial outlook through its Medium Term Financial Strategy which is published each year with longer term spending plans developed through spending reviews. The resource spending review published in May 2022 introduced a multi-year focus on our child poverty and climate change priorities and the 2023-24 Scottish Budget builds on this further in greater detail.

¹ [The Scottish Government Consolidated Accounts for the year ended 31 March 2022 \(www.gov.scot\)](https://www.gov.scot)

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The Scottish Government agrees that budget transparency is important, and I will continue to keep the Committee updated on in-year changes to the Scottish Budget through corporate reporting and in-year budget revisions.

Coronavirus (COVID-19): Scotland's Strategic Framework - ongoing COVID-19 costs and pandemic preparedness

The Committee welcomes the interim report from the Standing Committee on Pandemic Preparedness and requests the Scottish Government updates the Committee on its response to this report, including its views specifically on the budgetary implications of its recommendations. In addition, the Committee requests that the Scottish Government updates the Committee on the publication of the final report and its response to that report.

The Scottish Government welcomes the Interim Report of the Standing Committee on Pandemic Preparedness and is grateful to the Standing Committee for advice on the initial priorities for action to ensure that Scotland is as well prepared as possible to face the threat of future pandemics. The Scottish Government will continue to work with the Standing Committee and partners across the public sector, in industry and our research institutions, to take forward the report's recommendations. The First Minister's Commission to the Standing Committee requests their final report within 18 months of the publication of their interim report and we expect to receive it by the end of February 2024. The Scottish Government will of course provide the Covid-19 Recovery Committee with our response to the Committee's final report once we have fully considered its conclusions and recommendations.

The Committee recognises the importance of funding the ongoing activities in relation to vaccination, surveillance, testing and PPE and is reassured by the Scottish Government's commitment to allocate funds for these measures. The Committee notes the evidence calling for greater clarity on the level of PPE stocks that should be maintained for pandemic preparedness and asks the Scottish Government to respond to this.

The Scottish Government has worked with Public Health Scotland (PHS) to develop the National Respiratory Surveillance Plan; this was accompanied by provision of up to £7.4 million in funding to support this work during 2022/23. Additionally, funding for surveillance has been provided for Wastewater monitoring and SIREN. Around £3 million has also been allocated to PHS and Health Boards to support the Variants and Mutations (VAM) plan, which was published by PHS in September.

The Surveillance plan will be reviewed in December 2022. Following this, the Scottish Government will continue to work with PHS to ensure that the level of funding provided in 2023/24 enables a suitable surveillance programme for that period and beyond. Through our surveillance and VAM work we can identify potential increases in Covid prevalence and the emergence of new variants, allowing us to take any necessary action, including additional financial investment in vaccinations, testing and PPE.

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NHS National Services Scotland currently hold a minimum of twelve weeks' worth of pandemic PPE stocks. We continue to work with Four Nations partners to establish the appropriate stock levels required going forward. In addition, we will be taking forward work to understand what impact any surge capacity arrangements would have on resilience stock levels should there be any substantial changes in Infection Prevention and Control Guidance.

Work continues to consult on and implement a new approach to pandemic PPE. This will provide a more resilient supply across Health, Social Care, and the wider public sector for the long term, with due priority given to the need for robust supply chains and reductions in environmental impact. Updates on this work can be found on the Scottish Government website.²

Given the current fiscal pressures on public bodies, the Committee seeks assurance from the Scottish Government that it would commit additional resources to implement the Strategic Framework if this was required to respond to a new variant of concern or mutation in the future.

Responsibility for the management of COVID-19 is shared by central and local government, wider public services, businesses, the third sector, communities and individuals. The Scottish Government will always have a responsibility to lead, support and, if necessary, take tough decisions. We all have a part to play in remaining vigilant for COVID-19 infections, in adapting how we live, work and interact to reduce harm, and for building greater resilience against potential acute phases of the virus in the future.

The Scottish Government remains alert to the threat posed by potential new variants of COVID-19 and welcome the plans published by PHS that set out the processes that will be undertaken to identify and assess any future risk. We are supporting these plans with direct investment of:

- approximately £3 million which has been allocated to PHS and Health Boards to support the Variants And Mutations (VAM) plan;
- Up to £7.4 million for PHS to deliver the National Respiratory Surveillance Plan; and
- Up to a further £3 million for wastewater surveillance; including sampling, testing for prevalence and sequencing.

PHS have worked in collaboration with Scottish Government, Local Government and other partners to meet the commitments made by the Scottish Government in the COVID-19 Strategic Framework Update to develop and publish an outbreak management plan. The Scottish Government continues to collaborate with partners and informed by the views of stakeholders, we will be ready to respond to any increase in the threat posed by the virus, whether that comes from waning immunity, a new variant, or other factors. In doing so, we will apply careful judgement and take all relevant factors into account to ensure that responses are appropriately targeted, and the necessary resources prioritised.

² [PPE Supply Implementation Project Board - gov.scot \(www.gov.scot\)](https://www.gov.scot)

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Covid Recovery Strategy - outcomes based budgeting and policy evaluation

The Committee notes the Covid Recovery Strategy sets out a number of actions and indicative timescales under the three main outcomes: address the systemic inequalities made worse by Covid; make progress towards a wellbeing economy; and accelerate inclusive person-centred public services. The Committee requests the Scottish Government provides an update on progress on the actions outlined in the Covid Recovery Strategy.

The Covid Recovery Strategy contains over 70 actions that will support people across Scotland, and particularly those most affected during the pandemic by: increasing financial security for low income households; enhancing the wellbeing of children and young people; and creating good, green jobs and fair work. These outcomes have been agreed with COSLA and are supported by an overarching ambition to promote the principles of the Christie Commission and reform public services to ensure they are financially sustainable, person-centred in design and delivery, and avoid the cost of failure in the future.

The current financial situation is incredibly challenging and requires the Scottish Government to fully consider all options for reform. This will ensure public services remain fiscally sustainable and are designed and delivered in line with the principles of the Christie Commission. In collaboration with public service partners, we are building on shared experience and learning from past reforms, to inform a continued focus on a preventative, person-centred approach.

As part of this work, the Scottish Government is progressing a number of pathfinder projects, including in Glasgow and Dundee, to test person-centred approaches at scale. These will provide invaluable learning to further improve the quality and efficiency of public services in Scotland.

The Covid Recovery Strategy Programme Board considers progress towards the shared outcomes of the Covid Recovery Strategy and minutes are published on the Scottish Government website.³ At its most recent meeting on 7 September 2022, attendees noted that the expectations of the programme are being delivered. Attendees also noted the alignment of work across Scottish and Local Government to support delivery of Covid Recovery outcomes for priority target groups. The Board will further consider progress towards Strategy outcomes at its next meeting on 26 January 2023.

This demonstrates the commitment of the Scottish Government to deliver effectively to support people most disproportionately affected by the pandemic. The Scottish Government is committed to delivering the actions within the Covid Recovery Strategy and we will work with partners to overcome any disruption to delivery that is identified.

³ [Coronavirus \(COVID-19\): Covid Recovery Strategy Programme Board - gov.scot \(www.gov.scot\)](https://www.gov.scot)

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The Committee recommends that the Scottish Government considers the OECD COVID-19 Recovery Dashboard and explores whether Scotland could adopt a similar approach to monitoring its recovery from the pandemic.

The OECD Covid-19 Recovery Dashboard considers outcomes that matter for the economy, for people and for the environment. Similarly, Scotland's National Performance Framework (NPF) includes holistic outcomes related to our economy, environment, and collective wellbeing. The Scottish Government monitors progress towards these National Outcomes using 81 National Indicators which are collated on the NPF website.⁴ These indicators present a collective picture of Scotland's performance and include economic measures as well as wider wellbeing measures, many of which are relevant to Scotland's recovery from the pandemic.

The Covid Recovery Strategy outcomes were informed by public engagement and focus on what matters to people in Scotland. The Scottish Government is working closely with partners to promote these outcomes and consider the progress we are making collectively to achieving them. We are using a range of data sources, including many National Indicators, to understand and monitor progress towards the Covid Recovery outcomes. The Scottish Government is also working with Public Health Scotland and the Improvement Service to consider the development of a dashboard to report on relevant indicators.

Wellbeing economy – clarity of aims and outcomes and transparency

The Committee notes the differing views of witnesses on what constitutes a wellbeing economy and requests that the Scottish Government clarifies what it means by a wellbeing economy and how progress against this policy ambition is to be measured.

The Committee also requests that the Scottish Government provides further information on which indicators within the National Performance Framework are being used to monitor the delivery of a wellbeing economy.

The Scottish Government's vision is for a wellbeing economy that serves people and the planet first and foremost, for current and future generations – an economy based on the principles of prosperity, equality, sustainability and resilience. We are taking a broader view of what it means to be a successful economy, society and country and putting people and the planet at its heart.

The Scottish Government acknowledges that traditional economic metrics remain internationally recognised and we will continue to produce them, but these cannot and should not be viewed in isolation. The Wellbeing Economy Monitor has been developed to complement and look beyond GDP to measure other indicators of economic success that relate to the wellbeing of people and the natural environment, based on Scotland's National Outcomes and the UN Sustainable Development Goals. The Wellbeing Economy Monitor will help inform policy decisions to reduce Scotland's vulnerability to future financial, social, and environmental shocks. Its indicators comprise: levels of greenhouse gas emissions,

⁴ [National Performance Framework | National Performance Framework](#)

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biodiversity, gender pay gap, young people's participation, income and wealth inequality, child poverty, relative poverty, preventable deaths, low educational attainment, active travel, investment, community ownership, and employees below the real Living Wage.

The Wellbeing Economy Monitor is rooted in the National Performance Framework – Scotland's Wellbeing Framework from which most indicators are drawn directly, although some are slightly different to allow for greater international comparison and/or to include additional key indicators relevant to the wellbeing economy. For example, the measure of the gender pay gap is different to that used in the NPF so that it can be compared to data collated by the OECD. Only the investment indicator has no direct parallel in the NPF. This was selected to reflect the importance placed on the wellbeing of future generations and building resilience in a wellbeing economy.

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