



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

FINANCE COMMITTEE

Wednesday 9 March 2016

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FINANCE COMMITTEE
10th Meeting 2016, Session 4

CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

DEPUTY CONVENER

*John Mason (Glasgow Shettleston) (SNP)

COMMITTEE MEMBERS

Jackie Baillie (Dumbarton) (Lab)

*Lesley Brennan (North East Scotland) (Lab)

Gavin Brown (Lothian) (Con)

*Mark McDonald (Aberdeen Donside) (SNP)

*Jean Urquhart (Highlands and Islands) (Ind)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Aileen Bryson (Royal Pharmaceutical Society)

Rachel Cackett (Royal College of Nursing Scotland)

Scott Mackay (Scottish Government)

Paul Main (Police Scotland)

Colin Mair (Improvement Service)

Justina Murray (South West Scotland Community Justice Authority)

Alan Staff (Apex Scotland)

Andrew Strong (Health and Social Care Alliance Scotland)

John Sturrock QC (Core Solutions)

John Swinney (Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy)

Professor Nick Watson (What Works Scotland)

Elaine Wilson (Lloyds TSB Foundation for Scotland)

CLERK TO THE COMMITTEE

James Johnston

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Finance Committee

Wednesday 9 March 2016

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Kenneth Gibson): Good morning and welcome to the Finance Committee's 10th meeting in 2016. I remind everyone present to turn off any mobile phones, tablets or other electronic devices.

We have received apologies from Gavin Brown MSP. Jackie Baillie MSP has indicated that she will arrive late in the meeting as she is attending another committee for its first item of business. I understand that Lesley Brennan MSP may have to duck out at some point to go to another committee that is on at the same time. I apologise to all our guests for that. This does not usually happen—it is just that everything is very hectic in the run-up to the end of the parliamentary session.

The first item on our agenda is to decide whether to consider our draft annual report and legacy paper in private at a future meeting. Are members agreed?

Members *indicated agreement.*

Prevention

09:31

The Convener: Our second item of business is to take evidence, in a round-table format, on prevention. We have been monitoring progress throughout the current session on the decisive shift to prevention. We will take evidence from the Deputy First Minister later this morning and set out our conclusions in our legacy paper in a fortnight's time.

I intend for this session to be relatively informal, with flowing discussion based on the following three themes: the progress that has been made in the shift towards prevention since 2011; the challenges that lie ahead in ensuring the shift towards prevention; and possible solutions to overcome those challenges. I hope to spend around 30 minutes on each of those themes.

I will ask Rachel Cackett to kick us off, because her submission says:

"Progress is being made by many organisations on the ground in terms of the way in which they are looking at work and prevention."

I ask Rachel to continue from that. Once she has spoken, if anyone else wants to comment on what she has said or add their own comments, they should indicate to me that they wish to speak. We will try to keep the discussion as free-flowing as possible, and involve as many people as possible in the discussion.

Rachel Cackett (Royal College of Nursing Scotland): Thank you for the opportunity to open the discussion. I emphasise that it is our opinion that there is an awful lot of good practice around prevention. That was clear from the submissions from the other partners around the table, who gave their own examples.

In terms of nursing and the nursing workforce, we have been doing some work over the past couple of years to highlight where nurses are starting to make significant inroads in the reduction of health inequalities in particular, and in dealing with prevention. We published a report just over a year ago that profiled a number of nurses across Scotland who were working in areas such as criminal justice, blood-borne viruses, mental ill health and homelessness. We looked at the impact that those nurses were having in preventing further ill health or negative outcomes for people in those areas. We came to a number of conclusions. One is that, quite often, those nurses were managing to do what they were doing because they were working slightly outside the system. They were willing to take risks. Dare I say, many of them were approaching retirement and, for that reason, perhaps felt more able to take

risks than their younger colleagues did. They were doing fantastic work and we, as the Royal College of Nursing, were proud to showcase that.

We have also done some work recently to look at prevention in remote and rural areas, for example at the ways in which nursing staff are working with older people who may find themselves particularly isolated because of where they live. Again, there are examples in our remote and rural health boards of nurses doing fantastic work with colleagues across health and social care, and often with agencies beyond health and social care, and using what they have available to them to make a step-change difference.

We have been successful in securing 500 new health visitors, who are going through training. Reports, including the report to the committee from its adviser, have shown the need for that. There has been work, through the chief nursing officer's review of health visiting, to extend the work that health visitors do, and there are now additional visits within the pathway. That early intervention is key in the universal package that is available to every family in Scotland as a core, embedded approach to how we stop long-term health conditions and inequalities arising from the very beginning.

Those are just some examples. I think that our difficulty in Scotland is often how to scale those examples and to take the learning from particular projects and programmes and turn it into a far more sustained way of working. That is sometimes because, to briefly touch on your second question, how we define success in the public sector does not always work to our favour.

The Convener: Thank you very much.

John Mason (Glasgow Shettleston) (SNP): I enjoyed the paper from the RCN, as usual. You say that you feel that very little has changed in the past five years. I would be interested to know whether other people feel that that is the case. You talk about reducing demand in hospitals, which would presumably free up resources for other purposes. Should we just go ahead and close a few hospitals to free up resources?

Rachel Cackett: If only life were that simple. In the comment that you mention, we were referring specifically to some of the issues that we raised with the committee when we responded to its first inquiry. Some of those issues certainly have not been addressed. Have there been changes on the ground? Yes, I would say that there have.

On freeing up the acute sector, the issue is that we have an ageing population with complex needs. One of the difficulties that we have in freeing up resources is that everything in the acute sector becomes more expensive. The more we try to deal with people with complex needs at home,

the more complex the needs are becoming in our acute sector. The specialties and the number of staff that we will need will become more expensive. It is not a simple equation of freeing up money from the acute sector and putting it into primary prevention and primary care. If it were, perhaps politicians would have already gone down the line that Mr Mason is suggesting. However, to date, that has not seemed particularly palatable as a way forward, so I would hesitate to say that it is a simple equation.

What we have to do is be clear about what we want our acute sector to do in the future; and to do that, we also need to be clear about what we want to provide in the community. We have to be much clearer about our priorities. That comes back to the work that we did with the Academy of Medical Royal Colleges last year on sustainability, and the work that the RCN has continued. I hope that committee members have seen our recent work on targets, which we are continuing. Unless we are absolutely clear about what our priorities are as a country and unless politicians are clear about the priorities for the public sector and beyond and ensure that there is a single, coherent framework that sets out the priorities, is clear about what success looks like and allows those with control of the money to choose where to spend that money wisely for the best ends, we are probably on a hiding to nothing. Some of those questions will maybe answer your questions about what we choose to invest in and, indeed, what we choose to disinvest in, because there will be hard decisions to make over the coming years.

John Mason: Thank you.

The Convener: Thank you. Colin, to be followed by Justina.

Justina Murray (South West Scotland Community Justice Authority): I think that everyone sitting round this table today will largely reflect what Rachel Cackett has been saying in terms of—oh, sorry; did you say Colin, followed by Justina? *[Laughter.]*

The Convener: The discussion is free-flowing.

Justina Murray: I give you the floor, Mr Mair.

Colin Mair (Improvement Service): I think that Justina Murray was going to be much more interesting than I will be. However, I want to pick up on two of Rachel Cackett's points. I focused briefly in our written submission on what we mean by "shift". I think that it is as much about a shift of stance and how we use existing resources as it is about major shifts in the current budget. The honest truth is that, given your projections of the likely current budgets in Scotland over the next five years, a major budget shift is profoundly unlikely because of the pressures all round the system.

It is heartening to see what is happening on prevention across a variety of local services. Schools are a good example because they are thinking about prevention and early intervention in a quite different way now. Are there more teachers? No. Are there different resources? No. It is about how people are thinking about and using the resources, particularly with vulnerable children and families. It is about how they are thinking about the type of teaching that will engage children who struggle with some conventional forms of academic teaching and so on.

We talk about shift. A huge shift of attitude and stance has taken place. That has not always meant that, if you looked at the budget of a council, for example, you would note major chunks of money going from A to B, but it relates to how people use resources on the ground. A lot of it concerns localisation and people working together in new and innovative ways across services and agencies at very local levels. Again, that is about prevention: they are coming together to try to stop predictably bad things from happening to communities and households and are doing that by working in new and innovative ways.

The second point picks up on the hospital and community issue. I wonder whether, if we are convinced that there is a long-term payoff from developing preventative capacity in some communities, we should see it as an investment proposition, not a current budget proposition. If everything is to come out of the current budget, which is highly pressurised just now, I am not sure how much will happen; if we are confident that we understand the preventative levers, we could borrow to fund over time measures that will reduce the future pressures and cost structures within our system.

We need to consider the meaning of prevention. Normally, when we have the proposition that we will get benefits across 30 years by intervening now, we treat it as an investment proposition. We borrow-fund it so that the flows of costs and benefits more or less fit together over time. I wonder whether we are not thinking enough about where an investment model would make sense if we want to make a significant shift to prevention.

Justina Murray: I will come in now.

A lot of people around the table will reflect what Rachel Cackett and Colin Mair said about all the themes across different policy areas. On what we have achieved over the past five years, there is a better understanding of the early years for justice. In our written submission, we commented that John Carnochan did not achieve his ambition of 1,000 new health visitors rather than 1,000 new police officers during his time at the violence reduction unit, but we would all welcome the 500 new health visitors who are coming into post to

support the Children and Young People (Scotland) Act 2014. We will see the impact of that in the justice system as well. We have all very much bought into that argument.

The progress that we have made over the past five years is that people are beginning—only just beginning—to understand that prevention can happen at all stages of the justice system. It is not just about keeping people out of first-time offending. We can all introduce more preventative thinking, as Colin Mair said. People are beginning to ask more of the why questions. They are asking why people offended, not just what they did and when they did it. We need to answer those why questions in relation to bereavement, trauma, loss, mental health, learning disability and addictions—all the linked factors.

Over the past five years, we have also gathered some promising evidence on mentoring support. That has been delivered largely through public-social partnerships. They are everything that the Christie commission talked about in terms of co-design, co-production and working together between the third sector and public sector to deliver hands-on, practical support to people in the justice system in a stickable way. The support is asset based and person centred. That has been possible only thanks to significant investment from the Scottish Government and other funding partners, which has allowed us to deliver the proof of concept. We know that it works and has had a real impact on individuals.

It is important to talk about investment rather than spending. We are already seeing a significant return on some of the new models of investment. It does not always take a generation to achieve that.

Alan Staff (Apex Scotland): In the third sector, there is a strong feeling that there can be no decisive shift in policy unless there is also a shift in the way that funds are allocated. I am not talking about the funds themselves; I am talking about where they go and who allocates and brokers them.

Diversion and prevention are generally seen as non-core activity and therefore always come second place to the provision of core actions. Where funding goes directly to a major provider of core funding, core activity is clearly their priority. We have found over the past decade that it is much more common that non-core external activity is the first target when savings and changes have to be made. It always will be. Therefore, as has already been said, although innovative work is done within larger organisations to change how they do things, it is not reciprocated. That work tends to be held in-house, because the prime motive appears to be keeping that particular silo operational.

09:45

The third sector has suffered quite badly over the past decade, and that continues to be the case because of retrenchment. We believe that that is a loss. This is not a bleat—it is not likely to be any different—but we believe that there is a loss of opportunity because a lot of potential resource, good thinking, innovation and good will could be better used. We feel that there is an opportunity to think bigger. We might not be able to do that until we make prevention a core activity, rather than a non-core activity.

Professor Nick Watson (What Works Scotland): I would like to open by endorsing what all the previous speakers have said. We see a lot of evidence of prevention from small-scale projects such as operation Modulus in the Gorbals. The project worked with 12 people who were a long way from the main stream. That project created significant results, and we can start to look at the costings emerging as a result of cuts in graffiti, people not being evicted and things like that. Evidence is coming through of savings being made as a result of small projects on prevention.

We find that the problem is that, when people set up initiatives that are aimed at prevention, they can get drafted into the main stream very quickly, because of needs. For example, we have been doing work on health and social care integration. I spoke to a group of district nurses who set up a programme that was originally about preventing people from going into hospital. It was set up to provide family support and very quickly became concerned with helping people to get out of hospital, because that was the need. Both approaches are examples of prevention, and both will lead to a reduction in bed usage, but we are not doing the economic analysis of whether it is economically better and more efficient to stop people going into hospital or to get people out of hospital. There is a need to develop models that are more efficient and robust, to economically evaluate whether we should place care or support in one sector or another.

Colin Mair expressed the idea of borrowing now to save in the future. To do that, we need good, sound and robust models, so that we can say, "If we do this now, we will save this in 10, 20 or 30 years' time." We need to develop more of that.

Elaine Wilson (Lloyds TSB Foundation for Scotland): I want to talk about the third sector. Lots of really small organisations are doing significant pieces of work that are fundamental to prevention. That is what I am talking about—small lunch clubs and coffee clubs that make a real difference to people. That is a way of engaging and helping people to progress. However, those are the activities that will often get their funding cut first. Trusts and foundations, such as the Lloyds

TSB Foundation for Scotland, often pick up costs such as running costs, administration, and heating and lighting. Often, those costs are missed. If we are to help with prevention, we need to think about those small-scale models.

On Professor Nick Watson's point, we recognise the importance of strong evaluation in all the work that we do. However, first and foremost, we want to get people to measure the difference and the impact that they are making. We need to understand what that looks like before we can understand what the economic value is. If we know that we are making the difference, then we can look at the replication and the economic value.

We need to get better at helping people to demonstrate the impact they have and how that feeds into the bigger systems and structures. A lot of people, particularly in the third sector, find that challenging.

Aileen Bryson (Royal Pharmaceutical Society): I echo and reiterate everything that has been said so far on the themes of using the resources that we already have and being much smarter about how we do that; sustainability; short-term funding versus long-term investment; and joining up to get national traction on all the issues that have been talked about. We seem to have spent a lot of time on lots of good practice and pilots—I have many examples of those—but we tweak around the edges rather than have anything that gets to the nub of the matter.

Our response deals with the safer use of medicines in particular. That is part of the equation, but it runs as a thread right through the national health service. We spend £1.4 billion on medicines—that figure is second only to that for salaries in the NHS—and we know that only around half of those medicines are used as they should be. There is huge scope for the safer use of medicines. We know that thousands of unplanned admissions to hospital are because of medicine-related incidents. If we can focus more on preventing those—that involves using pharmacists, where there are medicines and patients, and getting the expertise where we really need it in the system—and can save even a small percentage, we would save a huge amount for the NHS and, more important, we would keep people safe in their own homes, where they want to be. I know that you all know the maths on how much hospital admissions cost. We have to start to think cohesively about how medicines fit into the whole health picture and the health and social care integration agenda.

John Mason: I have two follow-up questions on two of the contributions so far, the first of which is for Alan Staff. I am a fan of the third sector, but I will be devil's advocate. Does it really matter who does things? Surely the important thing is that

there is preventative spend and investment. Does it matter whether the public sector or the third sector does that?

My second question is for Colin Mair, whose paper was great. Are you basically saying that we cannot measure prevention, because it is all about attitude, so it is all inside people's heads? How do we measure prevention? How does the Finance Committee measure such things?

The Convener: I will let Colin Mair come straight back on that specific question.

Colin Mair: To me, prevention is about how we prevent negative outcomes from happening to people and how we promote positive outcomes. The Community Empowerment (Scotland) Act 2015 says that all public authorities will have a duty to show how they are improving outcomes and preventing negative outcomes. I think that the guidance for that will come out shortly.

To me, prevention is about how we improve outcomes, particularly for people who would have experienced negative outcomes in the past. We can track that, and we should be obliged to publish information on that and be accountable for that to members and our local communities and populations. We should focus on outcomes. Talking about prevention is another way of talking about outcomes. If we can predict where negative outcomes will occur, we have a duty under the law to intervene and ensure that they do not happen to people. We will have to give an account of that and measure those.

John Mason: So prevention is the same as outcome.

Colin Mair: We often use different languages in quite similar ways. The language around co-production, for example, is often about saying, "Do it this way because the ways that we have done it in the past have excluded people." The language of prevention intimately links with the language of community empowerment and co-production.

I will give a simple example. I was at a meeting recently in which a group of quite articulate community representatives complained to a council that changes to the allocation of personal care at home were leading to older people being lonely and isolated. I thought that it was a really weird proposition that the answer to the issue of loneliness among older people in the community would be a salaried state personal care worker. Where is the community in that? We have to do some of the capacity-building stuff that says, "Public services will never be able to stop loneliness, so you as communities need to be active in noticing where older people are isolated and integrate them with activities." To go back to Alan Staff's point, the third sector has an absolutely critical role there, as it is much more

able at mobilising communities than the public sector has historically proven to be.

A lot of the language that we use is linked to outcomes—how we prevent negative outcomes and how we ensure positive outcomes. I think that the answer is that, if preventative intervention is working, the outcomes will shift. If they do not shift, the preventative intervention is not working. We call too much "prevention" just because of the type of thing that it is and without asking whether it actually produced the result. If it has not produced the result, it has not been preventative; it has been another thing.

The Convener: I see that Alan Staff wants in. I will let you in, Alan, but there are a few people ahead of you, I am afraid.

Andrew Strong (Health and Social Care Alliance Scotland): I agree with what Colin Mair has just said. Our submission to the committee highlighted a number of examples of preventative work in the third sector. For example, the Food Train operates in a number of local authorities in Scotland and provides a volunteer-delivered food and nutrition service to older people. There is also the Good Morning Service, which makes phone calls to older people to make sure that they are well and staying well. That volunteer-delivered service is where the third sector comes into its own in some of the work on prevention—it is not solely where the third sector thrives, but there are really good examples in that area.

The Health and Social Care Alliance Scotland would like to reflect on the culture in statutory services, which comes into sharper focus when there are different policy initiatives. In the past few weeks, the Government has produced the national clinical strategy, which has lots of good stuff in it on self-management and harnessing personal and community assets. Those are the sorts of things that Elaine Wilson talked about earlier—things that are going on in local communities. Those shifts towards prevention are necessary, but will they happen without the necessary culture change? What are we doing to invest in the change management that needs to happen to push us towards the preventative approach? How can we change the culture when lots of practitioners are working to a tight budget and often within a target-driven system with restricted eligibility criteria or targets and indicators that are based on measuring service failure rather than individual outcomes?

John Sturrock QC (Core Solutions): I do not have the subject and sector-specific knowledge that many colleagues round the table have so my remarks are probably more general. I am struck by the interrelationship of the three themes that the convener mentioned and how we inevitably drift in and out of them.

I have a couple of observations. There is a great opportunity here for Scotland, as a relatively small nation, to move quite quickly and move several steps forward in this area. The progress that I would identify in the past few years is perhaps that there is a greater awareness now of prevention, preventative spend and the associated term “collaboration”.

There is a lot of rhetoric around prevention and collaboration. Inevitably, and as we are hearing, all these remarks are tinged with a “but” or a “however”, because the rhetoric and the practice may be different. There is a lot of good practice, and I will turn to one or two examples shortly, although there are many more, much better examples from colleagues round the table. The Improvement Service makes an important point about the terminology—about what we mean by “prevention” and its potentially comprehensive and long-term nature.

As a person who has moved from the adversarial world to the co-operative, consensual world as a mediator—

The Convener: As we all have. [*Laughter.*]

John Sturrock: It is writ large in this world. Love prevails.

As a mediator, I am interested in what I think is a global trend, which is a move from unhelpful competition in the adversarial sense towards greater awareness of working better together in collaboration. What comes out of some of the submissions and where some of the frustration lies is that, although there is now a fairly profound and enlightened understanding of better working relationships and the need to work better in partnership, there is a long way to go before that is turned into practice—that is the but. Certainly, across and within sectors, there is much greater evidence of the awareness of the importance of relationships, communication and so forth rather than mere systemic change. We sometimes get stuck on systems.

The convener asked about progress. I will give a few examples. Just 10 days ago, I had the privilege of giving a keynote address at the Scottish knowledge exchange awards, which are run by a body called Interface—it is an interface between the publicly funded university sector and small businesses and other creative folk. It is a great example of people getting together and doing all sorts of exciting things that are essentially preventative in nature. There is also the Scottish universities insight institute, which is run by my colleague Charlie Woods and which brings universities together to be more collaborative and to create and develop new ideas.

Just a few weeks ago in this very building, the Apologies (Scotland) Act 2016 was passed—it received royal assent last week. That does not immediately sound like a preventative measure, but it is, because the whole underlying premise is that, as we know from evidence and experience, if people are able to say sorry for what happened, many fewer claims will be brought. Therefore, that is preventative spend.

From my experience in the work that we do, I know that a significant number of public sector leaders have now trained in mediation skills and collaboration, and they are taking that into their various organisations and using collaborative and preventative techniques. We will perhaps come back to training in due course. The Scottish Government has begun to appreciate the value of using mediation to nip things in the bud, although there are lots of buts attached to that as well.

There is evidence of some progress, much rhetoric and a lot of awareness. There are also the buts, which will come under the committee’s challenges and solutions headings.

10:00

The Convener: That brings us swiftly on to the challenges that lie ahead. I hope that folk will look to ensure that there is a shift towards prevention in addressing the challenges that lie ahead.

Mark McDonald (Aberdeen Donside) (SNP): It is handy that we have moved on, convener, as my questions are tailored around the second theme more than the first.

The Convener: I hoped that they might be.

Mark McDonald: I am always happy to help.

My first question is about how we tackle the silo mentality that still exists. I am not necessarily talking about a silo mentality between different sectors. Within the health service, for example, there can be a silo mentality between acute and primary services or even between the different disciplines in primary services. How can we tackle that and get a more collaborative approach? That might help to address some of the points that Aileen Bryson made.

For example, in a lot of areas, people are being guided to present to their pharmacist rather than their general practitioner, because GPs are finding that some patients would be better dealt with either by a pharmacist or by another primary care professional. However, the GP does not know that until the individual sits down in front of them. That creates a pressure on GP time that works its way through the system.

My second question is about the challenge that is always there in deciding between the quick,

short-term fix and the longer-term solution. It is no secret that we, as politicians, whether at local or national level, operate within a four or five-year cycle. How do we get out of the mentality that we need something that will work within five years so that we can present it to people and show that a problem has been fixed rather than something that may take 10 to 15 years, which we can look at as progress but with the caveat that there is more to do? How can we get people to buy into that?

Lesley Brennan (North East Scotland) (Lab): My question follows on well from Mark McDonald's.

The Convener: It is seamless, this committee.

Mark McDonald: It is a collaborative approach, convener.

Lesley Brennan: As Colin Mair noted, measuring the success of prevention is almost measuring outcomes, whether they are negative or positive. What do the panel members think about the idea of identifying interim outcomes? For example, in health, if we are aiming to reduce the number of cardiovascular events such as heart attacks, strokes and chronic obstructive pulmonary disease-related deaths, we identify a group of interim measures of outcomes, such as the changes in good and bad cholesterol levels, people's weight, smoking rates and maybe the incidence of diabetes. Should we be identifying interim outcomes?

Alan Staff: I would like to respond to John Mason's question, convener.

The Convener: Good. We want to stimulate a bit of debate.

Alan Staff: I hope that this does not take us back.

If there is no difference in the cost effectiveness of various approaches, if users are fully engaged in designing and evaluating the process and if the accountability is roughly equivalent, then it does not matter who does it. However, hand on heart, I know that that is not the case and that it does matter who delivers those things. We need to be sure that we are getting not only good value for money but the buy-in of local communities and effective services, not simply ones that fit the service operational approaches that are being taken at the moment.

John Mason: Are you saying that the third sector is a particular strength in the preventative arena, or are you saying that the third sector is better at everything?

Alan Staff: We are talking about the preventative. As has been said, the third sector has a particular ability to mobilise local communities. It is very much a part of, and has

derived from, local communities, and generally it is active in mobilising those people.

For instance, we focus on creating peer mentors. We take on the people whom we work with initially to prevent them from going on to become future offenders. We work on making them individuals who will go out and work with their peers to do the same thing. It is a community-based and sustainable approach that builds on the strengths and assets of the community. It is not about doing things to the community; it is about working alongside and with the community. The third sector is absolutely excellent at that.

Rachel Cackett: To pick up on the two questions that came up in the second part of the debate, the measurement issue and the issue of how to get to that point of "productive collaboration"—to borrow a phrase from a colleague's written evidence—are really linked.

At the beginning of the great integration journey, we did a lot of consultation on the principles for delivering integration. At the heart of that was that, if we want to collaborate effectively, we need a shared vision that everyone can get behind. That is what everything across the world tells us.

If everyone is working with different understandings of what they are doing—sometimes that comes down to language, as can even be seen in the submissions—and we do not have a clear idea of what we are aiming at, it is very hard to get people behind that. Part of that is about what we choose to prioritise and what we choose to measure. What does success look like in this world? Unless we all know what that is, it is very hard to expect front-line practitioners to coalesce behind that single vision.

We have a number of statements in different policy arenas in Scotland, and they do not necessarily match. The paper that Audit Scotland produced last week on community planning was very helpful, and some of it was referencing Colin Mair's work at the Improvement Service. Given the number of indicators and outcomes that the public sector has to work to and the disparate nature of that, if we expect front-line nurses, GPs and social workers to make head or tail of that, we have a real problem.

There is a political issue and a practice issue. I endorse what Audit Scotland has said about how to streamline things. People have mentioned the Community Empowerment (Scotland) Act 2015. We also now have national health and wellbeing outcomes set out in the Public Bodies (Joint Working) (Scotland) Act 2014. There is a lot of support for that but, as Audit Scotland has pointed out, it did not replace anything; it just added to existing measures.

When I was driving to work this morning, I heard an interesting piece of local news on the radio. It was probably the main story for the local news. It was a report on a health board that had missed its accident and emergency target by 0.1 per cent. If the dates were changed, the board would actually have met the target. I very much doubt that that was the biggest health issue in that area of Scotland. We end up with a debate on the margins, when we have really significant issues in front of us.

I agree with Lesley Brennan and Mark McDonald that political pragmatism is involved in how you report whether you are investing your money and resources in the right places and whether you have the right priorities. I very much agree that, with long-term outcomes, there is a need to have indicators along the way that allow all of us to see whether we have made the right choices. If we have not, we have to review the choice that was made. We cannot wait 15 years while we keep putting money in the same place.

That also requires us to be brave about what we choose to measure. If we want a paradigm shift to prevention in the way in which we deliver services across the public sector—no matter whether that is in criminal justice, healthcare or educational attainment—we need to be brave in looking at the measures and the indicators. If we tell the public agencies that support us to do that that there is no money to develop new measures and that they just need to keep going with what we have measured in the past, we will get what we have done in the past.

There is a strong correlation between Mark McDonald's two points. If we can address that issue, we will go a long way to ensuring that we have a shared vision and better collaboration so that we can all be sure that we have chosen to prioritise the right things and so that, no matter what agency people work for, whether it is in the public sector or the third sector or whether it is the police authority or the NHS, we are all working towards the same end goal. We are not there.

The Convener: Before I let in Jean Urquhart, I will call Mark McDonald, who wants to come in briefly.

Mark McDonald: I think that Rachel Cackett and I have had this conversation at the Health and Sport Committee.

Rachel Cackett: We have.

Mark McDonald: I have also had a similar conversation with Colin Mair at the Local Government and Regeneration Committee. Basically, what I am saying is that I have been around the committees. [*Laughter.*]

From my perspective, if we are going to have that difficult conversation about disinvestment or changing what we measure, it has to be led by those on the front line. It cannot be led by politicians, because then we just get into a political bunfight, with different political parties saying that we do not want to measure something because we are not meeting our target rather than because it is not the most appropriate target. How do we get to a situation where the conversation is led by practitioners instead of politicians?

Rachel Cackett: We need collaboration. I am not sure that we can separate the people who are involved; after all, what politicians choose to do when they stand up in the chamber, what those in the media choose to do when they act as they did this morning and what the practitioners are trying to do on the ground are inherently linked. That is why in our manifesto for the coming elections, we have been focusing on the need for cross-party consensus. If whatever measure we come up with just results in a lot of argy-bargy about the minutiae of margins, we will not have got anywhere. The focus might be slightly different, as might the reasons for the targets, measures or outcomes, but if we cannot do it in full collaboration, we will keep falling down. Therefore, I urge us to do that work together.

The Convener: I have eight folk who want to come in now. If you are patient, I will get round all of you.

Jean Urquhart (Highlands and Islands) (Ind): I want to ask about language and position. This discussion has been very interesting but the fact is that, at a local level, agencies sometimes come together and use a completely different and really quite exclusive language that I call *bureaucrese*. For local people who do not understand *bureaucrese*, it can be quite offputting. I believe that engagement with the grass roots is key and that the third sector must be part of the process. Whatever political ambition and shared vision we have, those groups need to be involved.

I was interested in the point made in Alan Staff's written submission about the way in which people hold their own position to be kind of sacred. Because they are firefighting and their in-tray is full of cases that they have to deal with, they are often reluctant to think about how they can start to do preventative work. How do we translate that at local level to energise everybody to work together? Do we have to start with some kind of training? How do we deliver that message across all the partners that have to work together?

Paul Main (Police Scotland): Picking up on a couple of points that have been made, I think that Jean Urquhart's point about language is important. I failed to mention this in the Police Scotland response but I think that, when we speak about

prevention, it is important that we understand the distinctions in the public health model between primary, secondary and tertiary prevention. Sometimes we go round the table and we do not know where we are in the prevention spectrum.

In the past couple of years, we have been thinking about how to prevent further offending and reduce reoffending. We now know far more about the trauma, loss and bereavement that Justina Murray spoke about among the current and recent cohorts in Polmont young offenders institution. For example, we know that more than 80 per cent of them were excluded from primary school, so we need to think about their journey at primary school. I agree with Justina's point about the potential for an extra 1,000 health visitors, although I also think that, as far as police and health visitors are concerned, it is not an either/or—we can have both.

10:15

With regard to the point raised in Mr McDonald's question about working in silos and the potential to work within a four or five-year political cycle, what comes to mind as far as good practice is concerned is the 20-year national road safety strategy. Although it is a United Kingdom strategy, it has become very embedded in Scotland since its launch around the time of the millennium. I was making some notes just now; to the best of my knowledge, the road safety strategy was not done through legislation or with any additional funding, but it has delivered constant improvement over a 20-year cycle with an expectation of annual review, benchmarking and monitoring.

At the launch of the strategy, there was also a clear understanding of which agency had to do what, an understanding of what it meant for road engineers, the car design industry, insurers, the police and educationists in terms of cycle and road safety and an understanding of the health benefits. It is a really good example of productive collaboration. Coming back to some of the points that Colin Mair made in his paper, I think that that is a good example of prevention over a long period without having to bend spend or bring in any new money.

The Convener: I am just dreaming about a 20-year electoral cycle. [*Laughter.*]

Paul Main: That might be advantageous for certain people.

Aileen Bryson: In answer to Mark McDonald's question, I think that health outcomes can be measured quite quickly. For example, with local services where we prevent asthma deaths through a multiprofessional approach, with input from the different health professionals, we can measure the outcomes quite quickly. That is where the

sustainability issue comes in: we might have a good local project with measurable, visible outcomes—in other words, you can see that it makes a difference—but, because of the way in which budgets work, it is not carried on in the next financial year. However good something is, you never know whether it will be taken forward.

There are also gaps in the sharing of best practice across the 14 health boards. Compared with some of the other things that have been mentioned, it is probably easier in health to measure outcomes, which means that, politically, it should be easier to take a particular project or policy forward in a bigger way and thereby achieve the national outcomes and traction that we are looking for.

Our manifesto lists all the areas where we think that there are gaps and where changes could be made to use the resources that we already have. For example, the minor ailments service would need to be reviewed but it could be made available to everyone; it dates from when we had prescription charging, which is something that we no longer have. The service is therefore a historical anomaly, because only those people who used to be free from prescription charges can use it. If it is suitable for certain parts of the Scottish population, why is it not suitable for everybody?

We have also been working closely with the Royal College of General Practitioners on getting better clinical and referral handovers between the two systems. We need that for all health professionals; indeed, I am sure that Rachel Cackett would agree. There has to be a better referral system between health and social care.

That feeds into my other point, which is about access to a single health record for each patient. At the moment, information on people is all over the place, and holding that information in one place would be advantageous for patient safety and continuity of care. Initially, we would be talking about a patient's health record, which is held by their GP, but going forward, we would need a health and social care record to which, with patient consent, people could be given appropriate access. It would mean that patients and people could decide who gets to see their information, at whatever stage of the system, which would help with collaboration. There has to be a cultural shift towards the sharing of that information, as well as the tools to do it—in other words, access to the health record.

As for targeting resources, which was also mentioned, our special public health pharmacists are using prescribing data to find out whether we can identify which parts of the country have a different prevalence of disease or social states. That would mean that we could target resources

much more efficiently at those areas. At the moment, we have a national, contractual, one-size-fits-all approach, but if we were to find a higher prevalence of diabetes in one area and more respiratory problems in another—say, an old mining area—we could change how we work and target deprived areas. That work is in its infancy, but the data is there and we could be clever about how we use it.

Somebody mentioned primary schools. We have put health literacy into our manifesto, because we need to teach people more about our NHS from a very young age to ensure that they understand how we make the NHS fit for the future, how they navigate it and where to go at the right time for the right help. That learning must start in schools so that people understand the risks as well as the benefits of medicines and realise that they are responsible for taking care of themselves. The third sector does that teaching about self-management and self-care well, but we could build on that through health literacy from a young age.

Elaine Wilson: On the point about indicators and measurement, I can speak only from what we fund through the Lloyds TSB Foundation for Scotland. With high-level strategic outcomes at local and national level, organisations often feel that they have to be measured; however, the outcomes are far too big and not too achievable, and we try to work with organisations on considering their own contribution towards an outcome and what they can do to help achieve positive change. We get them to be much more focused and to show that change, and we then build up a picture of what that could look like and how it would contribute to the wellbeing indicators for the national outcomes for children and young people. We also show that everybody makes a contribution and that we should be looking at measuring that and, indeed, making a more effective contribution across the board to ensure that people are realistic about what they can do and achieve and how they can measure that.

That sort of thing should also be made accessible to ensure that people are not spending lots of time filling in forms and doing evaluations but are getting on with the work and embedding it into their practice as they go. Individuals must be involved in the process, too, so that the outcomes become theirs and are not just owned by a service or an organisation.

With regard to collaboration, the foundation is trying to work collaboratively across Scotland on how it adds value. For example, we recently launched a new programme to try to reach communities that trusts and foundations have not reached before. We know that certain areas are not coming forward or applying for funds, and we

want to know the reason for that. As a result, we are working with individuals in those communities and local authorities, and we are bringing in additional investment from other trusts and foundations to look at how we can support what they want to do, how they can build that and how they can link better into the whole community empowerment process.

We have just started that work. For example, we are working with East Ayrshire Council and its vibrant communities programme; our plans are to expand that work, and we are looking at other communities across Scotland to find out how we can work more collaboratively not just with the public and the third sector but with other trusts, foundations, small businesses and philanthropies.

Colin Mair: Two big challenges have been put on the table: first, how we break down silos and get integration, particularly with regard to individuals, households and communities that—predictably—might have poorer outcomes; and, secondly, how we do that sustainably over the long term given political and financial cycles.

The answer to the first challenge is localisation. In a way, Parliament has made up its mind about that by passing the Community Empowerment (Scotland) Act 2015, which says that the public sector, including Police Scotland, local authorities and the health service and all its dimensions will produce for each area of Scotland—and within that for communities with poor outcomes—a specific local outcome improvement plan with targets and that, having put that plan in place, organisations must show how they will fully and collaboratively resource it.

You have set a new standard, which will form the framework within which we will be operating from now on. The legislation creates an infrastructure that forces us to look in different ways across silos and to look at the resources that we have on the ground and how we can exploit them better. There is merit in that approach, as long as we stick to it. The anxiety, if there is one, about how politics is practised—and, to be fair, about the practice of people like me in public policy—is that we want to move on to the next thing without letting the previous thing get embedded. This legislation will be a big deal if it becomes the core infrastructure within which we operate; indeed, it has transformational potential.

With regard to political cycles and the sustainability challenge, a lot of the practices in some areas of our work could be looked at in that light. I am impressed with how bold we have been in renewing the school estate in Scotland. We are making 35 to 40-year punts on where population will be and how education will be conducted—and that can change on a 20-year timescale, never mind a 40-year one—because we are locked into

the bricks and mortar due in part to public-private partnership contracts that will continue to cost us significant amounts of money.

In some areas of our lives, we are extraordinarily bold; we make big judgments and go for it. In others, however, we tend to shy away from things—we are not sure about the 40-year horizon and so on. I think that, because of the big data stuff that Aileen Bryson mentioned, we are now far better placed to understand the long-term interventions that we need to make, including issues around our long-term economic planning, as well as our long-term public service planning. The issue is almost about our being willing and unashamed to have a national vision; weirdly, it is about getting our act together at the highest national level, having long-term plans that we stick with and then ensuring that there is localisation down to the most local level. However, that will mean empowering our own staff and leaving them free to collaborate at the front end with whoever else is involved. After all, I doubt that we will be able to empower communities if we do not empower our own staff.

In my experience, people collaborate well when they can see the whites of other people's eyes, and it is people such as myself, who sit at the top of systems, who are least good at it. We think in terms of budgets, silos, accountabilities and so on. People at grass-roots level—and this picks up on Rachel Cackett's point—are often unaware of all of the things that Audit Scotland has documented; they have never heard of them or read anything to do with them, because they are just getting on with real life. Empowerment at the front end, combined with the creation of a more coherent database and a long-term framework at the national end, is exactly what we need. It is not a contradictory combination—you need both for either to work.

Justina Murray: As the conversation has progressed, I have changed my mind about what I wanted to say about 10 times.

One of the points that I wanted to make is that I think that we need to be careful that we are not doing something that looks like it is preventative but which actually escalates people up the system or into the system. With apologies to Paul Main, I will use recorded police warnings as an example. On paper, this new initiative looks like a good and positive one that keeps people at the lowest end of the justice system, but the risk is that 16 and 17-year-olds are now being pulled into that system, and that stays on their records for a couple of years. If the warnings are used properly, they will keep people out of the system. However, it does not take much for someone to become an offender within that system and, as we know from other studies, it is quite difficult to get out of the system once that has happened.

That links to Jean Urquhart's point about language. We have worked hard in community justice to get away from talking about "the offender". When we started to have these conversations in the community justice authority, people kept asking, "Well, what do you want to call them?" It is amazing how far you can get with the word "people".

On the issue of outcomes and how we measure them, last week I attended a good event on learning and impact run by the Robertson Trust. There was input from the chief executive of Lankelly Chase, a foundation that has funded a lot of initiatives that focus on multiple disadvantage instead of simply considering homelessness, addiction or whatever. When he said that we needed to stop obsessing about outcomes all the time, you could hear gasps from around the room and see people thinking, "We thought outcomes were the way ahead." He went on to say that the way in which we operationalise outcomes can lead us into more silo-based thinking. He said, "If you give a group of young children a football and send them on to the football pitch, they will all try to score the goal", and he pointed out that our operationalisation of outcomes has led us to become very much like that. We all want to be the ones to hold the service user through to the delivery of the outcome. He concluded that the best collaboration around outcomes happens when we work together at all levels and are happy for somebody else to get the glory of the outcome.

The Convener: The huge backlog of speakers has been reduced to a measly three. I call John Sturrock.

John Sturrock: I feel very measly, convener.

I will make a few general points and then some specific suggestions. Rachel Cackett spoke about paradigm shifts. The thing about paradigm shifts is that, as Einstein said, we cannot solve the problems with the same thinking that got us into them. This is a bit about changing our thinking—retraining our brains, as it were—and that has implications for us as individuals, for us collectively and for our systems. I will come back to that.

10:30

I acknowledge that there is a lot of complexity. It is easy to view things in a binary way—as yes and no or right and wrong—but this is a complex and multifaceted area of activity.

I was interested in Mark McDonald's question, which others picked up, about the short-term cycle of political change, gain and the need for success. One of the really tough issues for politicians is that prevention is inescapably long term. It requires cultural and attitudinal change and investment on which there will be no obvious return in a short-

term political cycle—although, intellectually, we understand that it is the right thing to do. That presents a conundrum for politicians.

I will be provocative here; I wonder whether, once again in Scotland, we can show folks that there is a different approach. I think that a lot more people get this than you might imagine. Mark McDonald might think that constituents—voters—are looking for short-term returns and will vote for politicians only if they achieve something in the short term, but I wonder whether a large number of folk are that unsophisticated or whether this is an opportunity to set out a different way of doing things.

The Convener: A Labour MP from down south gave evidence to the committee a couple of years ago and he thought that, on the prevention agenda, Scotland was much further ahead than south of the border was. Even outside Scotland, a lot of people know that we are trying to move along this path, despite financial challenges at the moment.

John Sturrock: That is great.

The Convener: That has been recognised across borders and across the political divide.

John Sturrock: There are lots of examples of that and there is a platform. If we are talking about a paradigm shift and rewiring our brains, as Einstein would have it, we are in a good position—certainly better than many others—to try to do that. That is about political leadership.

I acknowledge that part of the approach involves understanding why the symptoms of difficulty, challenge and resistance exist. We now know much more about the psychological barriers that get in the way of such change. Examples include an inbred resistance to cultural change, which is part of who we are. I say uncritically that we know that there are vested interests; in other words, there are people who have a stake in the present systems and the status quo and who fear loss and change. Jean Urquhart and others made that point. We know that, when something is not urgent, people tend to focus on the urgent and not to value future benefits in the same way—they will tend to discount those benefits over short-term gains.

We are all prone to risk aversion. We know that a fixed system suffers from system inertia. It is much more difficult to change a system than to allow it to continue. Those are all called cognitive biases. If we can recognise them in ourselves, in institutions and collectively, and if we can understand them, we can begin to develop options to deal with them. Particularly when we are under pressure—given the financial and austerity pressures that people are facing—that is a challenge for us.

That leads me to Jean Urquhart's point about training and learning. Paul Main's submission mentions a collaborative leadership training programme. The approach is hugely about training a generation of folk—leaders and non-leaders—in skills, attitudes, techniques, processes and competencies that will allow us and them to work more collaboratively and preventatively. That is an investment, and an intellectual and practical acceptance of that and what it means is needed.

I will make a couple of suggestions, because Mark McDonald was looking for short-term gains.

Mark McDonald: I clarify that I am not looking for short-term gains. I was talking about the clash that exists between the need for short-term gain, or the perceived need for that, and the long-term solution.

John Sturrock: Got you.

Mark McDonald: I am not looking for you to give me anything for a leaflet.

John Sturrock: I will offer two things that I feel fairly passionate about. I offer them because I think that the committee can take a lead. We have heard more again today about the challenge—I was going to say disaster—that faces the Government over the computer system that has been designed to allocate funding for farmers. It is well known in the contracting industries that contracts for computer programming and processes, particularly on a large scale, can never be fixed emphatically in advance—they are always works in progress.

The same point often applies to construction contracts. We have seen in Scotland a number of instances of construction contracts costing far more than it was thought at the outset that they would need to cost. The procurement approach could be examined, and I think that we would find that having a more enlightened, less competitive and less black-and-white approach to procurement—I know that the procurement department is trying to do something about that—would save Scotland a lot of money and would give more bangs for less bucks.

The Convener: I have to say that most of our big construction projects are coming in well under budget and well ahead of schedule.

John Sturrock: That might be because things have changed—the new Forth bridge is a good example of that—so I take your point. However, if I go back to information technology, there is more than just the farming situation and that of NHS 24. I am just suggesting that one could explore how those contracts are let at the outset to find ways that would bring in preventative methodology.

My final example comes from the justice system. I work largely in the civil justice system as

a mediator—I help people to sort out disputes that would otherwise go to court. A grievous amount of money is being spent in the civil litigation process, even with court reforms, and it is much more than needs to be spent. However, the issue is about not just the direct expenditure of money but time, reputation and loss of opportunity, all of which have an economic impact on Scotland and on businesses.

A great deal could be done preventatively, in my respectful view, to reduce significantly the amount of resource that is directed at the civil justice system and to increase the economic value that could come in business and elsewhere by nipping disputes in the bud through early preventative measures, training and other awareness activity, which would ensure that disputes never take off and gain the adversarial momentum that so many of them do.

Professor Watson: I will pick up Rachel Cackett's point about indicators for accident and emergency waiting times and whether elected representatives or others should challenge their use. When the Welsh Assembly Government shifted funds to social care, it explained what it was doing. It was hammered for ages about its A and E waiting times, but the minister patiently explained and explained, and now that Government has moved on and the A and E waiting times are not an issue. What needs to happen here is that the elected representatives and the workforce have to say that the target is not appropriate.

Partnership is key. Everything that we found showed that partnership is key for prevention issues, but there is a danger that co-operation and collaboration rapidly become coercion, when the organisation that has the most money or puts the most money into the partnership has the say. Part of that is to do with the evidence. When different sectors come together and use different evidence to justify their ways of working, the evidence from some sectors is very hard, is based on large studies and is easy for them to present, whereas the evidence from social care or the third sector might be much softer and much easier to dismiss, although it might be more appropriate to apply. How we afford primacy to particular types of evidence is an issue.

My final point is about co-production. We have found that people say, "This service is co-produced and we can now spread it," but the issue is not the service but the process. Every time something is started in a locality, it has to start from scratch. We cannot say, "This worked in the Gorbals, so we'll do the same in Govan, Castlemilk or Wester Hailes." What worked was not the service that was produced but the co-production that led to the delivery of that service.

That also means that such services have to be continually co-produced and changed to take account of the changing constituencies that come through. If you design something in the Gorbals today, you cannot keep it running; you have to keep on co-producing it, which means that it is a really intensive, slow and hard-to-produce service.

We cannot just say, "We've got a service that we co-produced in the Gorbals—let us spread it across Scotland." It is the process of co-production that is key, not the resulting service.

The Convener: We have only 20 minutes left, so folk will probably have the opportunity to speak only once more. We are moving on to possible solutions, so please feel free to come up with any ideas.

Rachel Cackett: I thought that you were going to give me 20 minutes.

The Convener: Any more of your lip and I will move straight on. [*Laughter.*]

Rachel Cackett: I will make three points, as this may be my last chance to speak.

First, a number of comments have been made about the difference between good intent and unintended consequences. I clarify that the RCN is continuing its work on what the future measurement culture should be. We are happy to continue to talk to anyone around the table and beyond about what that should be. We certainly have not said that particular targets are good or bad, but the consequences of how targets are used is sometimes an issue. That was my point in talking about the focus on the very marginal missing of a target against the scale of what we are talking about.

The second point goes back to language. I do not know whether this is a positive for the committee, but I know that a huge amount of work on that is going on in the professions, because we can sit a nurse, a social worker and a pharmacist in a room and each will not necessarily understand what the others are talking about. The RCN has done a huge amount of work over the past 18 months to two years, as we have moved towards the go-live date for integration, to ensure that we, our members and members of other colleges and other professional bodies have been in rooms together trying to understand and get a better dialogue going about what works. We as a college have also done a lot of work with the third and independent sectors on that basis. Does that mean that it is all sorted? Clearly not, but it might be of some comfort to say that we are on a track.

For example, we ran a day with Social Work Scotland in which we brought together in a room managers of nursing teams and social work teams and facilitated their talking about how we can bring

the different cultures and ways of working together in a way that makes sense to both groups. Work is therefore in hand. It will almost certainly not be quick, but I hope that we will begin to see change locally.

My final point is about locality. We have talked a lot about the importance of the grass roots and where the drive to the paradigm shift will come from. Notwithstanding the Community Empowerment (Scotland) Act 2015, we have to be aware that there is the potential for a lot of localities to emerge across Scotland that might not always match up. We are talking about coalescing our resources, whether that is a community asset, a third sector or independent sector resource or a public sector resource. We must focus those at a locality, as well.

The Health and Social Care Alliance Scotland has done good work in mapping the development of the integration authorities before they go live. The last iteration of that was at the end of January. If we look at the localities and how they have been set up—every integration authority must have at least two—we see that things are being done in different ways in different areas. Some authorities are using general practice boundaries, some are using council wards and some are using natural communities. Some authorities have not even got to the point of deciding what the localities are. Other legislation sets out localities, and there are interim changes to the GP contract that concern cluster working for general practice.

We have to be clear that we should bring together our assets to a single end. However the bits of legislation, policy or contracts are defined by different parts of Government, we have to work together at a local level to effect the best possible change and, frankly, to get the best bang for our buck, as there are not many bucks around.

The political issue around measurement came up earlier. In our work, we are looking at how much willingness there is to have differences in measures at the locality level. We might end up with what is so easily called a postcode lottery. A piece of legislation has just been put in place that may involve huge variations across Scotland in the services that people get and how people work towards the national outcomes that have been set. That may result in all sorts of headlines, but that has been put into legislation. How comfortable are the nation, the Parliament and practitioners in having variations in indicators across Scotland to meet the agreed national outcomes? We are asking that question in our work.

10:45

Justina Murray: In terms of solutions, we need to stop talking about prevention as a long-term,

expensive challenge. I challenge what John Sturrock said. It has not taken a generation to half empty HMP Polmont of young people or to see mentoring have an impact on people in the justice system. If we think about the coffee clubs and lunch clubs that Elaine Wilson mentioned, it has not taken a generation to stop people feeling lonely and isolated and to connect them into their communities. Those things are all within our gift, and the task is not quite so overwhelming.

I like Colin Mair's glass-half-full perspective in his submission, in which he points out that, although Christie said that 40 per cent of spending is on failure demand, the flipside is that 60 per cent looks as though it is already preventative spending. That is a really good starting point to build on.

The short-term nature of funding does not help, and addressing that is the main solution for me. That applies not just to the third sector but to statutory services. We might not have a 20-year electoral cycle, but it is not impossible to move towards three to five-year investment planning models that look at strategic commissioning between partners and what the shared goals are, which Rachel Cackett talked about. How can we achieve those goals? Who has money to put together? How can we best commission those services together? All that is achievable and is within our gift.

John Mason: The Police Scotland submission makes three points that I am interested in, which all seem quite positive. The first is the idea of a national Christie champion, whatever that would be. The second is the statement that

“the public remain untested as an asset”.

I am not sure where that is going or how we could use the public better. The third is that New Zealand seems to provide a good example of things progressing. Will you give us any pointers as to what that means?

The Convener: You will have to speak to the authors of the paper.

Paul Main: Thanks for that. I take no credit for the paper; I am just here to comment on it. What was the first point?

John Mason: It was about the national Christie champion.

Paul Main: The point is probably that, although there is nobody around the table or within a few miles of here who would disagree with the Christie report, there has been no drive to take that forward. When I read that comment, I recalled the Arbuthnott report. There was lots of good work and good comment in that report, but was there a drive beyond individual leadership in the public sector—in local authorities, the police service, the

fire service, the health service and elsewhere—to do anything? I am not saying that it was a case of take it or leave it; I think that people agreed with the report, but acting on its recommendations was optional. It was a matter of agreeing with the philosophy and weaving it in. It would be helpful if there were some drive or champion behind the Christie report instead of our having to rely on individual leadership.

The statement about the public being untested is maybe about the need to value community interaction, which may have been untested or misunderstood. Colin Mair said that it is not for the public sector to prevent isolation and that it is for communities to contribute to preventing that. We all know what could be done, but how can we move from where we are, with communities becoming more remote and individuals becoming more isolated? I am thinking not just about the elderly community but about a spectrum of vulnerable people, from children sitting in their bedrooms using IT and potentially being exploited, radicalised or vulnerable in different ways right through to the elderly group whom Colin Mair spoke about.

New Zealand has undergone a paradigm shift in moving towards prevention. That is not to say that the New Zealand police have not kept a focus on crime control and on reducing crime and disorder, but they have moved away from having a large number of performance indicators and targets towards having three simple measurements. The first is a reduction in crime; the second is a reduction in the number of people who are referred to the criminal justice system; and—forgive me—I have forgotten the third one.

The focus has been on IT and on engaging with the Government to say that the police need time to make the new approach work. They continue to produce monthly performance figures in relation to crime, but they need to rely on the Government not coming back in two months to tell them that it has lost confidence because a certain group of crime figures is going up or down.

The approach is very much community based. New Zealand has managed to close lots of police offices without any public opposition. The message was, “We are going to be in your communities with IT equipment in our hands, and we will deliver the services that we used to deliver for communities, but from your street corner.” There has been no push back and, to be perfectly frank, I think that Police Scotland would like to have learned from that message, rather than finding out about that for itself a few months ago. New Zealand has delivered something that Police Scotland has delivered, with an entirely different engagement with the public, an entirely different

result and an entirely different level of support from the public, including politicians.

A broader part of the New Zealand preventative approach is about looking upstream—instead of looking at the offender to prevent reoffending, there is a greater focus on the victims. In recent years, there is no doubt that Scotland has come a long way in relation to victims. We have good practice in place for victims of sexual crime and domestic abuse, but I am not convinced that we have the same support for and examination of victims in other crime groups. By comparison, New Zealand looks at victims across the crime groups. It has far more measurements and there are far more roles that are focused on prevention and victims than there are roles that are focused on offenders.

The Convener: We have less than 10 minutes, so folk should keep comments brief.

Alan Staff: I, too, would comment about simplicity of targets: I endorse what Paul Main said about simplicity. It is a truism that common sense never attracts funding. We need to be clear about exactly what we want. A classic example is in justice, where everything is based around reducing reoffending. Is that what we want, or do we want to reduce offending? We have not got our focus right. Simple targets allow for meaningful discussion and complex targets create complex solutions, so we need more simple targets. The question is, how are we going to get there? The fundamental thing that we need to get right from the outset is what we want to achieve.

Secondly, the development of the Community Justice (Scotland) Bill has been a real eye-opener. Many of us from the third sector have been involved with the bill. The forum that I belong to has been very much involved in the wording of that bill and the formulation of the thinking behind it. It has been an excellent process. It has been a very long process, but it has been good, because the third sector is genuinely written into it and the approach reflects third sector thinking. Prior to our involvement, there was absolutely nothing about the third sector in the bill. That process is an example of the good practice of getting everybody who is affected involved in strategic thinking.

Aileen Bryson: I will just very briefly say a word about public health. If you take a long-term view and look at the bigger picture of public health in the round, there are some very simple solutions that we could use. People talked about silos: there are lots of silos—for example, lots of parts of the NHS have public health campaigns, but we do not join anything up, at the moment. Community pharmacies have posters in the window six times a year. That does not join up with anything on the sides of buses or on TV for campaigns such as the “drop a glass size” campaign. If we think slightly

outside the box and have a bit of collaboration, we could do a lot with very simple solutions, which would be big in relation to the public health picture. Those solutions would be long term, and not particularly expensive.

Jean Urquhart: I want to pick up on Nick Watson's point that what is right for the Gorbals is not necessarily right for anywhere else. It is true that a good example cannot just be rolled out everywhere, but it can still inspire other people. We would not say, "That's what they've done and you have to do it here," but if we throw down the gauntlet, particularly in communities, people will pick it up. People need more encouragement and confidence that they can do it, rather than there being meetings at which agencies say, "I don't think you'll be able to do that," for whatever reason. We need to change that, so that agencies say what the challenges are but give people the confidence that they can make a difference.

I do not see anything wrong with long-term planning; many agencies do it—for example, saying that we are going to be free of breast cancer by 2030. Different agencies have different timescales. Governments are known to say such things, too—they put time limits on improving education or whatever. Why should not we aspire to a 25-year plan for Scotland? Planning should not be restricted to the political cycle, because for the mass of people who make things work there is no such cycle. We can work towards that.

Finally, one of the real frustrations in Scotland is that we are not good at showing ourselves or what is happening across the country, which may relate to the need for a "Scottish Six". We end up with huge chunks of the country thinking that they know, but they do not actually know the reality of what other communities can do, what agencies can do to help them and how that all works. That must be part of our thinking for the future, because that knowledge needs to be shared across the country.

The Convener: Another problem with not having a "Scottish Six" is, for example, that there are people who think that junior doctors are on strike in Scotland today.

Elaine Wilson: I have two comments, one of which follows on from Paul Main's comment about seeing the people in our communities as an asset. Before we get there, we need to think about how we engage with them. For example, how many individuals responded to the committee's call for evidence, and how many people knew about it? If we want to think about prevention, we need to think differently about how we engage people—about how to reach them in their communities beyond public meetings, so that they feel involved. For example, we could set up stalls in shopping centres and other such places: there are examples

of such work being done in supermarkets. You can have a conversation about what is important to people and what they want. We need to think outside the box about how we engage communities and build people up as community assets.

Secondly, I totally agree that people are inspired by seeing good practice and what happens elsewhere. We try to encourage networking opportunities to bring people together to share good stories. However, we need to make things happen well. Local needs differ. I am saying not that everything needs to be different, nor that one size fits all, but that there are fundamental components underneath that make things work. That is about having a shared vision and aim so that we are all working towards the same thing. We need to be clear together about what we mean by prevention and what we are trying to achieve.

Relationships are really important, because they make things happen. People need to be able to talk to each other and have open conversations to come up with new solutions and ideas and address the challenges as they emerge. That is what happens in partnerships. In addition, we need to be flexible. If we cannot adapt as things progress and move on, we will not move forward.

Those are the fundamentals that we need to think about as we progress the preventative agenda.

Andrew Strong: I add my support for what Justina Murray said earlier about longer-term funding models. Third sector organisations—some of which are mentioned in our briefings—have a massive impact on people's lives. They prevent conditions from worsening or prevent people from entering hospital. However, they are operating on one-year—or even shorter—funding cycles. We need to learn more from five-year approaches. For instance, the national links worker programme, which sits within the Health and Social Care Alliance Scotland, has a five-year approach. There is built-in learning coming from it as it moves forward in different areas of the country.

I also make a plea for more change-management capacity to bring us towards prevention; John Sturrock spoke about that earlier. We need to look at the current models that are driving public service reform. For example, the integrated care fund amounts to £300 million over three years, but in total it is about 1.4 per cent of the overall health budget. We would like that proportion to be increased, so that we are talking about something that is a bit more transformational rather than working around the edges, as was mentioned earlier. We need an additional shift in investment there. Those are the kinds of things that we would like to see.

11:00

The Convener: Thank you for that.

Colin Mair seems to think that I have telepathic skills—he wants to come in, but he did not indicate that to me. I will let you in briefly, Colin, after Nick Watson.

Professor Watson: I agree with Jean Urquhart: we should be sharing what has worked and where it has worked, but we should look at the process rather than at what has been done. That is the thing to share.

As a final point, we need to look at workforce issues. Staff in the public and third sectors are facing massive policy changes. Health and social care integration and community empowerment are just two of those changes. I was speaking last week to people about the new national clinical guidelines, new mental health guidelines and new child welfare provisions, which are making massive changes in the way that people work. Because of cutbacks, people do not know whether they will be in their jobs next month or in three months. Everybody is reacting; there is not enough space for people to sit down to be proactive and ask what they can do to stop this. If we want prevention, people must have the time and space to take part in joint training and opportunities that bring them together with others. At present, everything feels reactive. We are seeing massive policy overload, especially in the public sector around health and social care integration and self-directed support. Massive changes have been rolled out one after another, with new national clinical guidelines and new mental health guidelines. Social workers do not know what is coming next.

I agree that the policy is starting to pull in the right direction, but we need to think of the workforce, too, in making all those changes.

Colin Mair: We have talked a lot about public services and the public and third sectors. However, we have other levers in respect of prevention, including macroeconomic and fiscal levers. In my context, I emphasise planning as a lever. If you look at what is coming through our planning system just now, you will see that we are building for a population that we are not going to have in 30 years: we are building nothing for the population that Scotland will have. If we carry on doing that, we will have a lot of people ending up in hospital 30 years from now because they will be having to live in housing that is grossly inappropriate for their age, their frailty and so on.

We need to think about all the levers that the Government and the public sector have available. Those include regulatory and planning powers as well as direct delivery and funding of public

services. We are, at present, underexploiting some levers.

The Convener: I thank everyone for their contributions—the debate has been really interesting. The Finance Committee will produce its legacy paper in a couple of weeks, and we will deliberate on much of what has been said today. We will now have a break for a change of witnesses.

11:02

Meeting suspended.

11:09

On resuming—

The Convener: We will continue to consider progress towards prevention by taking evidence from the Deputy First Minister. Mr Swinney is joined by Brian Logan from the Scottish Government. I intend to allow an hour for this session. I welcome the witnesses to the meeting, and I invite Mr Swinney to make an opening statement. This morning the committee is small, but perfectly formed, as I am sure you will agree.

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): Thank you, convener. The Finance Committee's focus on prevention in its budget scrutiny over recent years has been helpful in framing the debate. I welcome the inquiry and look forward to the committee's legacy report.

The Government has set a clear direction for reform in Scotland. Prevention is its cornerstone and we are making substantial progress. For example, we have seen real successes in tackling the burdens of preventable disease through improved treatment and progress in helping Scots to make better choices to support their own health. The significant changes that we have made to national structures, systems and frameworks have created the right conditions for change.

An important early achievement was the move to single police and fire services. Recorded crime in Scotland is down 5 per cent in 2014-15, to its lowest level in 41 years. The new model for community justice will further strengthen the role of community planning partners in crime prevention and community justice services. In relation to the Scottish Fire and Rescue Service, in 2014-15, the number of dwelling fires was approximately a fifth of what it was 10 years ago. The SFRS has significantly transformed its operation to support home visits to enhance levels of fire safety in the home.

In the most ambitious reform of health and social care services in Scotland since the creation of the national health service in 1948, we have brought about a fundamental realignment of resources that will build the capacity of community-based services. That will mean that fewer people will need to go to hospital and will also ensure that where hospital care is necessary, people will return home sooner. In Glasgow city, there has been a 75 per cent reduction in bed days lost to delays for people over 65 since December last year. The King's Fund noted last year that

"Scotland has made most progress on integrating health and social care in the UK".

Community planning continues to be the driving force for reform at the local level. The Community Empowerment (Scotland) Act 2015 gives a new impetus to community planning, placing specific duties on public bodies to improve local outcomes and tackle inequalities within local communities.

The early years change fund returns tell us that every CPP has embraced the early years collaborative programme, which provides a method for delivering change in the way that people think and work to prioritise prevention more effectively.

We have invested significantly in the public-social partnership model of co-planning, which involves the third sector working alongside a public sector body. The Low Moss prisoner support pathway has resulted in a step change in reducing reoffending, both in the prison and in the community. An evaluation of the Low Moss public-social partnership is being published today. The independent evaluation of the reducing reoffending change fund public-social partnerships was published in February and provides a positive assessment of the ability of such services to address the needs of offenders.

Our investment is designed to support both long-term change in the delivery of public services by investment in infrastructure and the delivery of effective community services that can meet the needs of individuals within our society. The Government believes that it is making progress on that long-term agenda and remains committed to the journey in the period ahead.

The Convener: Much of what you have said would be supported by some of the people who spoke in our round-table session. For example, the RCN said:

"Progress is being made by many organisations on the ground in terms of the way in which they are looking at work and prevention."

The police talked about a lot of the work that you touched on. That is very positive.

However, the comment was made that we are about 60 per cent of the way towards prevention, so there is still some way to go. I am not sure how that is measured; I do not know whether you want to comment on that.

In some areas, there are continuing concerns. For example, the silo mentality still seems to be extant in our public services. Apex Scotland commented that, in terms of prevention, the result of

"channelling most if not all funding out through local authorities is that there is intense pressure on those same authorities to retain as much as possible of the available funds to the detriment of successful or innovative partnering with the third sector."

For example, we have heard how lunch clubs run by volunteers take pressure off local authorities and the health service. Such services reduce loneliness and isolation among elderly people and prevent them from falling back on those expensive public services.

What further progress does the Scottish Government plan to make to try to ensure that the third sector is not squeezed out of the preventative spend agenda?

11:15

John Swinney: That is a very important question. I want to avoid a situation in which the third sector feels squeezed out of the solutions, because the third sector is central to the services. However, finding the right models that will enable us to ensure that that does not happen is challenging.

The Christie commission's thinking anchors the agenda that the Government is taking forward on public service reform, and the Christie report has an emphasis on place. That is about drawing together all the public service organisations in a locality and focusing on the needs of that locality. In my experience, that is a successful way of operating. However, by its nature, that requires us to channel resources through local authorities, which are the key players in all localities, to ensure that services are funded in a fashion that meets the needs and circumstances of people in that locality. The services that communities need in the parts of Ayrshire that you represent, convener, will be very different from the services that communities require in the areas that I represent in Perthshire, although there will of course be similarities. We have taken the approach of trying to channel resources to the local level and then enabling local decision making about how those resources should be deployed.

I acknowledge that that sometimes causes concern in the third sector community, which would rather that we contracted directly with third

sector organisations. On balance, I think that the Government would find that pretty difficult to do, because we would be in danger of trespassing on the good and connected work at the local level that is already under way. The requirement for us is to perhaps reinforce some of the dialogue with local authorities about how we can work together to ensure that third sector organisations can be influential in the way in which the agenda is taken forward at the local level.

The Convener: We all recognise that locality is very important. One of the things that the RCN witness said in the previous evidence session was that there does not seem to be a clear view of what locality is. For example, it is sometimes based on council wards, as happens in my area; in other areas, it is based on the extent of GP practices or other ideas. There seems to be a blurring of what locality is and therefore what it can deliver.

John Swinney: There will always be choices about what is the correct level. Of course, in certain circumstances, locality comes right down to streets and individual settlements where people can find solutions to the challenges that they face. The priority is to leave the decision making to localities to design the solutions that meet their requirements. However, we have to insist—and I am interested in the committee's thoughts on how we might intensify this process—that all localities contribute to the agenda in the fashion that I have set out and that we do not have a sort of swallowing up of responsibilities and activities into local authorities at the expense of local discretion and decision making in individual communities.

The Convener: You said in your response to our report on the 2015-16 draft budget that, although there is some evidence of change at a local level,

“we need to see this replicated more quickly and at a greater scale.”

You suggested that

“A culture change is necessary”

and

“will only be achieved through greater levels of integration between public service partners.”

You also said that the pace of the progress that is being made by community planning partnerships “needs to increase markedly”.

Is a single, joined-up, coherent framework actually being developed? Has there been any big shift in the last year on that?

John Swinney: To go back to your first question, we are on a journey, and I am not going to sit in front of the committee and say that the journey is over. It is not; we are still on a journey,

but we are making more progress on that journey. With all three areas that you talked about—culture change, the increasing role of community planning partnerships and the pace of change—I think that we are in a stronger position than we were when I responded to the committee last year.

However, I do not for a moment believe that it is a case of “job completed”. We still need to encourage the change of culture and attitudes in order to break down boundaries between public services. We need to encourage more integration and cohesion among CPPs and we need to continue to increase the tempo of change within our public services.

The Convener: To inspire confidence that that is taking place, are there any examples of short-term preventative initiatives that you believe could be taken forward over the next few months, just to let people know that the Government drive in that area is continuing?

John Swinney: The key drive in the next few weeks will be right across the country, with the integration of health and social care on 1 April. That must be a service change that is visible and discernible to members of the public in a short space of time. Fundamentally, in public policy we can spend an infinite amount of time wrestling with structures and processes; what is at the heart of integrating health and social care are the individuals who require those services.

The integration of health and social care is a person-centred process where we design services in a way that meets the needs of an individual, rather than configuring the propositions and offerings of two significant bureaucracies—the health service and the local authority—to perhaps meet the needs of that individual.

Health and social care integration allows us to turn the telescope around and look at the issue from the perspective of the member of the public who needs to experience integrated services to support their requirements. That is at the heart of our agenda.

The Convener: I welcome the fact that progress has been made, but does it go far enough? For example, in Ayrshire, we have three local authorities that have had to set up three integration joint boards, each of which has to work separately with a health board in trying to deliver a structure that one would have thought could be delivered much more seamlessly across Ayrshire under a different set-up.

We also discussed how the planning system and the regulatory framework could be improved to help deliver on the preventative spend. The IJBs seem almost a clumsy response. They require not only joint working between the health board and the local authority but a willingness for

both to collaborate and co-operate, and there is an issue about personalities in some of those situations, as you can imagine.

John Swinney: There will always be issues with personalities. If we could remove that element from the challenges that we face, life would be much more straightforward. Of course, that is not a reflection of the dynamics of the organisation of which we are both members, convener.

My view of health and social care integration is that it is not about joint working; it is about changing the way we work. That is why I made my point that the service that a member of the public experiences has to be different. To be blunt, members of the public are often passed from pillar to post in health and social care services. That has to stop with the integration of health and social care. When a member of the public interacts with health and social care services, they must experience a joined-up, collaborative proposition. That is the key requirement of health and social care integration.

The Convener: Is prevention considered to be a core aspect of delivery, or do many public sector organisations still consider it to be an add-on? Prevention might be something that they wish to do, but it is not at the centre of what they are trying to deliver. Is cultural change needed? That is what I am trying to get at here.

John Swinney: It is. I happened to be involved recently in a situation in my constituency that involved a fairly intense level of GP care for an elderly individual. I was overwhelmed by what I experienced and by the level of preventative planning that the GP did. The objective of that planning was to avoid my elderly constituent having to go to an acute hospital because, in the GP's judgment, a better outcome could be created. I was enormously impressed how that was undertaken. It would have been easiest for the GP to have called an ambulance to take my constituent to Perth royal infirmary. However, the GP's judgment was that my constituent's needs would be better supported in a different, pre-planned, preventative way. That was undoubtedly the right judgment to make.

The Convener: Of course, the question then is how widespread that approach is.

John Swinney: I detect in the system a much greater propensity to undertake such activity. That was just one snapshot; there will be other examples. In my opening remarks, I gave the example of the Scottish Fire and Rescue Service. It is one of the leading examples of an organisation that has reconfigured its purpose. Fire engines still go out to put out fires—of course they do—but the overwhelming majority of the Fire and Rescue Service's activities are about fire

prevention. The way in which the chief fire officer and his staff around the country have exercised that responsibility is of tremendous credit to them.

When I go around my constituency to gala days, community events and so on, the Fire and Rescue Service is there, patiently and quietly punting the message about fire safety to vulnerable members of the community. That a service that perhaps five or 10 years ago was predominantly reactive is now predominantly preventative is a tremendous testament to the Fire and Rescue Service. There are numerous examples of how that approach has been taken forward across the country.

The Convener: Given the earlier evidence that we received, I would certainly agree with that.

Apex Scotland made an interesting point about the criminal justice system—you touched on it when you mentioned that crime is at a 41-year low. It said that the focus is on reducing reoffending; it is not on reducing offending in the first place. That was not contradicted by a chief superintendent who was at the same session.

There is an issue about how we ensure that the correct measures of prevention are being used.

John Swinney: That is right. The example of the shift of emphasis towards reducing reoffending is very encouraging, but Apex Scotland gives us a salutary reminder that a priority of ours must be to reduce offending in the first place. That will not be progressed just by the criminal justice system. It is more likely to be taken forward through the strength and quality of our education system in nurturing and supporting young people so that they avoid going down the offending route. It will depend heavily on effective parenting to encourage young people to take the correct path in life and on the proactive intervention of a variety of third sector organisations.

For example, I encountered one young man who had set up his own business. He freely told me that he had been heading towards a very troubled life when he was referred by a social worker to the Prince's Trust, where he was introduced to the trust's business development service. He was—shall we say—a pretty creative individual, so he might have prospered in a life of crime, but he decided to prosper in a life of business. He made a connection with a retired army officer who was working with the Prince's Trust. The difference between those two people's backgrounds was colossal but, during my conversation with them, I saw that there was a respect between them. The young man freely volunteered that, if he had not encountered the retired army officer, who had taken him seriously, he probably would have ended up in a total mess. That is an example of a third sector organisation that is focused on delivering better outcomes for

young people and directing them away from offending. That young man could see quite clearly that he was heading towards offending.

I cite that example to show that there is not one organisation that will be the custodian of efforts to prevent young people from becoming involved in offending.

With regard to older age groups—

11:30

The Convener: Why were you looking at Brian Logan as you said that?

John Swinney: That was inadvertent.

There will also be a requirement to encourage older people to change their lifestyles to avoid getting into offending, and other interventions will be required to take that forward.

I cite those examples to demonstrate that there must be a whole-system solution. We cannot rely simply on organisation X to prevent people from getting involved in offending; a range of organisations must play their part.

The Convener: My final question is on disinvestment—you might want to call it reinvestment. What evidence is there that that is taking place on any scale?

John Swinney: The concept of disinvestment is quite difficult for us to tabulate. I accept that public money is spent in a different way today from how it was spent five or 10 years ago. Do we call that disinvestment? Perhaps we should, in order to give it a harder edge. However, as a consequence of reform, money is undoubtedly being spent in a different way. I make no apologies for that; I think that it is a good thing. Under health and social care integration, money will have to be spent in a different way from how it is being spent at the moment, because we must get reform out of this process of change.

John Mason: Earlier, we had a good session with a number of witnesses, including Colin Mair from the Improvement Service. He challenged even the questions that we were asking and raised the point that you cannot say that a particular pound is a preventative pound, because that is hard to measure. He noted that, even if prevention is succeeding, you will not necessarily see a figure move from one part of the budget to another part of the budget. My problem with that is, in that case, how do we measure it? How can we tell, at our level, whether more prevention is happening? If it is all about attitude, how do we measure that?

John Swinney: I do not think that it is all about attitude. We should have measures of performance that enable us to test whether we are delivering a more preventative range of public

services. I agree with Mr Mair that it is impossible to go through the budget and say, “That is a pound for prevention and that is a pound for a reaction.” These things will need to be measured over time, and we will be able to see whether we are reducing reoffending through our policies. The answer to the question of whether that is happening will be yes or no, because that is measurable. That is the purpose of the Scotland Performs website.

Will we be reducing unscheduled emergency admissions to hospital, given the change in the dynamics of our population? As our population ages, the risk of unscheduled emergency admission grows higher. Again, those things are measurable. I think that we should have a pretty hard look at Scotland Performs. The Government launched the website back in 2007 and we have adapted and revised it on a couple of occasions. I am open to it being challenged in order to create a framework that will enable us to see whether we are making progress on those big questions. In my view, that is what it is there to do. If it does not give us the right information to do that, let us reconfigure it.

If, for example, we have an indicator that says that we want to increase the proportion of young people who are going to positive destinations out of education, I take that as a proxy for good outcomes for young people, so we should be quite comfortable with that. If we were looking at offending and we saw the indicator rising, that would be a bad outcome, so we would need to look at our policy mix to see what we could do differently to get that indicator to go the other way.

It is through that performance framework that we undertake this work. I have engaged with Parliament across the political spectrum on the effectiveness of Scotland Performs, and I am completely open to hearing whether it actually supports what we would like it to do.

John Mason: My feeling is that people are comfortable with the concept of Scotland Performs and the bigger aim or outcome. Colin Mair was certainly arguing for talking about outcomes, maybe even more than prevention.

However, the RCN raised questions about the targets in the NHS and whether they were really helping with prevention. There can be a focus on what can be easily measured, such as A and E waiting times, and it may not be as easy to measure, for example, the quality of mental healthcare provision in the community.

John Swinney: That is a pretty fair point. I have listened to a lot of commentary from professionals across a number of different sectors who say that the targets that we follow are not particularly conducive to measuring whether we are making

progress on the improvement of outcomes. Again, we should be open to considering that.

There will, of course, be a desire within political debate to have some hard measures. When Mr Mason and I are sitting in the parliamentary chamber at question time on a Thursday, the Government's performance against some of those measures is sometimes the subject of debate—heaven forbid.

John Mason: Absolutely. The third sector has been mentioned, and I want to go back to it. Alan Staff of Apex Scotland, who was here in the earlier session, argued quite strongly that the third sector is better than the public sector at preventative work—mobilising volunteers and that kind of thing. Do you agree with that, or is that going too far?

John Swinney: I think that the third sector is very, very good at contributing to prevention. I do not think that it should be the exclusive player delivering prevention; the public sector must deliver preventative services into the bargain. The third sector has a tremendous track record in delivering preventative interventions that it can be very proud of, but prevention is not something that we should just leave to the third sector. I would be completely against that, because prevention is a concept that needs to be owned and advanced by everyone, in the public, private and third sectors.

John Mason: The police came up with the idea of a national Christie champion. Christie is obviously wider than just prevention, but prevention is central to it. Having a champion would mean that somebody would be up there all the time challenging us all about this. Do you think that that is a useful concept?

John Swinney: There is merit in that idea. Government needs to look at how we advance that agenda. Some of these points go back to my discussion with the convener about the progress that we are making on the journey. Ministers evangelise about these points regularly. We are constantly pushing and pushing and pushing. Colin Mair is a good example of somebody who pushes and pushes on those questions, and there are many others who do likewise.

I suppose that, if I had to make a choice between having a Christie champion or having a public sector that was motivated by delivering Christie, I would choose the public sector motivated by delivering Christie.

John Mason: Thank you very much.

Jean Urquhart: The submission from the Scottish community justice authorities cited John Carnochan as having made a case to you in, I guess, the previous parliamentary session

“for the Scottish Government to invest in 1000 new health visitors rather than 1000 new police officers”.

We now have 500 new health visitors. Was he right?

John Swinney: I generally think that Mr Carnochan is broadly correct on most things, to be honest. I suppose that I had better go and look at his Twitter feed to see whether I agree with everything that he has ever said but, generally, he has been a fabulous advocate of preventative intervention. He has been more than an advocate: Mr Carnochan can be justifiably proud of his record on violence reduction, which has been one of the most significant developments in our society in many years. The argument that he advances is about taking steps to ensure that everyone gets off on the right footing in life. That is the simple concept that lies behind his thinking and, in that respect, he is absolutely right.

Jean Urquhart: Good. One statement that has stayed in my mind from the earlier discussion was from Aileen Bryson of the Royal Pharmaceutical Society, who said that we use only 50 per cent of prescribed medicines and that that expenditure is second only to salaries—I am sure that she said that, although I might have to look in the *Official Report*. I do not know off the top of my head what the national health service salary bill is—I am sure that you do—but it is a lot.

John Swinney: The pharmaceutical bill is a big one.

Jean Urquhart: Perhaps that is what she meant. I did not have time to ask. We hear people talking every day about the fact that they got a prescription with 40 pills but they could not take them after the third one, they had to take them back, they were on a trial or they did not use them. Are we interested in that? Some of the Opposition parties and others are calling for the reintroduction of prescription charges for people who can afford them in the belief that that would contribute to public services. The matter seems to be worth investigating.

John Swinney: We are very much interested in prescribing practice and its implications for the pharmaceutical bill in the national health service. The Cabinet Secretary for Health, Wellbeing and Sport and I work closely with the chief pharmaceutical officer to ensure that health boards manage prescribing practice carefully.

A prescription must be issued by a qualified practitioner. For that to happen, a judgment must be made that the prescription is necessary. I am not a qualified medical practitioner and cannot second-guess what a practitioner decides that an individual member of the public requires. That should be their consideration. Prescriptions should not be, and will not be, issued unless individuals require them.

That takes us on to a point about general health and wellbeing. If I look after my health better than I looked after it before, I will be less likely to require a prescription. Therefore, it is not all about GPs and clinicians getting their prescribing practices correct; it is about every citizen thinking that they should look after themselves a bit better, keep healthier and, as a consequence of that, make their own quiet contribution to not requiring many prescriptions. Our wider preventative agenda must be to encourage citizens to take a greater interest in their health and wellbeing.

11:45

There have been some pretty bold health improvement messages. The ban on smoking in public places that was introduced by the previous Government and supported by this Government—the concept of which was advanced by the convener of this committee many years ago, in his youth—has made a discernible difference in a short space of time to the health and wellbeing of new-born babies in our country and the effect of that public policy reform is absolutely measurable and tangible.

General health and wellbeing reforms can contribute significantly to a reduction in the need to issue prescriptions. For every case in which a baby is not born with asthmatic difficulties because the mother did not spend time in a smoke-filled environment when the baby was nurtured in the womb, we will be the beneficiaries of that as a society for many years thereafter. The health improvement amongst the new-born baby population in Scotland since the ban on smoking in public places is one of the pieces of evidence of great success in public policy.

Jean Urquhart: I quite agree that getting everyone to take fewer prescribed drugs is desirable but, at the same time, do you agree that there are questions to be raised about pharmaceutical companies, how we buy drugs, the cost of drugs and the potential for saving on the drugs industry?

There may be an opportunity in some cases to expose some practices, but certainly the statistic that 50 per cent of medicines are not being used is worthy of doing more than encouraging people not to go to the doctor.

John Swinney: I return to my core point about prescribing. Medical practitioners are under an obligation, whatever a pharmaceutical company does, and if the pharmaceutical companies did not do what they do, we would not have drugs that were saving people's lives today. That is an important point. It is then up to medical practitioners to prescribe appropriately and be

mindful of the resources that are involved in their prescribing practices.

I looked at some data on the performance of individuals taking medication to deal with COPD, and the relationship between that and unscheduled hospital admissions. Essentially, there was a direct correlation between poor performance in taking drugs to deal with COPD and unscheduled hospital admissions; the moral of the story is that if people had taken their drugs as they were told to on the packet, they would not have ended up in hospital.

I return to my general point. If a doctor goes to the trouble of saying to me, "Here you are, Mr Swinney, take these tablets and do this and do that," and I am interested in my health and wellbeing, I feel obliged to take seriously what my GP has said to me.

Jean Urquhart: Thank you.

One of the other issues that arose was the potential for much longer-term planning, whereby we would have a joint vision for Scotland and would spread that political message, highlighting how we wanted people to work together to prevent all kinds of things, including loneliness. We want communities to work well and people to care for one another; we want people not to take medication unnecessarily; and we want people to be healthy. We want all the agencies to sign up to that longer-term planning and to work in that way.

It seems that there is the potential to do that. Other agencies have plans to eradicate breast cancer by 2030 and plans to do other things. That longer-term planning should not be stopped by the end of a political parliamentary session, should it?

John Swinney: It should not be, and I do not think that it is.

When we formed the Government in 2007, we continued broadly in the direction of travel that had been established by the previous Government over an eight-year period, although I would like to think that we have intensified it and focused it. We have made different policy choices on the issues that matter to us politically and for which we had a mandate, but the core message and approach of trying to improve the quality of life of people in Scotland has continued.

I will give you an example. In the early part of this century, the previous Government spent a large amount of time trying to tackle the three big killers in Scotland through the health service. When we came to office in 2007, we did not say that that work was coming to an end; we carried it on. Why? Because it was the right thing to do. However, we have been able to broaden out our work to wider topics and challenges because such an impact has been made on the three big killers

in Scotland and such an improvement has been made in the outcomes for individuals. I have mentioned the ban on smoking in public places, which we were enthusiastic supporters of when we were in opposition. We were right behind the establishment of that, and our approach on alcohol consumption is an extension of the general approach that we inherited from the previous Government.

Of course there have been different policies—we believe in different things and the issues that we focus on are different from those that the previous Government focused on. However, although we would not normally admit it at 12 o'clock on a Thursday in the chamber, there is generally scope for agreement on a lot of other things as being the right things to do to improve the health and wellbeing of people in Scotland.

Jean Urquhart: Thank you.

Mark McDonald: A number of the points that I was going to raise have come up already.

Do you feel that the change funds have been used appropriately across Scotland by local authorities? I have heard evidence of very good use of change fund moneys delivering new ways of working that have since been mainstreamed. However, in other areas, the change fund money was used, in effect, to fund short-term projects that have now been shelved even though it could be demonstrated that they were delivering good outcomes for the individuals who used them. Has there been a mixed approach to the use of the change funds?

John Swinney: Generally, the change funds have generated good new and reformed practice in the delivery of public services. Nevertheless, I have two regrets about them. First, I am sure that there will be examples of where the money could have been spent more effectively—it would be naive not to believe that.

Secondly, in establishing change funds worth about £500 million over a three-year period, we were at risk of giving the impression that they were the pockets of money to drive the change, not the £60 billion of health and local government funding that was being spent at the same time. I hope that I have made that point clearly.

The danger in setting up a change fund is that people will think that they are expected to spend the £500 million on change while they continue to spend the £60 billion in the way that they have always spent it on health and local government. That misses the point. The point is that they should be looking at the £60 billion and asking whether it is being spent in the right way to meet the Christie commission's aspirations of prevention, place, people and performance, or whether they need to spend it differently. That is a

lesson that I have learned from the process, and it is why we are now advocating much more strongly that people should use the money that is available through mainstream funding to meet the range of different challenges that we face as a society.

Mark McDonald: A number of local authorities have moved to a priority-based budgeting approach. We rolled it out in Aberdeen City Council when Sue Bruce was the chief executive, but a number of local authorities have not yet made that transition.

What can be done to move away from the old salami-slicing model that existed in local budget setting to a more priority-based approach, which would perhaps focus much more clearly on the areas that Christie raised?

John Swinney: I am a strong supporter and advocate of priority-based budgeting. If we have a clear policy framework and apply that to expenditure, whatever area of activity we are involved in, that will serve us well.

We face an issue about local government. Members might have noticed that I have come in for some criticism in recent weeks for insisting on certain things with local government. Generally, we leave it to local government to decide its priorities and way of working. I cannot dictate to local government and say, "You must do priority-based budgeting." I can encourage and motivate it to do that, but I cannot require it, because local authorities are self-governing institutions.

Mark McDonald: My final question fits in with Jean Urquhart's question about the short-term fix versus the long-term vision. I absolutely hear what you say about the things that the Government has continued from the previous Government, such as the 2020 vision for the NHS.

Earlier, we heard compelling evidence that there are a lot of short-term fixes that can be put in place that would meet the aspirations of prevention but, on the longer-term vision, with some areas, if we put in funding now in order to get a focus on prevention and the longer-term approach, we might not see the benefit of that for five to 10 years. How do we ensure that we keep a consensual approach and that people do not break off and say, "Service X is going to be removed," when in fact the reason why it is being removed is that it does not fit the criterion of delivering prevention, and we are creating service Y somewhere else that meets that criterion?

John Swinney: The measure of that has to be the strength of the argument and justification for the priorities that we are trying to effect. It comes down to how effectively that argument can be marshalled and put together—that is the key challenge. It is also about how much effort is put into creating unity of purpose on those questions.

That is crucial. If we are unable to create unity of purpose, we will be at risk of short-term changes of direction, which will be detrimental and which we have to avoid at all costs.

Lesley Brennan: Colin Mair from the Improvement Service noted the importance of long-term budgeting to reduce future budget pressures, and Professor Nick Watson from—where is he from?

Members: What works Scotland.

Lesley Brennan: He mentioned the need for sound and robust economic modelling. What is the Scottish Government doing on that front, with respect to future investment and disinvestment?

John Swinney: First, we are giving the policy leadership on the issue, which is what the Christie commission was all about and what it produced. Our response to the Christie commission, through the pillars of developing people, concentrating on place, improving performance and moving to prevention, is the policy framework within which we operate.

Secondly, the emphasis on locality planning through community planning partnerships has been crucial in creating the expectation that public bodies must work at local level to agree shared priorities.

Thirdly, there is the allocation of resources in a fashion that encourages and motivates changes in performance, whether that is the change fund or the integration money for health and social care.

Finally, we are establishing organisations such as what works Scotland, so that we can share best practice and what is achieved in one part of the country with other parts of the country. That is at the helm of what Professor Watson takes forward. That work is in a space that is independent of Government, but it is designed to drive the agenda.

12:00

Lesley Brennan: I refer you to RCN Scotland's submission. In the section entitled "Central government", it says:

"The way in which the current Scottish budget is split, scrutinised and allocated by portfolio does not allow for easy conversations about the consequences of, for example, increased or reduced investment in housing or social care on health spending or outcomes."

John Swinney: From my nine years of experience in this role, I know that there is no easy way to present a budget that suits everybody. Therefore, the way in which I present the budget is largely driven to suit the Finance Committee—whether I manage to do that is open to debate—by trying to show some comparability on expenditure.

There is a serious point underpinning Lesley Brennan's question. We are obliged to set out the numbers somehow. We cannot just say, "The budget is £30 billion," and leave it at that. We have to disaggregate that. The serious question is whether defining our budget by portfolio is an impediment to good joint working, whereby we can see that—for example—if we invest sensibly in housing, the better-quality housing that is created is likely to create a better environment for people to live in. In turn, that will reduce their health issues because they are not living in housing that is inappropriate for their needs. In addition, because they have a house and an address, they have a greater chance of being employed and they can therefore make an economic contribution to society.

I recognise and acknowledge all those policy interconnections. I would be the first to accept that no challenge in our society is ever sorted in one neat little compartment—it is very unlikely that that will be the case. That has to be a product of integrated thinking, management, planning and design. Ministers provide a strategic direction to the budget proposition in an effort to reach those objectives. We use the devices that I talked about earlier—the emphasis on the findings of the Christie commission; community planning; and the breaking down of compartmentalisation and silo behaviour in the public sector—to avoid the situation that Lesley Brennan quite fairly put to me arising.

That situation could arise if policy is not connected. I would like to think that, if Parliament thought that the Government's actions in one area of policy were contradictory to its actions in another area, it would point that out to the Government. Indeed, some colleagues do that; Patrick Harvie's name springs to mind in relation to policy choices that we have made, invariably on transport and connectivity.

I would not ascribe all the difficulties to the way in which we define the budget. I think that they are more to do with the point that the convener raised with me at the outset, which is whether we have a sufficiently broad culture to see that, for example, what goes on in early learning and childcare in Scotland might make a contribution to avoiding a young person being incarcerated when they are 18.

Lesley Brennan: I accept that. One of the difficulties is in getting the joint working that is necessary. Putting a local councillor hat on, an adaptation to an older person's house to avoid a fall may cost a local authority £1,000, but if the benefit of that adaptation is not taken up and that person falls, the cost is on the NHS.

John Swinney: That is probably one of the best examples. To put a handrail on an old-age

pensioner's bathroom wall might cost 60 quid, but if that person falls getting into or out of the bath, I might as well write a blank cheque, because the ambulance will have to come; the old-age pensioner will suffer enormous distress; their health condition will be worse because they have had not just a fall but the shock of a fall; and A and E will have to deal with that when it will already be dealing with 101 other things. The list goes on.

That is where the salami-slicing difficulty can arise, of course. A public authority may think that it will trim provision a little bit. That may involve only a small amount of money, but the implications of that can be quite significant for other areas of the public purse.

Mark McDonald: May I ask a follow-up question, convener?

The Convener: I do not see why not.

Mark McDonald: Lesley Brennan has made a strong point. Is there also a difficulty if the local authority is not seen to be capturing the benefit of the expenditure? In that case, the benefit would be a reduction at the NHS end. Because the whole picture is not necessarily looked at, as people look purely at their own circumstances, there is a risk that budget decisions will be made in such a way that the benefit is not felt overall.

John Swinney: That is why it is necessary to ensure that we embed the culture of prevention. A local authority saying that it will just not do adaptations in houses any more is incompatible with a culture of prevention, because we know what will happen. It is as sure as night follows day that people will fall. That goes back to the point that the convener raised with me at the outset about the culture of prevention.

Lesley Brennan: Elaine Wilson of Lloyds TSB Foundation for Scotland said that we need to recognise that small projects such as breakfast clubs are the first to be cut by local authorities when they feel under pressure. Everybody recognises the work that third sector organisations do. Alan Staff from Apex Scotland said that they are good at mobilising local communities, including volunteers.

However, we need to be cognisant of things that are not statutory responsibilities, given the pressures that local authorities are under. I am sure that there is pressure across the board for all authorities. In Dundee a couple of years ago, there was a 5 per cent cut, and there has been at least a real-terms cut in every other budget, which is what happens if there is a stand-still budget. If the third sector is very good at prevention and we recognise that it is under extreme budget pressures, how do we support it?

John Swinney: We have to embrace reform. One of the central messages of my budget statement in December was that, in a challenging financial climate, we have to do that.

On different scenarios in different parts of the country, various different proposals have been put out there in the local authority budget round that people have found wholly unacceptable, and local authorities have not taken them forward, despite the financial pressures. That was done because there is a recognition that things have to be delivered differently. We need public authorities to think about reform and delivering public services in a way that is different from how they have delivered them in the past.

Lesley Brennan: I suppose that it is a question of embracing reform, but the NHS, for example, delivers a service to people who already have health needs—they may have cardiovascular disease or diabetes now—and we are seeking investment to reduce health needs in the future. What would you advise for organisations that have to commit to double spending to meet needs now and to plan for the future?

John Swinney: That is part of a wider policy argument. I go back to the issues that I discussed with Jean Urquhart. We are taking steps now to encourage individuals to take greater ownership of their own health and wellbeing. If that is done, that will reduce the number of people who require medical treatment and present themselves to GPs, and that will reduce demand throughout the system, as those issues will not percolate their way right through it. As those messages gain greater ground, we can see the benefits of that flowing through the system.

I do not accept the argument that people have to run double services. People have to ensure that they operate within the approach that I have set out in a fashion that reduces demand on services and enables us to act in a different way to meet the expectations of members of the public.

The Convener: That concludes the questioning from the committee. Are there any further points that you wish to make?

John Swinney: I have nothing else to add, convener.

The Convener: Thank you very much. We will have a two-minute suspension while the witnesses change over.

12:10

Meeting suspended.

12:13

On resuming—

Subordinate Legislation

Budget (Scotland) Act 2015 Amendment Regulations 2016 [Draft]

The Convener: Our next item of business is to take evidence from the Deputy First Minister on the draft Budget (Scotland) Act 2015 Amendment Regulations 2016. Mr Swinney is joined for this item by Scott Mackay from the Scottish Government. I welcome the witnesses to the meeting and invite Mr Swinney to make an opening statement.

John Swinney: Thank you, convener. The spring budget revision provides the final opportunity to formally amend the Scottish budget for 2015-16. This year's spring budget revision deals with four types of amendment to the budget. First, there are a few funding changes. Secondly, there are a number of technical adjustments, which have no impact on spending power. Thirdly, there are a small number of Whitehall transfers. Finally, there are some budget-neutral transfers of resources between portfolio budgets, including a modest budget redirection to ensure that we maximise our available budget.

The net impact of all those changes is a decrease of £2 million in the approved budget, from £37,409.6 million to £37,407.6 million. Table 1.1 on page 5 of the supporting document shows the approved budgets following the autumn budget revision and the changes sought in the spring budget revision. The supporting document to the spring budget revision and the brief guide that my officials have prepared provide the background to the net changes.

The first set of changes comprises mainly two deployments of Barnett consequentials—to health, as per the Scottish Government's commitment to pass on any Barnett consequentials received in respect of changes to the Department of Health's budget, and to local government following the widespread damage and flooding caused by the storms in December and January. In total, those changes increase the budget by £42.2 million.

The second set of changes comprises a number of technical adjustments to the budget. They are mainly non-cash and therefore budget neutral as they cannot be redeployed to support discretionary spend elsewhere. They have a net negative impact of £115.3 million on the overall aggregate position. It is necessary to reflect those adjustments to ensure that the budget is consistent with the accounting requirements and with the final outturn that will be reported in our annual accounts.

The third change is a reduction of £138.6 million that is required for the NHS and teachers pension schemes. That reflects updated estimates from Her Majesty's Treasury based on the most recently available factors and scheme information. Again, the change is a technical adjustment to the budget and the required reduction in funding cannot be used to support discretionary spending elsewhere.

The Scottish budget aligns with the accounting requirements under the Government's financial reporting manual. Accordingly, budget provision is included within the Scottish budget for the financial year to reflect the recognition of relevant health and transport assets in revenue finance infrastructure schemes, in accordance with the accounting requirements. The adjustment to the budget at the spring budget revision is £110.1 million. Other technical adjustments include an increased annually managed expenditure budget to cover provisions; impairments and fair value adjustments; and other non-cash adjustments to the portfolio budgets.

With regard to Whitehall transfers and allocations from the Treasury, there is a net positive impact on the budget of £70.7 million. That includes additional funding of £60 million to meet the costs arising in relation to police and fire pension schemes as a result of the final judgment in the case of *Milne v the Government Actuary's Department*.

The final part of the budget revision concerns the transfer of funds within and between portfolios to better align the budgets with profiled spend. As part of the revision process, there are a number of transfers between portfolios that have no impact on overall spending power. The main transfers between portfolios are noted in the SBR supporting document and the guide to the SBR. In line with previous years, there are a number of internal portfolio transfers that have no effect on portfolio totals but ensure that internal budgets are monitored and managed effectively.

As I have mentioned previously, the committee will wish to note that, as part of our robust budget management process and in line with good practice, we have taken the opportunity in the spring budget revision to deploy emerging underspends to ensure that we maximise public expenditure in 2015-16, in particular to support capital investment where possible.

The spring budget revision also reflects the proposed transfer of budget from resource to capital in respect of the Scottish budget, noting that the Scottish budget records capital that scores in the Scottish Government's consolidated accounts or the accounts of our directly funded bodies. In the context of the Treasury budget, the planned resource to capital transfer is £15.3

million. That switching is managed within the total departmental expenditure limits that are available to the Scottish Government and takes into account the latest profile of the Government's overall capital programme.

As we approach the financial year end, we will continue to monitor forecast outturn against budget in line with our normal practice and, wherever possible, we will seek to utilise any emerging underspends to ensure that we make optimum use of the resources that are available in 2015-16, and to proactively manage the flexibility that is provided under the budget exchange mechanism that has been agreed between the Treasury and the devolved Administrations.

I confirm that, in line with previous years, I intend to make a statement to Parliament on the provisional outturn in respect of both our Scottish Parliament budget and the HM Treasury budget. The document "A Brief Guide to the 2014-15 Spring Budget Revision", which has been prepared by my officials, sets out the background to and details of the main changes that are proposed. I hope that members have found it helpful.

The Convener: Thank you for that brief introduction. As always, there will be a few opening questions from me, and then we will move to questions from colleagues round the table.

My first question is about the carry-over in 2015-16. It was previously indicated that £150 million of 2014-15 carry-forward was to be used as contingency to address the potential need to reclassify non-profit-distributing projects as public sector. Was that required, and have the resources that are available in 2015-16 been affected as a result?

John Swinney: The provision was required to deal with the issues arising from the reclassification issue. We have managed that and deployed that money. Budgets in 2015-16 have not been affected adversely as a consequence.

The Convener: Table 1.7 on page 10 of the spring budget revision document provides a complete picture of capital spending, but the table does not allow us to establish a picture of resource to capital transfer by portfolio. Which resource budgets have been reduced to accommodate capital increases? What changes have taken place since the draft budget 2015-16 was set out?

John Swinney: Resource to capital transfers take place within portfolios as they attempt to most effectively use the spend that is allocated to them to meet their resource and capital priorities and requirements. Essentially, I monitor and manage that to ensure that the process is undertaken effectively by portfolios.

The Convener: Last year's brief guide to the spring budget revision contained further details on the emerging underspends, but no such details are provided in this year's brief guide. Why is that?

John Swinney: We have taken steps to reallocate money in situations in which we see emerging underspends within the changes that are visible in the spring budget revision document. We remain in quite a fluid situation for the remainder of the financial year, so that position is likely to change between now and the end of the month. I will be actively managing that in order to maximise the utilisation of resources for current and future priorities.

The Convener: How is that different from the previous year, when the details were included?

John Swinney: The details will be shown in the further documentation that is available as part of the spring budget revision documents.

Scott Mackay (Scottish Government): I would just add that we do not have the same level of emerging understand that we had in previous years.

The Convener: What level are we talking about?

Scott Mackay: Currently, we are forecasting only a small underspend at the end of the year.

The Convener: I know, but what does "small" mean?

John Swinney: That is something that we will keep under management. I am wrestling with a variety of issues that will have to be addressed between now and the end of the financial year.

I cannot imagine that, in previous years, we indicated the level of anticipated underspend at this stage. We can be clear with the committee about the parameters, but we will manage the situation carefully right up to the end of the financial year.

The Convener: We will get that in the June outturn figures.

John Swinney: Yes.

The Convener: There is a £30 million transfer from Whitehall to the Student Awards Agency for Scotland in respect of loans, but it appears not to be mentioned in the supporting document or on page 24 of the brief guide.

John Swinney: That is a non-cash budget that sits within annually managed expenditure. Essentially, what is required is for account to be taken of changes to the economic factors that underpin the assessment of student loans. Provision has to be made for proper accounting for those factors.

The Convener: I have a final question on the justice portfolio. The table on page 38 shows that £12.7 million is being released in emerging planned underspend from the Scottish Prison Service to support priorities. Can you tell us a wee bit about what those priorities are?

John Swinney: There will be a variety of issues that have to be addressed within the justice portfolio. Some of them might relate to issues around the provision of services, issues in connection with pension provision, the wider pressures that are experienced in the portfolio and so on. We have simply allocated resources to ensure that we can meet those requirements.

The Convener: Thank you for that. Do colleagues have any questions?

Lesley Brennan: In the health budget, there is a

“Re-phasing of budget for the National Sports Centre”

of £7.8 million in the operating budget, which has been taken from the sport budget. Why has that been moved from sport to health?

John Swinney: Essentially, the sport budget sits within the overall health and wellbeing portfolio budget. There was no requirement for that level of expenditure to be undertaken in 2015-16, but it will be required in 2016-17. We are simply making provision for that resource to be utilised in this financial year on other priorities. The commitment for the national sports centre will be put in place for 2016-17. It is just a timing issue.

Lesley Brennan: The centre’s budget now sits under health.

John Swinney: Yes, but only to provide a timing bridge for the resources to be used in 2016-17.

Lesley Brennan: Could it not just have stayed in the sport budget?

John Swinney: I try to minimise underspends in any given financial year where I can possibly do that. We are required by the agreements that we have in place with the Treasury to maintain our spending as close to required as possible, so we try to deploy our resources to avoid emerging underspends across portfolios.

Lesley Brennan: Under the education and lifelong learning heading, £3.8 million is transferred from health to the Scottish Further and Higher Education Funding Council in respect of nurse education. Intuitively, we would think that that money would sit within the funding council’s budget. Why was it originally included in the health budget?

John Swinney: A host of transfers have happened historically, and nurse education is a

good example. The money is provided for in the health budget and it is transferred into the lifelong learning budget in year.

It is a characteristic of budgets over time. Such things can always be changed—indeed, I change them from time to time. However, to go back to our conversation under the previous agenda item, I note that making changes can sometimes make it difficult for the Finance Committee to make like-for-like comparisons of budget developments. It has always been like that.

Lesley Brennan: Under the justice heading, we see the deployment of £2.6 million and £1.8 million underspends to support the costs of domestic abuse and mobile communications systems respectively. Is that £2.6 million for domestic abuse just for in-year resourcing?

John Swinney: Yes.

Lesley Brennan: Lastly, under the infrastructure, investment and cities heading, ferry services sees a reclassification from indirect to direct capital. Will you talk me through that?

John Swinney: That will relate to the treatment of the capital expenditure and whether it sits on the capital asset register of the Government or that of the subsidiary company, which is Caledonian Maritime Assets Ltd. I suspect that the reclassification is to do with new ferry purchasing. We will have made the purchase, but the capital asset will be sitting not on our asset register but on that of one of our subsidiaries. That relates to the accountancy rules that underpin the presentation of the budget.

Lesley Brennan: Thank you.

The Convener: As there are no further questions, is there anything else that you want to add, Deputy First Minister?

John Swinney: I have nothing to add.

The Convener: We have concluded our questions on the spring budget revision. We therefore move to item 4, which is the debate on motion S4M-15433.

Motion moved,

That the Finance Committee recommends that the Budget (Scotland) Act 2015 Amendment Regulations 2016 [draft] be approved.—[*John Swinney.*]

Motion agreed to.

The Convener: I suspend the meeting briefly to allow a changeover of officials.

12:30

Meeting suspended.

12:30

On resuming—

Scottish Landfill Tax (Qualifying Material) Order 2016 (SSI 2016/93)

Scottish Landfill Tax (Standard Rate and Lower Rate) Order 2016 (SSI 2016/94)

The Convener: Our next item of business is to take evidence from the Deputy First Minister on two more pieces of subordinate legislation, this time in relation to the Landfill Tax (Scotland) Act 2014. Mr Swinney is joined for this item by David Kerrouchi and John St Clair of the Scottish Government. I welcome our witnesses to the meeting and invite Mr Swinney to make an opening statement.

John Swinney: The Scottish Landfill Tax (Standard Rate and Lower Rate) Order 2016 specifies the standard rate and lower rate for Scottish landfill tax, as I set out in the draft budget. These proposed rates ensure that the tax burden increases in line with inflation and match the planned UK landfill tax rates for 2016-17, as provided in the Finance Act 2015.

In setting these rates, I am acting to avoid any potential for waste tourism through material differences between the tax rates north and south of the border, while providing appropriate financial incentives to support delivery of our ambitious waste targets, including our zero waste goal that no more than 5 per cent of total waste should go to landfill by 2025.

The Scottish Government forecasts that we will generate revenue of £133 million from Scottish landfill tax in 2016-17. That full-year forecast has again been endorsed as reasonable by the independent Scottish Fiscal Commission.

The Scottish Landfill Tax (Qualifying Material) Order 2016 sets out material that qualifies at the lower rate and the qualifying conditions that have to be met. The lower rate of tax recognises that there is a relatively low level of environmental impact associated with the landfilling of certain wastes that are less active or polluting in the environment. The order replicates the Scottish Landfill Tax (Qualifying Material) Order 2015 and adds a testing requirement for fine waste particles, often referred to as waste fines, to help ensure that the lower rate of Scottish landfill tax is applied consistently and equitably across industry.

The Scottish Government consulted on a testing regime at the end of last year, following calls from industry that the Scottish Government should consider such a measure. Feedback from the waste industry illustrated a feeling that the current system is open to interpretation, with the potential

that landfill operators, waste carriers and producers would seek to gain competitive advantage by interpreting the guidance in a liberal way. The inconsistent way in which landfill operators were applying the lower rate of tax was felt to be driving down prices at the expense of more advantageous treatment options further up the waste hierarchy.

The majority of respondents were of the view that the introduction of a statutory testing regime would help to provide certainty and create a level playing field, with the application of the lower tax rate on fine waste residues being placed on a more scientific footing. The establishment of a testing regime will help Scotland to continue to benefit from the important role that landfill tax has played in driving waste away from landfill and will create the stable policy landscape that is needed to underpin long-term investment decisions on infrastructure and collection systems.

The measures will also ensure that the main testing parameters will be broadly similar to those in the rest of the UK. It will be for Revenue Scotland to determine, in its guidance, the frequency of testing and sample-taking procedures required.

The test will not be the only determining factor. In accordance with Revenue Scotland guidance, visual inspections and waste acceptance criteria checks will also be required to ensure that the material that is being disposed of consists of qualifying material, as listed in the schedule to the order.

I recognise that the change in the order will require industry to procure relevant equipment or arrange for appropriate contracts to be put in place. I therefore propose that the order comes into effect on 1 October 2016, so that the waste and secondary resources sector can put the necessary arrangements in place for the testing of waste fines.

John Mason: On the rates that have been chosen, I take the point that we did not want waste tourism—that was discussed during the passage of the Landfill Tax (Scotland) Bill. Is it the intention that we will always match the UK rates?

John Swinney: What has been in our minds as we implement the new regime is to avoid any potential for waste tourism. However, we have to make judgments that are appropriate to the circumstances in Scotland and, as ministers, we reserve the right to set an appropriate rate annually.

John Mason: Is there any risk that the UK Government might change its rates at short notice or, on this issue, does it tend to give more notice?

John Swinney: The UK Government tends to set the rates annually. However, as we discussed just yesterday in the chamber in relation to the Land and Buildings Transaction Tax (Amendment) (Scotland) Bill, the UK Government has some flexibility, and we can be vulnerable to short-term changes that can emerge.

Lesley Brennan: What will be the cost to local authorities of the uplift? Has the cabinet secretary done work on that?

John Swinney: I do not think that I have a discrete number in front of me, but I will endeavour to provide an estimate to the committee.

The Convener: We move to the debate on motion S4M-15815.

Motion moved,

That the Finance Committee recommends that The Scottish Landfill Tax (Qualifying Material) Order 2016 be approved.—[*John Swinney.*]

Motion agreed to.

The Convener: We move to the debate on motion S4M-15816.

Motion moved,

That the Finance Committee recommends that The Scottish Landfill Tax (Standard Rate and Lower Rate) Order 2016 be approved.—[*John Swinney.*]

Motion agreed to.

The Convener: That ends the public part of the meeting. I thank everyone for their attendance. This has been the final public meeting in the session, so I thank everyone who has given evidence to the committee over the five years in which I have been convener and the myriad members of all parties and none who have contributed as committee members. I thank the Deputy First Minister, who has appeared at the committee more than most of its members. It would be inappropriate if I did not also thank our clerks and the official report, who have done sterling work over the past five years.

12:37

Meeting continued in private until 12:53.

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