HEALTH AND SPORT COMMITTEE

Wednesday 5 December 2007

Session 3

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HEALTH AND SPORT COMMITTEE
11th Meeting 2007, Session 3

CONVENER

*Christine Grahame (South of Scotland) (SNP)

DEPUTY CONVENER

*Ross Finnie (West of Scotland) (LD)

COMMITTEE MEMBERS

*Helen Eadie (Dunfermline East) (Lab)
*Rhoda Grant (Highlands and Islands) (Lab)
*Michael Matheson (Falkirk West) (SNP)
*Ian McKee (Lothians) (SNP)
*Mary Scanlon (Highlands and Islands) (Con)
*Dr Richard Simpson (Mid Scotland and Fife) (Lab)

COMMITTEE SUBSTITUTES

Joe FitzPatrick (Dundee West) (SNP)
Jamie McGrigor (Highlands and Islands) (Con)
Irene Oldfather (Cunninghame South) (Lab)
Jamie Stone (Caithness, Sutherland and Easter Ross) (LD)

*attended

THE FOLLOWING GAVE EVIDENCE:

Paul Martin (Scottish Government Chief Nursing Officer Directorate)
Alex Smith (Scottish Government Health Finance Directorate)
Nicola Sturgeon (Deputy First Minister and Cabinet Secretary for Health and Wellbeing)
Kevin Woods (Scottish Government Health and NHS Scotland)

CLERK TO THE COMMITTEE

Tracey White

SENIOR ASSISTANT CLERK

Douglas Thornton

ASSISTANT CLERK

David Simpson

LOCATION

Committee Room 2

Scottish Parliament

Health and Sport Committee

Wednesday 5 December 2007

[THE CONVENER *opened the meeting at 10:00*]

Subordinate Legislation

Feed (Corn Gluten Feed and Brewers Grains) (Emergency Control) (Scotland) Revocation Regulations 2007 (SSI 2007/493)

National Health Service (Pharmaceutical Services) (Scotland) Amendment (No 3) Regulations 2007 (SSI 2007/500)

Public Health (Ships) (Scotland) Amendment Regulations 2007 (SSI 2007/515)

The Convener (Christine Grahame): Good morning and welcome to the Health and Sport Committee's 11th meeting in session 3 of the Parliament. I remind all present, including members of the public, to ensure that mobile phones are switched off. We have received no apologies.

Agenda item 1 is subordinate legislation. We have three negative instruments for consideration. Scottish statutory instrument 2007/493 transposes a European regulation that repeals a previous European Commission regulation from 2005 that introduced emergency controls on imports from the United States of America of certain maize products that contain the unauthorised genetically modified line Bt10. SSI 2007/500 amends previous regulations to provide for the introduction of pharmacist independent prescribing services into primary care services. SSI 2007/515 implements new internationally binding health regulations of the World Health Organization on the public health control of ships arriving or leaving Scottish ports.

No comments have been received from members and no motions to annul have been lodged. Are members agreed that the committee does not wish to make any recommendations on the three instruments?

Members *indicated agreement*.

Health and Social Care Bill

10:01

The Convener: Agenda item 2 is on the United Kingdom Health and Social Care Bill. I welcome Nicola Sturgeon, the Deputy First Minister and Cabinet Secretary for Health and Wellbeing. She is accompanied by Paul Martin, the chief nursing officer and interim director for workforce with the Scottish Government, and Kathleen Preston, a Scottish Government solicitor. Ms Cowie, a professional adviser on regulation and workforce standards, will be with us shortly, but she has got stuck somewhere in getting through the Parliament's pass system—I know how that feels.

I ask the cabinet secretary to make a few opening remarks, after which members may ask questions, if appropriate.

The Deputy First Minister and Cabinet Secretary for Health and Wellbeing (Nicola Sturgeon): I thank the committee for giving me the opportunity to explain the provisions of the Westminster Health and Social Care Bill for which we are seeking consent. I ask for the committee's indulgence while I go through the various provisions.

The bill's main provisions include the creation of the care quality commission, public health protection measures, the health in pregnancy grant and changes to the regulation of the health care professions. Only the last of those provisions impacts on devolved matters. The regulation of health care professions that are not included in the reservation in the Scotland Act 1998 is devolved. Currently, regulated professions that fall into that category are operating department practitioners, dental nurses, dental technicians, clinical dental technicians and orthodontic therapists. However, committee members should note that the number of professions will increase over time as more are introduced to regulation.

The bill's provisions for the regulation of the health care professions are an important step forward in implementing some of the policies in "Trust, Assurance and Safety—The Regulation of Health Professionals in the 21st Century". As members will be aware, that report was part of the UK Government's response to the fifth report of the Shipman inquiry and its policies are aimed at improving patient safety and the quality of the service that health care professionals provide. All four UK countries are committed to making progress on the white paper in a spirit of partnership with our stakeholders and in a way that is sensitive to each country's needs. The bill will be followed by subordinate legislation and

associated guidance as work progresses in UK and Scottish working groups.

A legislative consent motion is required because some of the bill's provisions apply to all regulated professions, including those for whom regulation is devolved, or to all regulators, two of which—the Health Professions Council and the General Dental Council—regulate in devolved and reserved areas. Other provisions confer new powers on the Scottish ministers or allow changes to be made to acts of the Scottish Parliament.

The provisions that the legislative consent memorandum addresses that change current provisions in the Health Act 1999 and are relevant to the devolved elements of regulation include: new section 60A, which requires all health care regulators to apply the civil rather than the criminal standard of proof in fitness to practise proceedings; and amendments to section 60, to enable an order in council to be made in due course to allow all the regulatory functions of the Royal Pharmaceutical Society of Great Britain and the Pharmaceutical Society of Northern Ireland to be transferred to the planned new pharmaceutical council. They also include: amendment to schedule 3 to clarify that when an order for the regulation of any profession is issued for consultation, that consultation is to be with all relevant representatives of all the professions that are being regulated; further amendment to schedule 3 to ensure that only the regulatory bodies and the new health professions adjudicator can administer procedures relating to misconduct, unfitness to practise and similar matters; and the repeal of paragraph 7(3) of schedule 3, which allows a function conferred on the Privy Council to be exercised by a different person.

There is also a provision to insert new section 26A into the National Health Service Reform and Health Care Professions Act 2002. The section provides the Scottish ministers with new powers—to request the Council for Healthcare Regulatory Excellence for advice on any matter connected with a health care profession, and to require the council to investigate and report on related matters.

Finally, provisions will ensure that new regulation provisions are implemented as soon as possible, by ensuring that acts of the Scottish Parliament can be repealed or amended by orders in council made under section 60 of the 1999 act, subject to consultation with the Scottish ministers, where that is incidental to or consequential on a reserved purpose. The bill also allows more substantive amendments to be made to acts of the Scottish Parliament through section 60 orders laid before the Scottish Parliament as well as Westminster, where such amendment or repeal is not merely incidental to or consequential on provisions relating to reserved areas.

I invite the committee to support the measures that I have outlined, which are addressed by the legislative consent memorandum. I am more than happy to provide further clarification of any points and to answer members' questions.

Mary Scanlon (Highlands and Islands) (Con): I have a general question. The committee is not familiar with the bill, which is a Westminster bill. You said that in future, other professions will be covered by the bill. I know that in the Highlands, some people who practise chiropody or podiatry are well qualified and do an excellent job, but there are other people who are less qualified and call themselves foot care specialists. If people had to choose between going to a podiatrist and a foot care specialist, many of them would go to the latter, although they are less well qualified. In homeopathy, too, some practitioners are very well qualified and others are less well qualified. How will the bill overcome those difficulties and give the patient confidence that they are going to someone who is fit to practise and is knowledgeable in their field?

Nicola Sturgeon: Essentially, the aim of the bill is to ensure patient safety and public confidence in professions that are regulated. I made the point that other professions may be subject to regulation in the future. The general provision is that the regulation of professions that were subject to regulation when the Scotland Act 1998 came into force is reserved, but that regulation of those that have become subject to regulation since then is devolved. That provision will apply to any professions that become subject to regulation in future.

The bill includes a number of provisions that relate to professions that are already regulated. Section 60 of the 1999 act makes it possible for further professions to be made subject to regulation. At the moment, it would be inappropriate for me to pick out professions that may become subject to regulation in future, but the bill provides for such a procedure.

Mary Scanlon: I will stick with the example of podiatry, as I know quite a lot about it. When future regulations are laid, will the committee have the opportunity to discuss them, although this is a Westminster issue?

Nicola Sturgeon: If future regulations are more than incidental, they will be laid before the Scottish Parliament. It is open to the committee to discuss generally what professions should be regulated and in what circumstances. I will always be interested in hearing the committee's views on that matter.

Mary Scanlon: Putting to one side the issue of podiatrists, can you assure me that such matters will be considered, so that patients can have more confidence that they are going to someone who is qualified to practise?

Nicola Sturgeon: Yes, if the profession concerned is regulated. The bill raises the standards for such professions.

Paul Martin (Scottish Government Chief Nursing Officer Directorate): Section 60 will require a formal consultation period on each profession or aspirational profession that comes up. The requirement for engagement and consultation is therefore more robust under the new arrangements than before.

The Convener: I think that our papers say that the consultation period will be three months.

I welcome Ms Cowie to the meeting. She has got here after great efforts.

Ian McKee (Lothians) (SNP): I am interested in the professions for which regulation is our responsibility. Although I understand the benefits of making regulation a United Kingdom issue, we are responsible for people such as dental nurses, and if a dental nurse is accused of a crime in his or her ordinary life—even a small crime for which there might be only an admonishment or a small fine—the standard of proof is "beyond all reasonable doubt". However, if a complaint goes to the regulatory body—as will happen under the proposals—that same dental nurse will be subject to a civil rather than a criminal standard of proof, therefore they could lose their job on the balance of probabilities, rather than based on a standard of proof that is beyond all reasonable doubt. Is that a change from the present situation? If so, are you happy with it?

Nicola Sturgeon: The regulators of devolved professions already use the civil standard of proof. To that extent, there is no change.

There is widespread consensus, although perhaps not universal consensus, that the civil standard of proof is appropriate. We are not talking about criminal proceedings; we are talking about disciplinary proceedings. That is what makes the civil, not the criminal, standard of proof appropriate.

The bill will ensure greater consistency. The regulators in devolved areas already use the civil standard of proof, as do many other regulators. The bill will ensure consistency across the spectrum of regulators.

The Convener: It may be in our papers, but I am not sure what the appellate procedure would be. Information on that might allay Ian McKee's fears.

Paul Martin: Each regulator establishes its own appeal mechanisms. The minister has rightly identified the current mix, but part of the benefit of applying civil standards of proof to each of the regulators will be to bring clarity to the appeal mechanisms across all regulators.

Dr Richard Simpson (Mid Scotland and Fife) (Lab): I take it that we are comfortable that what is being proposed is compatible with the European convention on human rights.

Nicola Sturgeon: Absolutely.

The Convener: Thank you, cabinet secretary.

Do committee members agree that a draft report, produced on the basis of today's evidence, should be considered in private at our next meeting?

Members *indicated agreement*.

Budget Process 2008-09

10:15

The Convener: Item 3 is on the budget process. Following our cross-cutting scrutiny of the budget allocated to people with drug and alcohol problems and their families, and last week's evidence session with three cabinet secretaries, the Cabinet Secretary for Health and Wellbeing is before us again—she loves us so much—to give oral evidence on the overall health and well-being budget.

I plan to take questions on the health aspects of the budget and then, with members' consent, take a short comfort break before moving on to questions on the sports aspects. Is the short break agreed?

Members *indicated agreement*.

The Convener: The cabinet secretary is accompanied by Dr Kevin Woods, chief executive of NHS Scotland and director general health; Alex Smith, interim director of finance, health finance directorate; and Pam White—[*Interruption.*] I beg your pardon—that was one of my senior moments. It is Pam Whittle, Scottish Government director of public health and well-being.

I invite the cabinet secretary to make opening remarks before we move on to questions.

Nicola Sturgeon: You do not want me to talk about your senior moments?

The Convener: No, you have done that too often. [*Laughter.*]

Nicola Sturgeon: Thank you, convener, and I thank the committee for the interest that it has shown in the budget, both last week with its focus on the alcohol and drug budgets and this week more generally.

As committee members are aware, this year's spending review settlement was extremely tight. As a result, we face a period of much lower growth in public spending than in recent years. That position has been made more difficult by significant inherited spending pressures from the previous Administration. Members will also be aware that the settlement that we have received from the Treasury for the next three years is the worst since devolution and is particularly tight in 2008-09. We have been able to improve the position significantly through negotiation with the Treasury, and we have secured the release of end-year flexibility moneys that are held on Scotland's behalf. Nevertheless, the settlement remains tight.

Despite the tough settlement for Scotland and the range of competing priorities that we are committed to delivering, the Government is increasing spending on health in Scotland by an average of 4.1 per cent each year over the next three years. That is in line with the overall average annual increase in spending in Scotland as a whole over the next three years.

As part of the settlement, we are increasing expenditure on our priority areas. For example, health improvement and health inequalities expenditure will increase by 75 per cent in real terms over the next three years. In addition, we will make a real difference by focusing on alcohol misuse, with additional expenditure of £85 million over the three years—we focused on that issue last week.

Improving the health of all the people in Scotland is a top priority for the Government. We remain fully committed to helping people to sustain and improve their health, especially in disadvantaged communities, and to ensuring better, local and faster access to health care. We intend to use the limited growth in resources that are available to us through the spending review period to help to achieve that overarching objective. It is vital to Scotland's economic future that funding supports people to lead longer and healthier lives, with a particular focus on areas and communities that have the worst health records.

As we made clear in the narrative that accompanied the spending review announcement, we believe that people in Scotland should enjoy the best physical and mental health that they can, free from preventable illness and disability. They also deserve ready access to top-quality health services to help to keep them well and to care for them when they are ill.

Our aim of tackling the health and well-being of people who live in areas and communities with the worst health records means taking on the challenge of the health inequalities that exist and are getting wider in Scotland. That, of course, includes the gap in healthy life expectancy. Improved life chances support better health, so we must ensure that health and social care services are high quality, responsive, person centred, convenient and efficient.

I will briefly cover our plans in more detail. The health and well-being portfolio will be responsible for public spending of £11.2 billion in 2008-09, which is £2,200 for every person living in Scotland. That will rise to £12.2 billion in three years. Within that total, £10.65 billion rising to £11.52 billion will be spent on health, and £47.4 million rising to £54.9 million will be spent on sport. The remainder of the portfolio budget will be spent on housing and regeneration, well-being, and the Food Standards Agency. Our spending plans underline and underpin our commitment to improve Scotland's health, tackle inequalities and deliver a

first-class national health service. We are delivering on that commitment, despite the tight settlement.

As I have said, we will focus on measures to improve health and prevent illness. Reducing alcohol and tobacco abuse will lead directly to healthier lifestyles, so they will be our key spending priorities in the next three years. As we discussed last week, tackling alcohol misuse is a significant challenge. Misuse not only has tragic effects by being a factor in heart and liver disease and cancer, but it contributes to a range of problems in families and communities. That is why we have decided to spend £85 million—£20 million in the first year, £30 million in the second year and £35 million in the third year—to fund our radical range of measures to reduce alcohol harm as part of a forthcoming long-term strategy.

We will also deliver on our pledge to immunise young women against cervical cancer by investing £64 million in that, and we will expand the existing national screening programme, in which we will invest £41 million, to help to detect potentially serious illness early and to target anticipatory treatment.

Reducing health inequalities through action on all the health and well-being portfolio responsibilities is crucial. As I have said, our spending plans target resources at communities that are most at risk of poor health, but they also target resources on improving access to health care. For all our objectives, we need accessible, responsive and person-centred services. That means services that are available as quickly and as locally as possible. To that end, we are investing £30 million to ensure more flexible access to primary care.

We will fully fund the NHS to achieve by 2011 a maximum wait of 18 weeks from general practitioner referral to treatment for patients who require routine interventions, by investing £270 million in the next three years. It is important to add that patients who require urgent treatment will continue to be seen straight away, without the need to join a waiting list.

We intend to remove the tax on ill health by investing £97 million in phasing out prescription charges. I will announce further details on that to Parliament later this afternoon. We will invest £32 million in specialist children's services.

As I announced last week, we will establish a pilot MRSA screening programme next year, in line with expert recommendations. That will determine the shape of the national MRSA screening programme, which is to be rolled out from 2009-10. We have made a commitment to invest £54 million over the next three years in measures to combat health care associated infection as a whole.

I will talk briefly about sport funding. Securing the Commonwealth games for Glasgow in 2014 provides a once-in-a-generation opportunity not only to host one of the world's major sporting events, but to have a catalyst to change people's lives for the better—whether through greater participation in sport, increased physical activity or education. That is why we will invest £156 million in sport to increase participation and improve sporting performance. That represents an increase over the three years of some 48 per cent above previous expenditure baselines. Of that, £23 million will be invested during the spending review period to March 2011 in delivering a successful Commonwealth games.

As for the wider health and well-being portfolio, we will invest more than £1.6 billion in housing and regeneration, to enable us to provide new and better housing throughout Scotland. That represents a 19 per cent increase on this year's baseline.

Despite the very tight spending review settlement for the next three years, which is the worst since devolution, and the range of competing priorities that we face, we are absolutely committed to delivering increased spending on health. That spending will increase on average by 4.1 per cent over the next three years, which is in line with the overall average increase.

I leave the committee in no doubt that improving the health of everybody in Scotland is a top priority for the Government. As members have seen and heard, we remain committed to meeting that objective. I am more than happy to answer the committee's questions.

The Convener: We have heard a blizzard of statistics, but I know that the committee is up to that.

Dr Simpson: The Audit Committee has said that a number of cost pressures on the NHS continue, including an ageing population; pharmaceutical costs, which tend to rise by more than the inflation rate—some say that the increases are between 6 and 8 per cent a year; the reduction in junior doctors' hours because of continuing implementation of the working time directive, which reduces their contact with patients; completion of agenda for change; the increasing cost of out-of-hours services; the phasing out of capital-to-revenue transfers; and the termination of capital asset sales for revenue.

Those are not all the pressures, but they are some of the main ones. Given the fact that the real increase in the major section of the budget—NHS and special health boards—is only 5.4 per cent a year, we have some concerns about whether

those pressures can be effectively dealt with. There is a subsidiary question to that, which relates to the fact that the historical division between the spend on the NHS health boards and the special health boards has usually led to the special health boards having a greater increase than the general health boards. Is that pattern going to continue? If so, there will be a less than 0.5 per cent increase.

My final comment on this area is that the Wanless report suggested that without an annual rise of 4 per cent, the health gains that have been made will not continue. That is, of course, the opinion of Wanless and the King's Fund and is not necessarily supported by Governments north and south of the border. Nevertheless, it is clearly important. Therefore, I have a second question. What does the Government regard as being likely NHS inflation over the next few years, as opposed to general inflation?

Nicola Sturgeon: As I said in my opening remarks, we face an extremely tight settlement. At no point during the course of this meeting am I going to try to deny the difficulties that that has caused. Within that tight settlement, we have shown that we want to invest as much as we possibly can in health. It is well known that the health service faces a number of cost pressures, not only next year and in the course of the next spending review but continually. Many of the pressures that you refer to are pressures that NHS boards and the NHS as a whole are already facing up to, and have been doing so for some time.

The increase that we have identified for health boards, which will be 3.2 per cent over the next three years—although we have not yet indicated the individual allocations for health boards—is designed to take account as best we can of those pressures. One of the particular pressures that boards face relates to pay, not just the upwards effect of inflation on pay but also the incremental drift in the pay bill. We have been open-eyed to all those pressures when deciding the budgets that we are talking about today. However, the NHS, like the entire public sector, faces a much tighter scenario over the next three years than has been the case over the past three years and more.

You asked whether I expect the trend of greater uplifts for special health boards as opposed to territorial boards to continue. The answer is no, I do not. The reasons for the differential are, broadly speaking, twofold. The figures represent some transfers from territorial boards to special boards to pay for services, such as the ambulance service. Further, they reflect, in the case of some of the special boards, start-up costs that have inflated the position and would not be expected to continue in future years.

The individual allocations to NHS boards will be announced early in the new year, as is normal practice.

Dr Simpson: My last question was about the Government's view of NHS inflation as opposed to general inflation. We have real-terms increases based on expected United Kingdom inflation, but NHS inflation traditionally has been greater. Perhaps Alex Smith could answer my question.

Alex Smith (Scottish Government Health Finance Directorate): There are two aspects to the baseline budget for health. About two thirds to three quarters of it is pay, as you have said. The other element is supply costs. Although you identified some areas of significant potential increase, there are, equally, some areas in which we do not expect the same level of increase in inflationary terms. Our experience has shown that the level of funding that we have identified as giving a 3.2 per cent uplift for boards can be accommodated, as can some other developments that have been identified in the budget. We have also set a significant efficiency savings target in the order of 2 per cent, to assist should there be any areas that we want to draw on to cover excesses. We believe, from our knowledge of inflation levels, that we can accommodate that in the uplift that we have given.

10:30

Nicola Sturgeon: The other point to mention is the fact that NHS boards will be allowed to retain locally the efficiency savings that they make.

Mary Scanlon: I want to focus on the pressures that NHS Highland will face. In the Highlands and other remote areas, there is a mix of affluence and poverty; therefore, deprivation has very different characteristics. It appears that that is not reflected in the settlement. For example, out-of-hours expenditure is six times higher in Argyll and Bute than in Glasgow. Furthermore, NHS Highland is faced with the threat of a £20 million cut, as recommended by the NHS Scotland national resource allocation committee, which is tantamount to a 5 per cent decrease. I also understand that the budget for territorial health boards will increase by only 0.5 per cent in real terms, although the drugs budget, as well as pay, is set to increase annually by about 10 to 12 per cent. Can you give me any reassurances to take back to NHS Highland about how it can cope with a very small increase in budget and 2 per cent efficiency cuts and provide a service to 30 islands that are not represented in the deprivation index? This is, potentially, the worst settlement for decades in the Highlands and the Western Isles.

The Convener: The cabinet secretary has already told us that the efficiency savings will be retained by the boards.

Nicola Sturgeon: I challenge Mary Scanlon's use of language. Efficiency savings are not cuts; they are savings that will be retained locally for reinvestment in front-line care. I thought that that was a principle with which Conservative politicians agreed, but perhaps things have moved on.

NHS boards are already planning for a tighter settlement than they have had previously. As I said in reply to Richard Simpson, I make no bones about the fact that the picture, over the next few years, will be much tighter than has been the case over the past few years. That reflects the tighter settlement that we have received from the Treasury.

Mary Scanlon's points about inflation have been answered by Alex Smith. We are confident that the inflationary pressures that we know the NHS faces can be accommodated within the uplifts that we are talking about.

Mary Scanlon asked specifically about NHS Highland. All health boards face pressures, some of which will be different in different health board areas. The budget provides a 3.2 per cent uplift, on average, and we have not yet announced the allocations for individual health boards. As Mary Scanlon knows, individual health board allocations are, at present, governed by the Arbuthnott formula, which takes account of deprivation. We are currently considering the NRAC proposals, and I am grateful to the Health and Sport Committee for its consideration of them. We will consider the committee's views on those proposals.

We have not yet made a decision on the implementation of the proposals. However, I have said clearly—and I hope that all members will take care not to misrepresent the situation to anyone—that, if we implement NRAC's proposals, no health board will receive less funding than it receives currently. There will be a phased implementation over time, as has been the case with the Arbuthnott allocations. I would be very concerned if any member of the well-informed Health and Sport Committee said otherwise.

The Convener: I ask for clarification on the NRAC proposals—Rhoda Grant may also want to ask about this. I seem to recall that NRAC's proposals are not set in stone. I do not want to put words in your mouth, cabinet secretary, but I presume that you have received responses from the health boards to those proposals and that there is room for some tweaking or changing of them. I am not saying that that is what you are going to do, but it is important that we know that the proposals are not set in stone.

Nicola Sturgeon: The convener is absolutely correct. I have received the NRAC report, on which I have asked the Health and Sport Committee and health boards to submit their views. The final decision will be mine, but I have not taken that decision yet. I was careful to say at the outset that, if the NRAC proposals are to be implemented, they will be implemented on a phased basis. No health board will suffer a large cut in funding as a result. That is an important point.

The Convener: Does Rhoda Grant want to come in at this point?

Rhoda Grant (Highlands and Islands) (Lab): I have a supplementary question on the issue that Mary Scanlon raised—

The Convener: I beg your pardon. I think that Mr Woods might want to respond first.

Kevin Woods (Scottish Government Health and NHS Scotland): I can respond afterwards.

Rhoda Grant: Obviously, the outcome of implementing the new formula in the NRAC report will be that rural areas—such as Highland, the Borders and the Western Isles—will suffer. The cabinet secretary visited the Western Isles this week so she will know that the local health board is currently facing a deficit. In light of the NRAC report and the budget settlement, can she provide any comfort to the people in the Western Isles who may face a cut in health services as a result?

Nicola Sturgeon: Let me make it absolutely clear again for the benefit of the committee—and, more important, for the benefit of the public—that no health board is facing a cut in funding. That is an extremely important point to stress. It is important not to confuse the NRAC proposals with the Western Isles NHS Board's financial situation. I am pleased to say that I had a good visit to the Western Isles on Monday this week. There are encouraging signs that the board is beginning to get on top of its budgetary problems. I was very pleased about that.

The Convener: That is fine, cabinet secretary. We are clear now about the position on, and current status of, the NRAC proposals. Does Mr Woods want to say anything on the issue before we move on?

Kevin Woods: An important point that has not come out especially clearly in the discussion concerns the additional resources that boards will receive. It has already been pointed out that boards will receive a 3.2 per cent increase and that they will retain their 2 per cent efficiency savings. However, boards will also receive a share of other increases in spending that the cabinet secretary has highlighted. For instance, boards will get a share of the £90 million that will be set aside

for access. It is worth remembering that £90 million is equivalent to about 1 per cent in additional resources. When we take account of those resources and the resources for tackling infection and alcohol misuse, the additional resources that will end up in board budgets will be somewhat higher than the 3.2 per cent increase and the 2 per cent efficiency savings that have been mentioned.

The Convener: We will come later to the issue of how central funding will be allocated.

Ross Finnie (West of Scotland) (LD): There are two areas that I want to cover. I think that we are trying to start with issues that affect the budget generally.

On the 2 per cent cash savings to which the cabinet secretary has alluded, we understand from the technical notes—table 2 in the budget document shows the departmental expenditure limit for 2007-08 as £10.8 billion—that, if efficiency savings are to be found uniformly over the piece, they will amount to some £860 million. That is quite a substantial sum even in the context of the health budget.

The cabinet secretary commented that the efficiency savings would be retained by the health boards for their use. However, the foreword by the Cabinet Secretary for Finance and Sustainable Growth makes it clear that, given the tight nature of the settlement, the increase in the level of efficiency savings—from 1.5 to 2 per cent—is essential to square the circle. In other words, boards will need to make those savings to accommodate existing or planned expenditure. If they do not, they will have a shortfall.

Is it right to assume that that £861 million, or thereabouts, will be achieved uniformly across all aspects of the health budget? Is it right to say that the draft budget does not provide additional resources because, in order to square the circle of the tight settlement, boards will need to make those savings to meet their commitments?

Nicola Sturgeon: The 2 per cent efficiency savings that the NHS will be required to make will be retained locally and will be in addition to the 3.2 per cent increase for NHS boards and the additional moneys for reducing waiting times and tackling infection. It is important to be clear about that.

To put the issue in context, the NHS has been extremely successful in making efficiency savings over the past few years. It has achieved 1.5 per cent cash efficiency savings in each of the past three years—the cumulative total is £430 million—that have then been invested in front-line care.

I certainly do not underestimate the challenge of moving towards 2 per cent efficiency savings. That is why we will issue guidance and direction to boards later this year. We intend to have a national strategy to assist health boards to meet the target, and a national steering group to look at issues such as tariffs and benchmarking, so that boards can have the best possible advice.

We can take some comfort from the performance of the health boards during the past few years, which shows that they are well placed to meet the targets in future. I repeat the point that the efficiency savings will be retained locally and are in addition to the increases that we are talking about.

Ross Finnie: I am grateful for that clarification.

The second area that might affect the budget overall is demand-led primary care and community care services, as shown in table 21.02 in the spending review document. For the very good reasons that are explained in the technical notes, general medical services, pharmaceutical services, dental services, ophthalmic services and other services are flatlined simply because you have not yet had the discussions and made the agreements. That also applies to the pension costs in those services, which are contained within another budget. When will you make those agreements? If you make adjustments to those figures, where will the resource come from? Is it already stated in the document or has a reserve been set aside for that purpose? If there is a reserve, what aggregate amount has been set aside, not just for the health budget, but for that purpose overall?

Nicola Sturgeon: I am happy to answer that question in relation to the health budget. As Ross Finnie rightly said, table 21.02 shows that budget lines for general medical services, pharmaceutical services, general dental services and general ophthalmic services are all flat because they are subject to on-going pay negotiations or, in some cases, determinations from pay review bodies. We are not dealing with NHS payroll staff but independent contractors and, as in any negotiation, it is not a good idea to show your hand in advance. That is why the uplifts have not been shown in those budget lines. The 2004-05 budget deployed the same tactic, if I can call it that, and it makes perfect sense.

Ross Finnie's question was about where the money comes from and whether we have some money stashed away for that.

Ross Finnie: I did not use that phrase.

The Convener: He was forbidden to use such phrases.

Ross Finnie: Yes, I was forbidden. The phrase "slush fund" came to mind but I would not dare.

Nicola Sturgeon: Ross Finnie would never use a phrase like that.

Ross Finnie clearly has a well-annotated budget in front of him so I ask him to cast his eye further down table 21.02 until four or five lines from the bottom where he will see a line headed "Miscellaneous Other Services". That is where any provision that has been made in the spending review for uplifts to those budget lines is held. There are also other items in that budget line. For the same reasons that we have not identified the amounts in the main budget lines, I am not going to say what those amounts are, but that is where the money lies in the budget.

The Convener: So now you know what it is called, Mr Finnie.

Ross Finnie: Miscellaneous other services.

Nicola Sturgeon: Ross Finnie also raised a point about NHS pensions.

Ross Finnie: I assume that I would find a similar line in the document.

Nicola Sturgeon: It does not lie within the health budget but in another part of the budget. That line is flat because NHS pension arrangements are annually managed expenditure—AME—rather than DEL, so they are not set in the same way as a DEL budget.

Helen Eadie (Dunfermline East) (Lab): In the smaller budgets, something like 2.5 per cent of the overall budget is identified in considerable detail. However, that leaves the larger budgets, which are difficult for the committee to scrutinise because there is very little detail. The fact that the bulk of the funding is now contained in a single budget line, under which the health boards will get £10.6 billion, makes the budget much less transparent. That gives rise to questions such as how the funding will link strategic objectives to outcomes and practice, and why there is no key outcome indicator for reducing health inequalities.

10:45

Nicola Sturgeon: The key outcome indicator of improving healthy life expectancy covers the area to which Helen Eadie refers. We have taken care to ensure that all the spending lines across the budget contribute to meeting the Government's objectives and overall purpose.

As regards Helen Eadie's question about detail, we have taken care to deal with some of the biggest initiatives in most detail. That is why we have gone into a fair amount of detail on health improvement and public health spending, which has increased significantly to achieve close alignment with a key strategic objective. If the committee would like more information on any budget line, I am sure that that could be provided.

Helen Eadie said that the budget is not transparent because there is just a big sum that goes to health boards, but my understanding is that that is how health budgets have always been presented. Indeed, this year there is more definition, because underneath the main budget line are the lines that Dr Woods mentioned, which separately identify money to tackle infection and to improve waiting times. For that reason, I would argue that greater scrutiny is possible. In addition, every NHS board is highly accountable for how it spends its budget.

Helen Eadie: I cannot speak for the constituencies of my colleagues from Glasgow and the west, but I can speak for my own constituency, where places such as Lochgelly, Cowdenbeath, Kinglassie and Benarty suffer from some of the greatest health inequalities. That is why I am concerned about spending being put into the global context of health and well-being.

I would like more detail on the allocation of specific funding streams. A significant number of health and well-being grants for community regeneration and housing remain ring fenced, while responsibility for other areas has been transferred to local government. How will funding be allocated to the community regeneration fund, the community voices programme, working for families, the housing support grant, the hostels grant, the vacant and derelict land fund, the private sector housing grant, the transfer of the management of development funding and assistance to owners who have been affected by the Glasgow housing stock transfer?

Nicola Sturgeon: I will answer those questions, before Dr Woods adds some points.

On funding for NHS boards, it is important to stress that we are not doing things differently this year from how they have been done in the past. In addition, NHS boards must set out clearly how they intend to meet health improvement, efficiency, access and treatment targets, and how their financial plans align with that, in their local delivery plans. I would argue that there is a great deal of transparency and accountability around how NHS boards spend their allocations.

Helen Eadie's second question was about the new fund to tackle poverty and regeneration, which, as she rightly said, encompasses a number of funds that were previously distributed separately. In rolling them up into a unified fund, I understand that we have been happy to implement a recommendation that the Finance Committee made during the second session of Parliament. We have not yet announced the detail of the allocation of that fund to different community

planning partnerships, but that will be done shortly.

Helen Eadie: I would also like to know what the funding levels will be for the mental health fund, the children's services-women's aid fund, the homelessness task force, the furniture grant resource, the decommissioning of Glasgow's hostels, private landlord registration, the supporting people grant, the violence against women fund, delayed discharge and national accommodation for sex offenders.

Delayed discharge is an issue of particular significance in Fife, where—as the minister will know—the number of delayed discharges has grown since June. Indeed, the level in Fife is now the highest in Scotland. That issue is of particular concern to the committee because, as the minister will be aware, particular pressures are being put on the social work services department. Some of my constituents died before they could get their care in the community package.

Nicola Sturgeon: The issue of delayed discharges is important to me, too. I have discussed it with all NHS boards in carrying out their annual reviews in the past few months. NHS boards and local authorities have an obligation to work together closely to tackle delayed discharges.

The long list of funding streams that Helen Eadie read out involved funding that has been rolled up into the local government settlement for this year. That is part of our new relationship with local government and the new outcomes approach. For example, the £29 million for delayed discharges has gone into the local government settlement. We believe that it is right to allow local government flexibility to tackle local issues in a way that suits local circumstances, but the outcome agreements will ensure that our priorities and those of local government are met.

Dr Simpson: Delayed discharge has been a success area, in that the number of delayed discharges is down from the high 3,000s to about 500. The work by successive Governments on that has been successful. With the transfer of the £29 million to local authorities, do you have a specific outcome agreement that will continue to exert downward pressure on the figure, which at present is 500? A saving of 3,000 beds for the health service is critical. To follow on from Helen Eadie's question, I do not know what is happening in Fife, but I am concerned that the figure there has risen to 120—that is for the quarter beyond that for which a national figure of 500 was reported. If the situation in Fife is reflected in what is going on in other areas, something must be happening out there to make the figures increase. Are you convinced that you have tight and secure outcome agreements with the local authorities to drive down the number of delayed discharges?

Nicola Sturgeon: As Richard Simpson knows, the outcome agreements are being discussed and negotiated. However, I assure him that delayed discharge is a high priority. I encourage members not to take the view that the situation that has been described in Fife pertains throughout the country. I have been extremely impressed by performance on delayed discharge throughout the country. NHS boards continue to be under stringent targets to reduce delayed discharge further. I assure members that we will monitor the situation closely.

Dr Simpson: But it will not be up to the health boards, because you have transferred the money entirely to the local authorities, so it will be up to them to ensure that people are removed from hospitals.

Nicola Sturgeon: I argue that local authorities and health boards have a shared responsibility for and interest in ensuring that the downward pressure on delayed discharge continues.

Kevin Woods: I will pick up on that point and on some of Helen Eadie's points. Delayed discharges are at their lowest-ever level. There is often a slight rise in the figure in-year, but it then reduces—we are seeing that pattern now. We are confident that we will end up where we have said we want to end up.

We have been working with colleagues in the Convention of Scottish Local Authorities on arrangements for supporting the single outcome agreements in relation to community care indicators generally. We intend to monitor delayed discharges as part of a performance management arrangement for partnerships. We have clarified that in the past few days. I can reassure Dr Simpson that there will be good local knowledge about progress on that key issue.

I will pick up on one or two important points that were raised earlier. On the question of whether there is a strategic objective or set of indicators on inequality, I draw the committee's attention to the detail on pages 46 and 47 of the budget book, where members will see a clear statement in the national outcomes about reducing

"significant inequalities in Scottish society".

Page 47 has several indicators on the issue. One refers to decreasing

"the proportion of individuals living in poverty";

another mentions increasing

"healthy life expectancy at birth in the most deprived areas";

and another refers to reducing

"mortality from coronary heart disease among the under 75s in deprived areas".

More generally, as we have discussed, resource allocation is informed by the distribution of deprivation in Scotland's health board areas and is sensitive to variations between them.

Finally, there is significant increased spending on health inequalities and health improvement. We are planning to expand the resources that we devote to what we call anticipatory care and to apply the lessons that we have learned from our keep well pilots, which have tackled unmet need in some of our more deprived communities. We want to expand that programme, because we have demonstrated that it brings considerable benefits.

I hope that the points that I have made deal with Helen Eadie's concerns.

Helen Eadie: I have continuing concerns, but I will write to the cabinet secretary about them.

The Convener: That is helpful.

Rhoda Grant: It appears that much of the health budget—for example, project funding for access and infection control—is being held centrally. That contrasts with the situation in local government, where many funds have been freed up. Why is there such a difference between the thinking on health, where budgets are being held centrally, and that on local government, where a concordat has been drawn up to assess outcomes? Would it not be better to give the money to health boards and to draw up a similar concordat with them?

Nicola Sturgeon: I argue, perhaps from a biased position, that the performance management regime that we have in the NHS is ahead of that in other parts of the public sector. Members will be familiar with the HEAT—health improvement, efficiency, access and treatment—system, which is an outcome-based approach. Health boards agree local delivery plans with the health directorates and focus on how they will align their spending to ensure certain outcomes. That is in line with the thinking that is developing about the relationship between central Government and local government.

You are right to say that a number of budget lines are directly associated with particular Government priorities. The obvious example is waiting times, where £90 million a year will be spent over the next three years to deliver the 18-week GP referral to treatment target. Delivering that target involves fundamental changes in how health boards operate and deal with waiting times. Considerable support will be required from the health directorates to enable health boards to make those changes. However, as Dr Woods said earlier, the money will be allocated to health boards and will supplement the overall budget allocation that we discussed earlier.

Rhoda Grant: I am trying to establish why the money will be allocated separately, rather than as part of health boards' main grant funding? Could it not have been included in that funding, with associated outcomes, instead of being kept centrally and given out through a different mechanism?

Nicola Sturgeon: The mechanism that we have chosen is appropriate, as it reflects the importance that we have placed on meeting the waiting times target. However, the money will end up in health boards' budgets.

Michael Matheson (Falkirk West) (SNP): In the 2008-09 budget, the budget line on access support for the NHS will rise from £65 million to £155 million. Can you explain what process will be used to assess how much of that funding each health board will receive to help it meet the 18-week waiting target?

Nicola Sturgeon: Dr Woods will address the question in detail.

Kevin Woods: In broad terms, boards will get something like their Arbuthnott share. We have specific discussions with boards about their demand and capacity plans for reaching the milestones that have been set. Members will be aware that recently the cabinet secretary announced important milestones for the first stages on the journey towards the 18-week maximum wait from start to finish. That discussion is just getting under way, and it will inform the precise allocations. We want all boards to get broadly their fair share of that resource.

11:00

Nicola Sturgeon: The Arbuthnott share will be the starting point. Clearly, however, boards will find themselves in different circumstances. A national programme board will be established for the delivery of the 18-week waiting time target. It will provide the framework for discussions with boards about their particular capacity issues.

Michael Matheson: Will that method be used to decide how much each board should get on top of its Arbuthnott share?

Nicola Sturgeon: Yes, but the Arbuthnott formula will be the starting point. The boards are in different circumstances. Some of them are closer to meeting, or are more able to meet, the milestones than others, and that will be taken into account. The starting point, I repeat, is their fair share based on Arbuthnott.

The Convener: Will there be a penalty for boards that perform badly and a reward for those that perform well?

Nicola Sturgeon: I am not dodging that question, but I would prefer to look at it from a different perspective. I suppose that this is a back-handed—or even open—compliment to the previous Administration: the performance of health boards over the past few years in meeting waiting times targets has been exceptional. The current in-patient waiting time target of 18 weeks has been delivered a year ahead of schedule, and all the access targets that fall due to be delivered at the end of this year will be delivered.

I know from discussions with boards that there is a real appetite to move on to the next stage and meet the new target. Rather than getting into discussions about penalties and rewards, I would prefer to work constructively with boards—as we have been doing—to ensure that, in the interests of patients, the target is met and each milestone along the way is also met.

Kevin Woods: It has not been our practice to penalise boards; it has been our practice to get agreement about what they are going to achieve with the resources that they are allocated.

Nicola Sturgeon: To go back to Rhoda Grant's questions, that is very much in line with the outcomes thinking that is developing around local authorities.

Ross Finnie: In response to Rhoda Grant and, I think, Michael Matheson, you referred to the HEAT framework. When we read the new national performance framework, we find that health is mentioned explicitly in only one of the seven purpose targets. Later on, however, it seems to account for a lot. In your new formula, it is difficult for us to see exactly what happened with previous indicators such as the HEAT framework. Can you clarify that for us?

Nicola Sturgeon: Yes, of course. The HEAT framework will continue. We are now in the process of revising the HEAT set of targets as part of the development of the action plan, of which members are aware. Much of that work is due for completion at the end of this year, so this is an appropriate time to revise the targets. Part of that process of revising the HEAT targets will involve ensuring that they align with the Government's priorities going forward and that they are aligned with the performance outcome framework for local authorities—particularly with regard to the key performance indicators that have been discussed. That work is under way now. It is important to stress, however, that the HEAT framework, which I think is an extremely robust performance management system, will continue, although the targets will be revised in the light of circumstances.

Rhoda Grant: I note that the voluntary sector budgets are being merged. Will there be outcomes in the new framework to assure funding and support for the voluntary sector?

Nicola Sturgeon: The outcomes framework is still under discussion, so it would be wrong for me to go into detail on that. In the national health service and in the area of health in general, the contribution of the voluntary sector in Scotland is immense. I assure Rhoda Grant and other members that we value that contribution and want to ensure that it is continued and enhanced.

Ian McKee: I want to ask two questions about primary care. In your introductory statement, you mentioned £30 million more for flexible access to primary care. Will you flesh out how you anticipate spending that money? Do you intend to augment the services that are provided by general practitioners and their staff in primary care, or do you envisage the money going to a more broadly based organisation such as NHS 24?

Before I ask my other question on primary care, I should say that I welcome enormously your emphasis on the challenge of health inequalities in Scotland. Those inequalities have been a national disgrace for some time. We have to tackle them for the benefit of us all.

Before entering Parliament, I worked in an area of multiple deprivation and saw the problems there. I am well aware that the health professionals who work in those areas face huge pressures that are not faced in other areas of Scotland, yet the terms and conditions of service to reward them militate against them. They usually have less personal income and fewer resources than health professionals working in more favoured areas. Although it is important to tackle housing and take all the other steps that I accept are important, have you any views on how the people who spend their lives working in such areas could receive the support and reward that they deserve, which would help them to do a better job in providing health care to people in areas of deprivation?

Nicola Sturgeon: You have made a number of points. Before I respond, let me say that I value hugely the people who work in the primary care sector—that takes in a range of professionals. They do one of the most difficult and challenging jobs in the NHS, but they do it extremely well.

I have a couple of other preliminary comments. First, as Ian McKee probably knows better than I do, the new GP contract is intended to ensure that money goes to where it is needed. The contract is evolving, but that is the purpose behind its design.

I will come on to the £30 million that I talked about earlier but, secondly, as has been mentioned, there is provision in other budget lines, for example for continuing and expanding the keep well project. From my experience in the past few

months, that project is having an enormous benefit in getting to traditionally hard-to-reach people in deprived areas and acting in an anticipatory way to prevent problems and to change lifestyles. That is well worthy of further support.

Ian McKee started with a question about the £30 million for primary care. I can confirm that it lies in the budget line for miscellaneous other services. It is designed to do a number of things, which we are considering at the moment. No final decisions or allocations have been made.

I am keen to see a number of things happen in primary care, including improvements to the current 48-hour access to GPs, which I do not think always works in the way that was intended. I am on record as saying that I would like to see more flexible access to GP surgeries. I appreciate that, for the vast majority of people, the core hours of GPs are perfectly convenient but, for many people, more flexibility would be desirable. I want to work with GPs to achieve that. For example, we are looking to pilot walk-in services at community pharmacies as a way of extending access to primary care services. A great deal of innovative and good work is going on to make primary care much more accessible. It is in primary care that we can make the biggest difference.

Mary Scanlon: I want to move on to mental health, which I understand is still a Government priority—although it is a wee bit difficult to find it in the budget. You mentioned the HEAT targets. I have discovered in the past two days that a lot of new targets have been set—34 national indicators were published after the budget was published. Why were those indicators published after the budget was published?

The only indicator that I can find on mental well-being is indicator 20, which is:

"Increase the average score of adults on the Warwick-Edinburgh Mental Wellbeing Scale by 2011".

I understand that, next year, 6,400 adults in Scotland aged over 16 will participate in work on that. I am trying to find out how targets will drive and measure outcomes in mental health services, but that is the only target that I can find.

Is mental health still a priority? If so, why does the mental health and well-being grant remain at £6.3 million over three years? Why does the mental health legislation services budget remain at £21 million? Will there be any consequences for local authorities that do not deliver on their outcome agreements? Does the outcome agreement relate to the national indicator to which I referred? Will you give a commitment to monitor annually local government spending on mental health and community services, given that the mental health specific grant and supporting people grant have now been abolished? I am finding it difficult to pinpoint mental health spending in the budget.

The Convener: I love Mary Scanlon's questions; they are always in several parts. I hope that you have managed to take notes on all those questions.

Nicola Sturgeon: I will do my best to answer them all. I am sure that Mary Scanlon will tell me if I miss any of them.

First, I reassure Mary Scanlon that mental health is a high priority for the Government. I hope that it is an area in which we will find a lot of consensus throughout the Parliament. I do not want to pre-empt announcements that we will make over the next wee while, but members are aware that our manifesto commitments included making dementia a national priority and reducing the rate of prescribing of anti-depressants. We will make further announcements about that in due course.

The revised HEAT targets that I mentioned in response to Ross Finnie's question a few moments ago will also include particular indicators around mental health. I hope that, as that work develops and is published, Mary Scanlon will be reassured on the points that she has made.

The budget lines in the health budget allow us to continue to work with our partners to try to change and improve prevention, treatment and recovery. We want to focus particularly on the recovery of people with mental health problems. The mental well-being line also deals with funding for the Mental Welfare Commission for Scotland and the Mental Health Tribunal for Scotland.

As Mary Scanlon said, other budget lines for mental health have been rolled up into the local government settlement. It is important that we see that in the context of the outcomes framework. I assure Mary Scanlon that I will be taking a close interest in ensuring that mental health remains a priority not just for the NHS but for all public sector partners.

Mary Scanlon: Given that local authorities are facing a tight settlement this year, what sanctions will you use if they reduce their spending on mental health services? Given that the MHSG and supporting people grant have been abolished, how can we be assured that local authorities will continue, if not increase, spending on mental health?

Nicola Sturgeon: I understand why Mary Scanlon is asking that. I understand the difficulty. We are trying to create a new, positive relationship with local government that is based on shared outcomes. As I did earlier, I will resist drifting into discussions about sanctions because, at the outset of that new relationship, that is not an appropriate road to go down. However, I will say

that the outcome frameworks will be carefully negotiated. The Cabinet Secretary for Finance and Sustainable Growth has talked about performance management, about the duties on local authorities to report and about the regular meetings between local authorities and ministers—and indeed the whole Cabinet.

Ultimately, local authorities are democratically accountable organisations in their own right. They are accountable to the people whom they serve. I am confident that the relationship that we are building with local authorities will ensure that the key priorities are delivered, perhaps more effectively than in the past. We must remember that removing ring fencing, which only ever applied to about 20 per cent of local authority funding, does not automatically mean that local authorities will decrease resources in any particular area; they may consider spending more in those areas if there is a shared sense of priority.

11:15

Mary Scanlon: I am sure that the two doctors here will know about the measurement of positive well-being, but would I be right in saying that the 20th indicator applies to the general population as opposed to people with mental health problems only? I know that a random sample of the population of Scotland will be measured, but is what is being measured optimism, self-esteem and positivity? Is that one of the targets?

Nicola Sturgeon: I ask Dr Woods to answer that question.

Kevin Woods: There is an important general point to make about the indicators on page 47 of the spending review document. They are indictors by which the Government wishes to assess progress. We want everyone in the public sector throughout Scotland—not just the health service—to contribute to that progress. Yesterday, I was at an interesting discussion that brought together public sector leaders from throughout Scotland. They find our approach extremely helpful because it provides clarity about the direction in which we want to go. That indicator will tell us whether we are achieving better mental health for the Scottish population.

What is referred to in a pale blue box at the bottom of page 47 is the fact that the indicators are supported by individual performance management systems. As the cabinet secretary has said, our HEAT approach contains far more specific annual targets for boards to address in relation to mental health. One of those targets relates to reduced anti-depressant prescribing and another aims to reduce the rate of readmission to acute mental health facilities. If we can achieve those specific targets—our HEAT approach expects boards to demonstrate to us how they are using their resources to support the achievement of the targets—we believe that it will help us to move the 20th indicator in the right direction. However, that is not just a job for the health service—it needs contributions from other parts of the public sector.

Mary Scanlon: I understand. I just wanted clarity that the indicator applies to all of us, throughout Scotland—

Nicola Sturgeon: Yes, it does—including you.

Mary Scanlon: Even me—that will ratchet up the average score a few points. The indicator is not specifically directed at those with mental health issues. That was the clarity I was seeking.

Nicola Sturgeon: That is right.

The Convener: I am pleased to hear that the mental well-being of the Health and Sport Committee is of concern to you.

Nicola Sturgeon: It is, convener.

Dr Simpson: I want to follow up on the target of a 10 per cent reduction in the prescribing of anti-depressants. The UK has announced an additional £170 million for psychological services. Without pre-empting you, I wonder whether you will hold the boards to providing psychological services. One of the big problems in primary and secondary care is the lack of access to alternatives to anti-depressants. Without such provision, such a target will be a major difficulty.

Nicola Sturgeon: I absolutely agree. The reduction in the prescribing of anti-depressants cannot be seen in isolation. It can be achieved only if the alternatives are there. I do not want to pre-empt announcements on the revised HEAT targets and the new action plan, but there will be more detail in that.

Kevin Woods: One of the things that we have been pursuing in the annual reviews—we have a specific follow-up to some of the annual reviews—is the way in which boards are using resources to support expansion of psychological therapies. That is very much in our sights.

Dr Simpson: Under "Improving Health and Better Public Health" in table 21.02, there are several specific allocations for alcohol misuse, cervical cancer vaccination, health improvement and health inequalities, hepatitis C, and specialist children's services. Those allocations are all welcome, particularly the continuation of the Labour Government's commitment to cervical cancer vaccination, which will have a long-term benefit in reducing cervical cancer deaths. Specific details are provided for £92.9 million of the spend of £169.4 million, which is about 42 per cent of the total planned budget for this area. Could you give

us more detail on what the remainder is being spent on?

Nicola Sturgeon: I am sorry; can you repeat the figure?

Dr Simpson: Under the heading "Improving Health and Better Public Health", there will be an additional £169.4 million of spending by 2010-11. Specific details are provided for £92.9 million of that. I am looking for a little more detail on the rest of the £169.4 million, if not at the moment, perhaps in correspondence.

Nicola Sturgeon: Forgive me, but I do not follow the figures that Richard Simpson is citing. They are probably aggregates of a number of figures.

The Convener: Hold on a moment; we will have to draft our budget report soon, so we need answers now.

Nicola Sturgeon: Can I undertake to provide that level of detail once we have clarified the figures? I will give a few examples of what might be included in some of the budget lines, which might help. In the health improvement and health inequalities budget line, for example, you will find the resources to expand the keep well project. There will also be significant resources over the next few years for a range of measures to tackle obesity, which I am sure members will agree is very important. The hepatitis C action plan implementation budget line speaks for itself; it is designed to increase diagnosis and access to treatment for people who have hepatitis C. Pandemic flu preparedness covers only the revenue; other resources are available in capital, and I spoke about those last week. Screening improvements include two-view breast screening. I am awaiting a report on the delivery of specialist children's services; the funding is designed to support those services. Those are just some examples of what is included. If the committee wants further details on the budget headings, we would be very happy to provide it.

Dr Simpson: Thank you.

The next Scottish schools adolescent lifestyle and substance use survey will be coming up in 2008. I am concerned that the response rates have been declining during the past 10 years. The surveys are fundamental to our understanding of drug and substance misuse among young people. I encourage the cabinet secretary to look at whether SALSUS is adequately funded to ensure that there is an adequate response. If schools are not responding, which seems to be the case, could she ask her Cabinet colleagues to ensure that the local authorities ensure that they respond?

Nicola Sturgeon: I am more than happy to look at that.

The Convener: I want to pick up on tobacco control, which is in the same area. On page 25 of the budget, there is an announcement of

"£3 million a year for further action to reduce smoking".

Why does the budget line show an increase of only £2.5 million? What does the £11.3 million in 2007-08 fund?

Nicola Sturgeon: I did not pick up your first statistic.

The Convener: On page 25 in chapter 5, it says there will be

"£3 million a year for further action to reduce smoking",

but the budget line shows a figure of £11.3 million rising to £13.8 million. There seems to be a differential in the additional funding; that is my first question. Secondly, what does the £11.3 million currently fund, given that the ban on smoking in public places has been so successful?

Nicola Sturgeon: I think that the bulk of the £3 million that you referred to is accounted for in the rise in that budget line; I guess that the rest is in the health improvement and health inequalities budget line, but we can confirm that. The £11.3 million is funding a range of smoking cessation projects. Such projects have been extremely successful around the country. The additional funding is designed to support the five-year smoking action plan that we intend to publish next year, under which we will further invest in smoking cessation and consider further enforcement and prevention work that we need to do.

The Convener: The cabinet secretary will understand that I have an interest in the matter, with my proposed bill.

Nicola Sturgeon: I know.

The Convener: I am looking for money, although I am not making a bid at the moment.

Helen Eadie: Our briefing papers mention

"a redistribution of £226.7m away from Health Boards"

by 2010. That was mentioned earlier in our discussion. Over the past four years, a major debate on hospital centralisation and decentralisation programmes has raged in Scotland, and various cost pressures will continue to pursue us for years to come.

How will the Kerr report impact on delivering services much more locally, which the Parliament agreed it wanted? The emphasis was going to be on primary care. How will you square that circle if £226.7 million is to be redistributed away from health boards? That is a major concern. In "Right for Fife", for example, we were promised that our local hospitals—Queen Margaret hospital in particular—would be helped by much more locally

delivered services. All the political parties gave similar promises throughout Scotland. How will you square that circle?

The Convener: I tried to follow your question, Helen. Is it about how primary care services will be supported in light of the Kerr report?

Helen Eadie: Yes, but there should be particular emphasis on examples. For example, our local SNP people stood on a platform—

The Convener: I do not want to get into what is happening in Fife; I want to consider the general question.

Helen Eadie: People wanted to ensure that hospitals would become general hospitals, but if the emphasis is back on primary care, which the cabinet secretary wrote to me about—

The Convener: The cabinet secretary seems to understand your question, which I did not. I am happy to let her answer it.

Nicola Sturgeon: I think that I will interpret the question, although there is one part of it that I do not understand. Will Helen Eadie clarify what she meant when she talked about the distribution of £200 million away from health boards? I am not sure where that figure comes from.

Helen Eadie: It is in the paper that our budget adviser prepared.

Nicola Sturgeon: No money is being distributed away from health boards, so I do not know what that figure relates to.

Helen Eadie: The paper mentions

"a redistribution … away from Health Boards".

Nicola Sturgeon: To where?

Helen Eadie: I am asking you to tell us where it is going.

Nicola Sturgeon: You have plucked a figure out of thin air. I have never heard it, but perhaps it relates to an issue that we have touched on. As well as the health board allocations, there are a number of budget lines for specific initiatives, money for which will be allocated back to health boards. I am hazarding a guess at what the figure relates to.

I want to move on to the broader question.

Dr Simpson: Could you eventually give us the figures for that? I do not expect you to do so in time for our budget report, but that would be helpful.

Nicola Sturgeon: The figures on what?

Dr Simpson: Spending percentages by area will be considerably altered if we have—

Nicola Sturgeon: Do you mean the figures for the specific allocations of money?

Dr Simpson: The reallocations.

Nicola Sturgeon: Those may not be made in the same timeframe as the overall allocations for health boards. The budget line allocations for health boards will be made in January, and the figures will be made public. Some health board allocations from the other budget lines will not necessarily be made in the same timeframe; rather, they will be made over a period as the policies are implemented.

The Convener: That is reasonable.

Nicola Sturgeon: I return to Helen Eadie's question, although before I answer the general question I point out that the promise relating to Queen Margaret hospital is being delivered as we speak. Two weeks ago, I opened the new haematology and oncology unit at Queen Margaret hospital, which enables people to receive locally in Dunfermline treatment for which they previously had to travel to Edinburgh or Kirkcaldy. The people I spoke to that day were delighted to have services provided locally. The Queen Margaret is a good hospital that provides a range of services to local people. On the same day, I opened the Linburn Road health centre in Dunfermline, which is another sign of the investment in primary care services.

11:30

My response to the question about the Kerr report is that I have said repeatedly that I endorse and want to continue the direction that the Kerr report set. When our action plan is published in the next few weeks, members will see clear continuity from the Kerr report. For a range of reasons, it is vital that we do more to shift the balance of care away from secondary care and into the community. Incidentally, that does not mean that we go around shutting hospitals right, left and centre. We must have the right balance of care, which is a matter of judgment in each area. However, shifting the balance of care into the community is important as we face an ageing population. More people are living with long-term conditions and more people want to be cared for and treated at home and in the community. We will enthusiastically support that direction of travel. In the next few years, I want the balance of resources to shift to support that.

The Convener: I was just thinking that we have run out of steam, but before the words passed my lips, three members' hands went up. I should never think that.

Rhoda Grant: What is the reason for the large increase in funding for distinction awards?

Nicola Sturgeon: Distinction awards are a scheme for consultants. In some circumstances,

they receive distinction awards, which are payment awards. The scheme is under review by a committee that is due to make recommendations soon, which will come to me for approval.

Rhoda Grant: Do you expect an increase in awards? Is that why the budget is to increase? Will the awards be for consultants only?

Nicola Sturgeon: The budget is expanding because the number of consultants has increased in the past few years—more people are eligible—but the scheme's operation is under review. I do not want to say more than that because I have not yet received recommendations, so I have not made a decision.

Mary Scanlon: A briefing paper from NHS Highland says that, because it takes five or six hours to get surgeons and consultants to places such as Caithness and Fort William, NHS Highland will have to centralise more services in Inverness to meet the 18-week target. In the context of the tight financial settlement, it predicts that that target will result in more services being centralised because it cannot afford consultants' travel times.

Nicola Sturgeon: You refer to a document that I have not seen, but I disagree that meeting the 18-week waiting time target will result in centralisation—and it will certainly not result in inappropriate centralisation. On the contrary, one thing that will require to be achieved to meet the whole-journey waiting time target is access to more local diagnostic facilities, which will need to be available in the community rather than in hospitals to which people go with out-patient appointments. Because the target focuses on the whole patient pathway, it has great scope for further localisation of several services. As you know, the Government is committed to having local services wherever possible.

Kevin Woods: Members will find on page 105 of the spending review and budget document references to important capital schemes that will be supported. Mary Scanlon will be interested to know that one scheme relates to day-case surgery at Raigmore hospital.

Dr Simpson: It is interesting that one budget line that will be cut is for what used to be known as the centre for change and innovation and is now called improvement and support of the NHS. That is in table 21.02. Funding for it is to be reduced from £23.6 million to £22.1 million and eventually to £20.3 million. As the centre has delivered and supported substantial change that has helped to achieve cost efficiency in the health service, I am slightly surprised to see that reduction. Can you tell us why and how it is being reduced?

Nicola Sturgeon: I understand that, on the face of it, that might look a bit odd, given the drive to cut waiting times further, but I hope that I can convince Richard Simpson that it is the exact opposite of odd.

As you will know from your past experience, the purpose of the money in that budget line was to build capacity locally in boards. Increasingly, over the years, the money has been consolidated into the budgets of boards and it has, effectively, been mainstreamed. In addition, we have the "Access Support for the NHS" budget—the money that we have talked about, which is specifically to support the reduction in waiting times. A lot of what would be supported by the budget to which you refer will be supported by the money to reduce waiting times.

Kevin Woods: We want to ensure that boards have the capacity to undertake redesign themselves, and we have made a lot of progress on that. When we started, we had to create a central resource. Most of that continues; there is no reduction at all in our commitment to service redesign. We still regard as extremely important some of the collaborative programme with which, I suspect, you are familiar, but we have been trying to build capacity in boards to enable them do that themselves. That has been important in the context of the progress we have made in relation to diagnostics and the 62-day wait for cancer treatment.

Dr Simpson: That is very helpful. The Audit Committee pointed out that redesign has some initial start-up costs, and the unit was meeting those costs—

Nicola Sturgeon: The substantial part of the budget remains.

Dr Simpson: Yes, it will continue. That is very helpful.

The Convener: Those answers will be of great interest to the NHS manager development network, representatives of which have joined us in the public gallery and will be listening very carefully. They are behind you, minister—that is a seasonal comment.

I will let Ross Finnie in next, as he has not spoken for a while. I will then bring in Helen Eadie.

Helen Eadie: Thanks very much, convener—

The Convener: I was going to let Ross Finnie speak next.

Ross Finnie: It is okay. On you go, Helen.

The Convener: Oh, the courtesy here is delightful.

Helen Eadie: The age of chivalry is not dead. Thank you, Ross.

I am concerned about the impact on the budget

of new medicines and drugs. Our briefing paper states:

"The proportion allocated to 'Primary and Community Care Services' declines because zero uplifts have been assumed for the main elements in this budget line."

That takes us back to the health board issue. It continues:

"The proportion to be allocated to NHS and Special Health Boards is planned to decline from 76.8% to 74.8%—a redistribution of £226.7m away from Health Boards by 2010/11."

If there is to be a bit less money in the health boards, how are they to afford all the new medicines that are coming through, some of which cost £10,000 or more a time?

Nicola Sturgeon: I guessed correctly where your questioning was heading earlier on. We have answered those points. First, the flatline budgets for primary care relate to on-going pay determinations. I have explained the reasons for that. Secondly, on the percentages being allocated to health boards that you cite, I have explained the other budget lines that will, eventually, also be allocated to health boards. I therefore ask you to treat the figures in your briefing paper with a healthy degree of caution, especially in the light of the answers that I have already given you.

You ask an important question about the money that is needed for new drugs. That is one of the pressures that boards face. Ross Finnie referred to it, too. We have already answered questions about the provision we have made for such inflationary pressures. The issues around new drugs will always be sensitive, which is why we have got the Scottish medicines consortium to make the decisions to which boards are obliged to pay heed. You will agree that it is important that such decisions are made by experts and clinicians, not by politicians.

The Convener: Before we proceed, I must defend our health adviser. As I read it, there is an understanding that, as the minister has stated, the £200 million-plus that is being shifted is going into other projects that will be centrally funded and will be subject to negotiation post January. That is what I understood from the briefing paper. I feel that Professor Sutton deserves to be defended—not that he asked for that or needed it. With respect, I ask Helen Eadie to read the second section of the briefing paper.

Ross Finnie: Cabinet secretary, in answer to my second question you helpfully directed me to cast my eyes down the page to "Miscellaneous Other Services". The notes on pages 51 to 58 outline some of the matters that are contained within that budget line. Given that, in 2010-11, the final total of increase is £100 million, of which £45 million will be expended on dealing with the removal of prescription charges, and that there are six other headings that have increases, we are not left with a huge sum to cope with the matter to which you directed me earlier—the possibility that you might have to make an inflation increase to the elements of primary health care that are currently flatlined.

I am not trying to be clever here—I just seek clarity. It is a difficult heading, but having added up the various elements in the line to which you directed my attention, I am not left with a great gap to deal with any inflation increase on the £1.3 million or £1.4 million of expenditure that has flatlined.

Nicola Sturgeon: You raise an important point. I am not trying to dodge the question. You are right to point out that there are a number of items under that budget heading—they include prescription charges, flexible access to health care and free eye examinations. There are a number of other developments that total no more than £20 million. As I said earlier, I would be defeating the purpose of how we presented the budget if I told you how much is in there to take account of possible pay awards, although I am sure your arithmetic is good enough to do some sums and work it out. We are satisfied that adequate provision has been set aside in that budget.

Mary Scanlon: In your opening comments, you said that the budget for alcohol misuse has increased by £85 million. In fact, it starts at £12.3 million this year and goes up in incremental steps to £47.4 million. Surely that is £35 million rather than £85 million.

Nicola Sturgeon: I apologise if I misspoke about that, although I do not think that I did. I said that the budget is £85 million over the next three years, which I think is made up of £20 million, £30 million and £35 million.

Mary Scanlon: Maybe I misunderstood, but it is not going up—

Nicola Sturgeon: I did not say that it is going up by £85 million; I said that the budget over the next three years is £85 million.

The Convener: For the sake of the official report, please do not talk over each other.

Mary Scanlon: It is going up by £35 million over the next three years—from £12 million to £47 million.

Nicola Sturgeon: Yes, but if you subtract the baseline from the £32 million, it gives you £20 million; if you subtract it from the £42 million, it gives you £30 million; and if you subtract it from £47 million, it gives you £35 million, which makes the £85 million to which I referred.

Mary Scanlon: If you are in the business of double counting each year.

Nicola Sturgeon: With respect, I said subtract the baseline. I am not double counting—I am single counting. The budget for the next three years is £85 million, in addition to the £12.3 million.

Mary Scanlon: Going up by £35 million over the three years.

The Convener: Richard Simpson seems to be in agreement with the minister.

Dr Simpson: It is £85 million in total, over and above the existing £12.3 million, spread over three years—in the way the cabinet secretary has indicated.

Helen Eadie: I am still unhappy on that point, but we will have a discussion in private anyway.

Nicola Sturgeon: I am more than happy to try to clarify it further if Helen Eadie wants me to.

Helen Eadie: The point is that health boards will have continuing pressures. This morning, we have identified pressures from the agenda for change and financial pressures such as those on the drugs budget. We all welcome the money under the "Improving Health and Better Public Health" heading but, at the end of the day, that will not take away from the on-going pressures that health boards will have on the main budgets. I am concerned that, in the time ahead, we will all go to our respective health board briefings and people will throw up their hands in horror about what you have told us this morning.

11:45

Nicola Sturgeon: I do not deny the central point. I go back to where I started: the settlement is tight and health boards are facing much tighter times. However, there were two parts to the answer that I gave. One relates to earlier questions and the answer that Alex Smith gave: that we are confident that we have made provision for inflationary pressures in the basic health board allocations. The other part is that budget lines have been allocated to health boards for specific priorities. You are right that the additional bits of money will not be available to meet general pressures—they are additional to the amount that we have made available for those.

The Convener: We will have an interesting discussion when we consider our draft report. Richard Simpson advises me that he has a tiny, short, question, but I am wary of that. I would like to bring the evidence session to a close by 11:50.

Dr Simpson: We have, rightly, concentrated on the figures, but one theme in Audit Scotland reports is that the Scottish health service still has relatively poor costing information and limited information on effectiveness. To conclude the session, can the team give an indication of what progress they hope to make on that, particularly given that Scotland has not gone down the competitive route? The two major parties are certainly agreed that we want to go down a route of collaboration and co-operation, not one of competition, but it is still fundamental that we ensure good cost effectiveness—otherwise, budgets cannot be used. I know that the efficiency savings should drive that to an extent, but what progress will you be able to make on those elements?

Nicola Sturgeon: I will ask Dr Woods to come in but, in general, you are absolutely right to raise the point, which is important. I suspect that Audit Scotland will continue to monitor the matter and have things to say about it in its regular reports on the NHS. Some work is on-going, such as the important work on tariffs that looks to standardise the costs of cross-health-board-boundary procedures. There is also the work that I mentioned that will be driven by a national steering board to help health boards achieve the 2 per cent efficiency savings—as you rightly say, that work is extremely important. We will continue to ensure a sharp focus on value for money, for example in procurement, through Health Facilities Scotland and NHS National Services Scotland.

Dr Woods may want to add something.

Kevin Woods: You have covered most of the important points. Our response to the challenge in the audit reports has been to become more systematic about initiatives. We have several valuable initiatives, but we feel that we could co-ordinate them better and engage the whole service better. That is what the programme to which the cabinet secretary referred is intended to achieve. Through the SMC, we have an effective system for assessing the cost effectiveness of new drugs. Recently, we have been working to extend that thinking into the broader area of other health technologies. If we consider the package, we can see that we are trying to take a much more coherent and strategic approach to cost effectiveness, efficiency and productivity. I do not want to lose sight of productivity, because it is important. For instance, we are doing benchmarking work on the use of operating theatres, which is important in securing higher productivity and greater efficiency.

The Convener: I will exercise some kind of privilege and ask the very last question. In real terms, the allocation to health boards represents a 0.5 per cent increase each year. Can you advise the committee what information you used to allow for inflation in that figure?

Nicola Sturgeon: With respect, convener, I think we have covered that. The 2.7 per cent GDP deflator was applied and the 0.5 per cent to which you refer is on top of that. Ross Finnie and Richard Simpson raised points about health inflation, rather than general inflation. Alex Smith answered those questions, so he might want to say more on that.

Alex Smith: The assessment was informed by our examining future prospects on pay. Across all the supply budget heads that we have, we arrived at that position.

The Convener: This is foreign territory for me, so I am being prompted somewhat. I asked whether you could share with us the information on which you have based the increases. What factual information did you use?

Alex Smith: On pay, for example, we used the submissions to the pay review bodies that Scottish Government health directorates made.

The Convener: Remind me what percentage salaries are of the health budget.

Nicola Sturgeon: They are 70 per cent.

The Convener: About two thirds.

Alex Smith: So pay is a huge determinant in our considerations.

Nicola Sturgeon: The submissions to the pay review bodies are publicly available—they are published on the Department of Health website.

The Convener: We have exhausted our queries. I thank the cabinet secretary and the officials for their evidence. I will suspend the meeting, after which the cabinet secretary will return to answer questions on sport.

11:51

Meeting suspended.

12:00

On resuming—

The Convener: I call the meeting back to order. Would the cabinet secretary like to make some introductory comments on the sports aspects of the budget, or shall we move straight to questions?

Nicola Sturgeon: I covered the main budget headings in my opening remarks. I am happy, in the interests of time, to move straight to questions.

Michael Matheson: In evidence two weeks ago, the chair of sportscotland, Julia Bracewell, expressed serious concerns about the cut in sports lottery funding for sportscotland that is intended because of the spiralling costs of the London Olympics. She painted a serious picture and said that the potential cuts that sportscotland faces place it

"between a rock and a hard place."—[*Official Report*, *Health and Sport Committee*, 21 November 2007; c 240.]

Can you comment on that issue? Does the Government intend to take action to allay sportscotland's concerns?

Nicola Sturgeon: Members are aware that the Government has repeatedly expressed concerns to the UK Government about the impact on sports development in Scotland of the funding arrangements for the London Olympics. I will give the committee some numbers that Julia Bracewell may already have discussed with you. Over the next few years, there will be a direct loss to sportscotland of in the region of £13 million, which will be diverted to fund the London Olympics. On top of that, it is estimated that ticket diversion—people buying not general lottery tickets but the special ticket for the Olympics—could lose sportscotland an additional £4 million or thereabouts over the next few years, although it is difficult to be exact about that figure.

Clearly, there will be a substantial reduction in money. We are extremely concerned about that. The issue was of concern prior to Glasgow's success in winning the 2014 Commonwealth games and becomes more concerning in light of that success and the need for us to build a legacy not just from the 2012 Olympics but from the 2014 games. We will continue to take up the issue with the national lottery and the UK Government.

Michael Matheson: Stewart Harris, the chief executive of sportscotland, stated in evidence two weeks ago that, to date, the organisation had not received an assurance from the Department for Culture, Media and Sport in London that the cut in sports lottery funding in Scotland will be capped at £13 million. That opens the door to a potentially even greater cut. Will the Scottish Government consider making further representations to the DCMS, to seek an assurance that the cut will go no further than the proposed £13 million?

Nicola Sturgeon: I will seek such an assurance, as I would be hugely concerned if the loss were to be in excess of the figures that we are discussing today. Without my going into too much detail, members can be assured that we will continue to have discussions with the UK Government about how we can avoid some of the losses that have been proposed. We are in new territory, as we have our own games to look forward to, just two years after the London Olympics. The London Olympics are great and there are benefits to be had from them, but clearly our priority is to ensure that in 2014 we have not just the best Commonwealth games ever but a real legacy in

community sports facilities. In that context, some of the losses that we are discussing are even more alarming than they were previously.

Mary Scanlon: Given the tight settlement for local government, less ring fencing and the fact that a lot of money for sports comes from local government, can you give us an assurance that sports funding will not be squeezed? In anticipation of an answer that refers to the concordat with local government, can you give us some idea about whether there will be a measurable target or outcome? If so, when will that be decided on?

Nicola Sturgeon: I cannot give you that detail at the moment for the simple reason that the outcome agreements are still subject to discussion. However, you are right to say that local authorities contribute a great deal to sport and sports development. Without speaking for COSLA, I can say that I know that it, like us, has a desire to ensure that, as we move towards 2014, there is an increased focus on those issues.

The figures for sport in the spending review document are detailed in table 21.05. That table shows that, in this tight settlement—to which Mary Scanlon, rightly, drew attention—sport is one of the big winners. Over the next three years, there will be a 48 per cent increase in the funding that we have made available to sport. Some of that will be spent in this spending review period on preparations for the Commonwealth games, although, as members will understand, the bulk of the money for the Commonwealth games will be in the next spending review period. However, there has been a substantial increase in funding for sportscotland, which is right, given the exciting prospects that we have ahead of us.

Mary Scanlon: When are we likely to know the targets or outcome agreements that will be set with COSLA?

Nicola Sturgeon: As you know, the Cabinet Secretary for Finance and Sustainable Growth is the lead cabinet secretary in relation to that matter. The issues are subject to negotiation. The situation has a number of layers, including the single outcome agreement and the individual outcome agreements with individual local authorities. I am sure that Mr Swinney will report to Parliament regularly on progress.

Mary Scanlon: Will those targets be set before the budget vote in February?

Nicola Sturgeon: That is a question for the Cabinet Secretary for Finance and Sustainable Growth, at this stage.

The Convener: Mary Scanlon might want to lodge a parliamentary question on that.

Nicola Sturgeon: In relation to the overall single outcome agreement, the answer to your question is yes. However, Mr Swinney would be able to talk to you in much more detail about the progress of the negotiations.

Dr Simpson: The previous Administration tried to persuade local authorities to ensure the provision of two hours of physical education a week, but the last report on the matter showed that a disappointing number of local authorities had failed to do that. I should also mention that the Scottish Consumer Council has reported that parents want five hours of PE a week. We look forward with great interest to the outcome agreements and the monitoring of them.

In respect of the Olympic games, regional centres of excellence are being established. The other week, Julia Bracewell and Stewart Harris told us that Scotland seems to be in a difficult position from which to bid for those centres, because of a lack of facilities—our facilities require substantial upgrading. What steps does the Government propose to take in the current budget to ensure that those who are responsible undertake to upgrade the facilities to a level that will enable us to bid for some of the lottery money that, as Michael Matheson mentioned, is, ostensibly, going south but which will, I hope, benefit the whole of the United Kingdom?

We do not have a Loughborough or a Bath in Scotland, which is to say that Scotland has no designated sports university. I should declare an interest, in that I am an honorary professor at the University of Stirling, with which I have a long association. Is it intended, within this budget round, to establish a Scottish sports university—not necessarily in Stirling—similar to those that exist in England and Wales?

Nicola Sturgeon: On your first question, obviously, the allocation of sportscotland's budget is a matter for sportscotland, although we have a keen interest in that. Sportscotland funding is designed to allow progress on the national and regional sports facilities strategy. About five of the strategy's projects have moved to stage 2 of the process and another one will move into stage 2 in the next wee while. We need to upgrade our facilities as fast as we can and the Commonwealth games provide a focus and a catalyst for that. We want Scotland to be in a position to benefit as much as we can from the Olympic games, although I refer to my earlier comments.

On the issues that relate to a university for sport, I suspect that I will stray into the territory of my Cabinet colleague, the Cabinet Secretary for Education and Lifelong Learning, although a big overlap is clear. We said in our manifesto that we were keen for the Bellahouston school of sport model to be extended, although that must be seen

in the light of the tight budget settlement. I do not refer to that school simply because it is in my constituency—

The Convener: Why not? Everyone else has mentioned their constituencies.

Nicola Sturgeon: That seems to be the order of the day.

That school provides a fantastic model for nurturing elite athletes at a young age. The question whether athletes would progress from there to a university is important. We are not talking about specific funding in the budget for that, but I am sure that members will continue to explore the issue.

Dr Simpson: Perhaps we can return to that if end-year flexibility is available or underspending occurs in future years.

The Convener: I have no doubt that we will.

Helen Eadie: Yesterday, the Subordinate Legislation Committee considered a proposal by the Scottish Government that all bank accounts in Scotland that have not been used for 15 years would become the Scottish Government's property. To what extent have you factored that proposal into your budgeted expenditure for sportscotland and other sporting activities?

The Subordinate Legislation Committee's papers said that some of that money would go to the Big Lottery Fund. I do not oppose that idea—it is good if money has been lying in bank accounts. The papers also said that use of the money by other cabinet secretaries had not been ruled out. Have you factored that money into your budget?

Nicola Sturgeon: As far as I am aware, no decisions about using the money from defunct and disused bank accounts have been taken—I think that the subject falls within the Cabinet Secretary for Justice's remit. However, I confirm that nothing in the sportscotland budget that we are discussing depends on anybody's bank account becoming defunct.

Helen Eadie describes a potential source of money that is similar to money that is recovered under the Proceeds of Crime Act 2002, which becomes available for distribution to worthy causes. I have no doubt that the use of such money will be discussed in the future.

Rhoda Grant: I will follow up Richard Simpson's question about the benefits of the Olympic games to Scotland. I am keen to learn of the benefits to the whole of Scotland from the Commonwealth games. It is important that benefits are not just felt in Glasgow, but pushed out throughout the country and—to be parochial—into the Highlands and Islands.

The Convener: I am losing the battle and I might have to take steps.

Rhoda Grant: Has the cabinet secretary thought about what form such benefits could take?

Nicola Sturgeon: The Commonwealth games organising committee will think carefully about the matter. It is no accident that the strapline for the Commonwealth games bid was "Scotland's games". It is clear that Glasgow will benefit most, but the event should benefit all of Scotland. Some of those benefits will be indirect, but they will be no less important—jobs, the economy and tourism will be boosted. Opportunities will arise for more direct benefits. Stewart Maxwell and I have received several parliamentary questions from members who represent areas as far afield as Orkney and Shetland about the potential benefits, which should arise. Those benefits can take several forms, from training camps to a range of matters. I assure Rhoda Grant that the Commonwealth games organising committee will have the issue at the forefront of its mind.

12:15

Ross Finnie: I turn to an outstanding matter that arose during our evidence session on 21 November with representatives of sportscotland. The witnesses acknowledged the level of increase in the sportscotland budget over the three years, to which you referred earlier, but they claimed—I stress that I am the messenger here, although what they said is in the *Official Report*—that it was unclear whether the additional funds were new money or whether they included the £27 million that the agency had in its capital reserves. Will you clarify that?

Nicola Sturgeon: The funds are a combination. The money in the capital reserves to which you referred is of course in the capital reserves of the Government, not specifically of the agency. That money has been rephased, reprofiled and consolidated into sportscotland's budget over the next three years. In addition, there is £15.5 million of new money over the next three years. The short answer to your question is that the money is a combination of the money that was in the central unallocated provision, to use its technical term, and the new money that I have talked about.

Ross Finnie: An Audit Scotland report from last year identified that £2.1 billion might be required to bring all our community sports facilities up to speed. It is amazing how Audit Scotland always seems to manage to manufacture such numbers—it must be some professional thing that it does.

The Convener: "Manufacture" is another naughty term. You used the term, "slush fund" earlier.

Ross Finnie: I am a member of the Institute of Chartered Accountants of Scotland, so I am allowed to use such phrases.

Nevertheless, £2.1 billion is a daunting sum. To what extent do you think that sportscotland can begin to commission work with other partners to deal with that deficit? In a perfect world, which we do not necessarily live in, sportscotland would have requested some £20 million a year in capital spend. If you have allocated part of the CUP for both capital and revenue purposes, what are the implications for tackling the deficit and the backlog of facilities throughout Scotland?

Nicola Sturgeon: I agree that £2.1 billion is a daunting sum. As members will know, I am not one ever to resort to party politics, but I have to say that the sum is a fairly shameful legacy that the new Government has inherited. The sum has accumulated through years and years of neglect of community sports facilities. Tackling that deficit and bringing our facilities up to the standard that people have a right to expect will take a lot of time. I am confident that sportscotland has been funded in a way that allows it to make a start on that. How it allocates its budget between the big national and regional projects that I talked about and community facilities, and how it works with partners to lever in their resources is a matter for further discussion.

I repeat that the funding for sport in our budget is increasing by 48 per cent over the three years. In light of the tightness of the spending settlement, of which we are all aware, that shows that sport is one of the big winners in the budget. Yes, it will take some years to address the deficit that we have inherited, but we are funding sport to the extent that it can make a pretty decent start.

Ian McKee: I presume that sport is in your portfolio because of the contribution that it makes to the health and well-being of the country—rightly so. It is human nature to concentrate on the elite aspects of sport, because seeing athletes winning medals improves everyone's feelings of self-satisfaction and so on. I am probably in a minority of one in that I am not at all convinced that participating in elite sport is necessarily a healthy activity, having seen people 20 or 30 years further on from their peak in their elite sport. However, we know that persuading the ordinary citizen to walk a bit twice a week and get moving has enormous health benefits. I do not know whether you see exercise as coming under the sport portfolio—I am certainly not talking about competitive sport. Do you think that you have got the balance of expenditure right? Masses of citizens in Scotland who would not even begin to try emulating our great athletes in the Commonwealth games would benefit from taking a tiny bit more exercise if they could be persuaded to do so. Are you satisfied that we are investing adequately in that aspect of sport in the health and well-being portfolio?

Nicola Sturgeon: You make a vital point about the need to see sport in its widest sense. It is important that we support our elite athletes by ensuring that they have the facilities to perform at the top of their game. We should not underestimate for a minute the catalyst effect of a big event such as the Commonwealth games. If our young people can see our elite athletes performing and winning medals, that will have an impact on encouraging them to become more active and to take up sport.

Of course we must concentrate on the other end of the spectrum as well. In addition to promoting sport, we do a lot of work to promote higher levels of physical activity. Additional budget lines are devoted to that in the health part of the budget that we discussed earlier. For example, there is a budget line of £6 million over the next three years dedicated to increasing physical activity. As well as from the sport budget, other moneys are available from the health budget to widen participation and to increase levels of physical activity. Those issues are extremely important to the health agenda.

The Convener: I add my support for Ian McKee's comments, so he is not a lone figure. We took evidence from sportscotland on the legacy of the Commonwealth games. I see that one of the priority goals in the draft budget is:

"creating a legacy through major events such as the Olympic and Paralympic Games and Commonwealth Games."

Given the evidence from sportscotland that no host nation has experienced a substantive legacy, I can only reiterate Ian McKee's concerns. Although it is important that elite athletes are supported as they are good for national pride and so on, participation at a much lower level—support for which is provided under other budgets—is terribly important. Many people just sit with their crisps and lager and watch the Olympics.

Nicola Sturgeon: Speak for yourself, convener.

The Convener: I take neither crisps nor lager; my sins are different. Does the minister take my point that we can overemphasise that legacy?

Nicola Sturgeon: Having had discussions with sportscotland and with others in the field—pardon the pun—I think that we have an opportunity over the next seven years to get this right in a way that other countries did not. I feel strongly that the legacy will be created not just by talking about it but by doing what is necessary to ensure that we achieve it. That applies from the bottom right up to our elite athletes.

The Convener: Richard Simpson wants to make a point, which I hope is not about crisps and lager.

Dr Simpson: It is not about crisps and lager, neither of which I consume.

My question is on efficiency savings at sportscotland. The Howat report suggested that the organisation could achieve a 7 per cent overall saving in its budget. Sportscotland pointed out in evidence to us that, because it is a conduit for the redistribution of 88 per cent of its budget, such efficiency gains would require savings of 27 per cent—rather than 7 per cent—on its core administrative budget. I know that the future of sportscotland is under consideration, but will the cabinet secretary comment on those efficiency savings?

Nicola Sturgeon: We will discuss with sportscotland the impact of the efficiency savings targets, but the 2 per cent efficiency saving applies across the public sector. There is an on-going review—again, I must be careful not to pre-empt decisions that have not yet been taken or announced—of the future of sportscotland. In our decision making on that, one of our priorities will be to ensure that we channel as much as possible of sportscotland's funding—even more than is the case just now—into the front line and away from administration and backroom functions. Clearly, those issues are important in that context as well.

The Convener: We have managed to reach the end of our questions. I thank the cabinet secretary and her supporting team.

That concludes today's business in public. We will now move into private session.

12:24

Meeting continued in private until 12:59.

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