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Pàrlamaid na h-Alba

Official Report

FINANCE COMMITTEE

Wednesday 9 October 2013

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FINANCE COMMITTEE
25th Meeting 2013, Session 4

CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

DEPUTY CONVENER

*John Mason (Glasgow Shettleston) (SNP)

COMMITTEE MEMBERS

*Gavin Brown (Lothian) (Con)

*Malcolm Chisholm (Edinburgh Northern and Leith) (Lab)

*Jamie Hepburn (Cumbernauld and Kilsyth) (SNP)

*Michael McMahon (Uddingston and Bellshill) (Lab)

*Jean Urquhart (Highlands and Islands) (Ind)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Bill Alexander (Highland Council)

Jan Baird (NHS Highland)

Chris Bowring (NHS Fife)

Stephen Boyd (Scottish Trades Union Congress)

Douglas Dunlop (Fife Council)

Martyn Evans (Carnegie UK Trust)

Stephen Fitzpatrick (Glasgow City Council)

Angela O'Hagan (Scottish Women's Budget Group)

Ruchir Shah (Scottish Council of Voluntary Organisations)

Kay Sillars (Unison Scotland)

Francis Stuart (Oxfam Scotland)

David Walker (NHS Greater Glasgow and Clyde)

CLERK TO THE COMMITTEE

James Johnston

LOCATION

Committee Room 2

Scottish Parliament

Finance Committee

Wednesday 9 October 2013

[The Convener *opened the meeting at 09:31*]

Decision on Taking Business in Private

The Convener (Kenneth Gibson): Good morning, everyone, and welcome to the 25th meeting in 2013 of the Scottish Parliament's Finance Committee. I remind everyone to turn off any mobile phones, tablets or other electronic devices.

Do members agree to take items 3 and 4 in private?

Members *indicated agreement.*

Draft Budget Scrutiny 2014-15

09:32

The Convener: Agenda item 2 is continuation of the committee's oral evidence sessions as part of our scrutiny of the draft budget for 2014-15. I welcome our first panel of witnesses: Ruchir Shah of the Scottish Council for Voluntary Organisations; Stephen Boyd of the Scottish Trades Union Congress; Kay Sillars of Unison; Martyn Evans of the Carnegie UK Trust; Angela O'Hagan of the Scottish women's budget group; and Francis Stuart of Oxfam Scotland. When you wish to speak, please indicate to me or the clerk. The session is intended to be a fluid discussion, so please feel free to contribute at any point. You can come in as often as you wish, so if someone says something and you wish to come in behind that, please let me know.

I intend to structure the discussion as far as possible around the questions in the committee's call for evidence. I begin by asking for your views on the Government's progress in meeting the outcomes and targets that are set out in the national performance framework, but we will move on to cover all aspects of the framework and people will be able to make any contributions that they wish to make.

I start by asking Stephen Boyd for his observations and views.

Stephen Boyd (Scottish Trades Union Congress): Thank you, convener. The STUC welcomes the Scottish Government's approach to the national performance framework. We recently started engaging at a high ministerial level on the nature of the framework and ways in which we think that it might be improved. However, as we outline in our written submission, there are a number of quite serious issues with the framework.

If we consider the Government's overarching purpose of increasing sustainable economic growth, there are a number of issues around using gross domestic product as the relevant indicator, and we believe that other indicators would be more appropriate. There are also issues with the relevance of the target. Given the current economic circumstances, we would ask what the Scottish Government can reasonably be expected to do in that regard in both the short term and the longer term. When we are faced with the United Kingdom Government's current approach to economic policy, it is unreasonable to expect that the Scottish Government can use the limited levers that it has to increase the growth rate in the shorter term.

There are also serious issues with the consistency of the various targets. I draw members' attention to the target for Scotland to be the best location in Europe in which to do business and the supplementary target on more and better jobs. Perhaps there are ways in which they can be reconciled, but it is important that we recognise that there is a tension there.

A number of additional measures should be included. I go back to the point about how we measure national collective prosperity. GDP is not an appropriate measure for that. We have been discussing with the First Minister and others ways in which we could look at the increase in real median wages as a better guide to collective prosperity, or, even better, real household disposable income, which includes benefits and transfers.

Given its work-focused perspective, the STUC is concerned that the current framework does not make sufficient reference to the workplace, the nature of work and people's experience of and treatment at work. The good research that Oxfam and the Carnegie UK Trust have recently undertaken emphasises that, for most people, their experience of the workplace has a major impact on their wellbeing, and work that is being undertaken elsewhere by the International Labour Organization and individual countries could be built on to ensure that the national performance framework begins to better reflect the workplace at a Scottish level.

In short, although there is much to applaud in the national performance framework and although we think that, generally speaking, it is the right approach, quite a lot can be done to improve it.

The Convener: In your submission, you note a contradiction between

"Increasing the business start-up rate ... and improving productivity".

Why do you feel that to be a contradiction?

Stephen Boyd: Unfortunately, the vast majority of business start-ups tend to be low-productivity businesses and marginal, underperforming and small companies. There is, of course, a debate to be had about this, but if you accept that productivity is the most important metric, you would not necessarily set about trying to improve it by increasing the business birth rate. In fact, you would be likely to see in the short, medium and—I argue—longer term a detriment to productivity in that regard.

The Convener: But surely having additional businesses increases the economy's overall productivity and output.

Stephen Boyd: I argue that research suggests otherwise. The really good research that has been

done in Scotland on policies to increase the business birth rate and the aggregate impact on the economy shows that start-ups not only have no positive impact on productivity but actually have a detrimental impact on employment and tend to destroy jobs rather than create them. Businesses set up in markets where they are marginal and undersized; because their productivity is very much lower than that of the market leaders in their sector they do not create jobs; and the fact that they very often fold after a short time has a knock-on, negative impact on other small businesses in the sector. There is an orthodox belief out there on this issue that I think is very much at odds with the evidence.

John Mason (Glasgow Shettleston) (SNP): You said that there are things on the Scotland performs website and in the national performance framework for which the Government is not responsible, but should those cover only things that the Government is responsible for or should they be all about how the nation itself is performing? The press release that was issued at the launch of Scotland performs, which is quoted in the Unison submission, said:

"For many of the progress measures responsibility for success is shared between the Scottish Government and partners in local government, with our universities, the business community and ... individual Scots."

Do we need two separate things or should we just be doing one or the other?

Stephen Boyd: I do not think that we require two separate things. It is absolutely appropriate to include in the framework targets that the Government does not exert total control over because, as you suggest, if it did not include those targets, the framework would be quite scant and would not contain very much. The framework has to be developed on the understanding that the Government's impact on some of the issues is often quite marginal. For example, on the overarching purpose of sustainable economic growth, there is a view abroad that that is simply a function of Government policy in the short, medium and longer term. Again, I argue that the evidence suggests that Government's impact in that respect, particularly in the longer term, is quite marginal. I have no problem with the inclusion of that factor, but we all have to understand the extent to which Government can influence it at the end of the day.

Michael McMahon (Uddingston and Bellshill) (Lab): Following on from John Mason's question about where responsibility lies, I think that inputs can be measured, but where do we get the data for outcomes and how do we judge whether an input has been successful? The SCVO touches on that in its submission, in which it says:

"Within such a framework, Scottish Government should be accountable for its performance in contributing to these outcomes, but not accountable for the outcomes themselves."

That seems pretty woolly to me. If we are judging the impact of the Government's input and the input does not achieve the outcomes and targets in the framework, the Government has to be held accountable for that. You cannot simply say, "The Government was right to put the money in. The fact that it didn't work or achieve the outcomes is not really its fault—it's all our fault."

Stephen Boyd: I am sorry—do you want me or Ruchir Shah to answer?

Michael McMahon: Anyone—we are discussing the issue.

The Convener: Michael McMahon is just making a point.

Malcolm Chisholm will be next, followed by Angela O'Hagan.

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): I have a question for Stephen Boyd about the framework. I am glad that Angela O'Hagan will follow me, because I would like to hear more from her about how we build the equality statement into the budget. I am sure that she will tell us that.

I will raise with Stephen Boyd two issues that came up last week. Would it be any improvement, or just a marginal improvement, to use gross national product rather than GDP? I understand that it is quite difficult to get measures of GNP, but at least it would exclude profits that go out of the country.

The other point was a suggestion from his namesake at the Royal Bank of Scotland—perhaps Stephen Boyd does not often agree with him—who suggested—

The Convener: You are talking about Stephen Boyle.

Malcolm Chisholm: Well, there you are.

Stephen Boyd: It has caused some confusion in the past.

Malcolm Chisholm: I will rephrase that. The person from the Royal Bank of Scotland who has a similar name to yours suggested that there should be an indicator for median household disposable income, which I thought was a rather good idea. Do you agree? Part of the problem with focusing on growth is that you can have a growing economy with increasing inequality, which is not what we want.

Stephen Boyd: A GNP measure for Scotland would be tremendously helpful in the economic debate that we are having at the moment. If we

are examining change over time through the national performance framework, I am not entirely sure that it would make a huge difference to include GNP rather than GDP, but I would be open to that discussion. The fact that we do not have a GNP indicator is detrimental to the quality of economic debate.

Not for the first time, I agree with my near namesake at the Royal Bank of Scotland. Median household disposable income would be a much better indicator of national collective prosperity than GDP, on which we are focused at the moment.

Angela O'Hagan (Scottish Women's Budget Group): I will link my comment to Michael McMahon's comment about state influence. Reading across the budget documents and more widely, I am struck by the range of measurement frameworks and standards to which public authorities are required to respond, the extent to which those frameworks align with the national performance framework, and the extent of potential misalignment.

The other area of misalignment is the extent of compliance with the public sector equality duty. Recent evidence from the Equality and Human Rights Commission has shown us the extent to which public authorities have responded, and how they have responded, to the first round of the duty. It does not make for terribly positive reading. There is a role for the Scottish Government to make greater use of the levers that it has and to demonstrate greater leadership on compliance with the public sector equality duty and, within that, on equality impact assessments.

The equality budget statement is a very positive addition to our framework of key policy pillars, but it is not yet an equality impact assessment of the budget by a long shot, despite significant improvements. We have consistently made the argument—as have others, as I see from the Royal Society of Edinburgh's submission, for example—about the importance of integrating an equality analysis of the budget in the national performance framework so that the different pillars or strands of the process are much more effectively interlinked and the equality budget statement demonstrates how progress is being made towards the national outcomes.

On the earlier discussion on achieving the outcomes and targets, some of the targets and outcomes lack nuance, depth and texture; those do not come through, even if we drill down. As the Equality and Human Rights Commission has highlighted, there is a problem with data. There is also a problem with the interplay between outcomes. For example, in pursuing participation rates and skills improvement, are we necessarily tackling inequalities when 25,000 modern

apprenticeships continue to perpetuate the occupational segregation and limited access that we know about? Greater recognition of the interplay between outcomes would be helpful.

09:45

Francis Stuart (Oxfam Scotland): On the initial point about progress, I guess that the committee will have seen the scorecards that the Scottish Government has produced based on the 50 national indicators. From a cursory glance at them, it could be said that the Government is making progress against more indicators than not, but I would caveat that with a number of points. The first is the point that Stephen Boyd made about the extent to which the Scottish Government is responsible for that progress.

Another is to do with data and the indicators themselves. For example, the solidarity target is currently scored as maintaining performance, but that target is to increase the proportion of income that goes to the bottom three income groups. Until recently, that was on a downward trend, although it improved after the financial crisis, not because the income of the bottom three income groups suddenly improved, but because the middle class lost income. Therefore, a glance at the statistics showed performance being maintained, but that was not because the poorest people in our society were better off. We need to consider a richer array of indicators to get a proper picture of what is actually happening.

The other issue for Oxfam is the targets and indicators themselves. I agree with much of what Stephen Boyd said about the overall purpose targets, many of which are focused on economic growth. We have issues with that, which perhaps we can come back to.

The Convener: Your paper mentions

“decent, safe, secure and affordable housing”,

and prioritising investment in that area. It goes on to talk about

“living in a clean and healthy local environment where people can enjoy going outside”.

If you do not have a growing economy, how can you afford to produce “secure and affordable housing”? I am interested in how you can achieve a better society. If there is no growth, in order to raise the income of people at the bottom, the income of people at the top has to be reduced. I take it that that is what you are saying. How would that impact on Scotland in a global, competitive economy? We are not a closed society, so the incentive for people at the top end to stay to work in Scotland would surely be diminished.

Francis Stuart: Oxfam is not against economic growth; we just want a wider debate about the

type and quality of economic growth. We have been working on a domestic poverty programme in Scotland since 1996. If we look even further back than that—over 30 years, say—we can see that Scotland’s GDP grew at about 2 per cent a year until the financial crisis. However, throughout that period, we still saw a persistent number of people in Scotland in poverty—between a quarter and a third, depending on different measures. Therefore, from our point of view, economic growth was failing to trickle down to those people and to benefit them.

That is why we would like a wider range of purpose targets and indicators that look at the quality and distribution of economic growth. The phrase that we use is that economic growth is consumption orientated and distribution blind. Stephen Boyd was asked which proposals he would like to put into the national performance framework, and we would fully endorse the inclusion of an indicator for median household income or median wages. That would be a better measure of the benefit of economic growth to the typical household in Scotland.

We would also propose looking at such things as the Gini coefficient when measuring inequality in our economy. You could put that alongside the solidarity target. We would also like to see indicators around work quality—not just the employment rate but type of jobs and their security and quality. Another purpose target is to do with economic participation rates. As well as looking at differences between the poorest and the richest in Scotland, we would like to widen that target to include healthy life expectancy for the poorest and the richest. The cohesion target would also benefit from a look at health inequalities rather than just economic participation rates.

Michael McMahon: I have a question that comes on the back of Francis Stuart’s comments. The committee has heard repeatedly about the need for good data to assess how things are moving forward, but there is no agreement about what those data should be. For example, you have suggested that we use the Gini coefficient and set aside other data, but the Gini coefficient, although a good indicator of equality in terms of income, does not take account of property wealth. Therefore, we would need to find another indicator that measured people’s property wealth and then develop policies around how the property aspect should be assessed. We need some agreement on what data are needed to judge whether the targets are being met.

Francis Stuart: The national performance framework is used both as a measurement tool to measure Scotland’s progress against a range of indicators and—this is perhaps a more important aspect—as a policy driver for prioritising and

allocating resources. Oxfam produced the humankind index because, for us, that second aspect is much more important. We want to see what the priorities are for the people of Scotland and push policies that deliver on those. From our point of view, a big job needs to be done with the national performance framework on engaging with communities—in particular, the most disadvantaged communities—to understand what things matter most to them. Only then will it be possible to build in the indicators that should be considered. For us, the most important point is to look at people's priorities and to deliver on those.

The Convener: I had intended to move on to a new question from Ruchir Shah, but a flurry of people want to come in. Gavin Brown will be followed by followed by Kay Sillars.

Gavin Brown (Lothian) (Con): Two themes came out in last week's discussion on which I would be interested to hear people's views. First, do we have too many indicators, not enough indicators, or the right number of indicators?

Secondly, on the face of it, all indicators are broadly treated equally. Should we prioritise some indicators over others? Last week, one witness suggested that there should be an informal grading system to show how important individual indicators are in the broader scheme of things. I would welcome views on those two issues.

The Convener: We were about to move on to that issue anyway, so that question is helpful.

Kay Sillars (Unison Scotland): I just want to say that the Gini coefficient is just a sum and you can measure anything that you want with it. There are wealth measures for Gini. We would lean towards using wealth rather than income because there are giant inequalities in wealth that need to be tackled. I do not want to spend all day talking about how you do the sums, but the issue is the interaction of the indicators. If we are to make the national performance framework work better, the issue is not just what we measure—what we measure is always just a proxy for what is really going on—but how the indicators interact with one another. Any indicator on its own will tell you only what you have measured.

There is a wider issue about how much data we collect in Scotland and how accessible it is. I would like there to be wider access to the data to allow people to measure what they want, rather than people telling us what we should be looking at. People will look at the data at different levels and there should be better access to it.

Martyn Evans (Carnegie UK Trust): I just want to make the point about how positive we are about the national performance framework in an international context. When we started our work in 2011, after the Stiglitz report, we did not expect to

find that Scotland was an international leader in the field; in fact, we were very surprised about that. For our report in 2011, I asked my staff to visit North America and Europe to look at the other countries that were trying such an approach. Again, we came back to the conclusion that the national performance framework is a tool of international significance. That has been said not just by us but by Professor Stiglitz, who made the same point at the Organisation for Economic Co-operation and Development meeting in New Delhi last year. We are perhaps in danger of missing the wood for the trees here.

The national performance framework is important for two reasons. First, the NPF goes beyond GDP. In our 2011 report, we said that overreliance on GDP was one of the major constraints in public policy debates post the 2008 financial crisis and pointed out that

“Our over-reliance on GDP makes it difficult for politicians to back policies that are good for society or the environment, but which might hamper an increase in GDP.”

The national performance framework does that—it is GDP-plus. It says that GDP is important—you have indicated that you think that it is, too—but that a range of other things are also important.

The dashboard allows performance to be assessed, although we will come on to the details of how well it is assessed. I think that it does well as a performance tool, but it is far less successful as an accountability tool.

So, there are two main reasons why we think that the national performance framework is effective, the first of which is that it goes beyond GDP. The second is that, importantly, it is focused on outcomes. We have had that debate very competently in Scotland and we are more comfortable with that than elsewhere. Elsewhere in the UK, we concentrate on inputs. Focusing on outcomes is quite a leap forward. Rather than talk about the number of nurses or the number of police officers, we talk about the impact of good health on people and how people's fear of crime is being dealt with. That is a great benefit of the national performance framework. I agree that there is lots to be improved in it and that we should in no way be complacent. However, in my experience of working in the UK and more widely, we tend not to see excellence on our own doorstep. I would not be afraid to say that the national performance framework was rubbish if I thought that it was. In fact, we should be really proud that it is of international significance and build on it, as many improvements could be made.

The Convener: Thank you. A number of witnesses said similar things last week. I am not a big fan of GDP, but it is an internationally recognised measure. The issue for the Scottish Government is that, if it departed from GDP

completely, its opponents would say that we were trying to obscure bad economic performance wherever it happened to be. We must deal with it, whether we like it or not, until there is a better recognised measure. As you rightly say, however, that does not mean that we cannot have additional measures for other aspects of performance.

Jean Urquhart (Highlands and Islands) (Ind): I will pick up on Gavin Brown's point. The work that Oxfam has done on the humankind index is relevant and interesting. Is there an opportunity to review the national performance framework to the point that we would weight that, maybe in some of the equalities issues? Is there an opportunity to introduce some of the measures that we would like to see in the national performance framework? What would have to go if we were to do that? At last week's round-table discussion it was felt that there may already be too many indicators. If there were an opportunity to replace some of them, would GNP be the next thing? The weighting has quite a bearing and would probably show a slightly better picture of the outcomes.

John Mason: I want to pick up on one or two points that have been raised. Paragraph 11 of the Oxfam report states that the focus is "solely on economic growth". I take the point that a lot of papers from the Government and elsewhere emphasise economic growth, but I would not go as far as to say that they focus "solely on economic growth". In fact, during scrutiny of last year's draft budget some people criticised the Government for protecting the health budget at the expense of business growth and other things. On top of that, it increased business rates by more than the rate of inflation. Is there an issue about the difference between what the national performance framework says and what is actually happening, which is more in line with what you are arguing for than appears to be the case?

Martyn Evans has been quite positive this morning, saying that the national performance framework is basically good—that it is not rubbish—although it could be improved. By contrast, Unison has said that it is rubbish. Does Unison feel that it is so awful that we might as well throw it out, or does it feel that there is room for improvement?

Martyn Evans says that it is good that we are not talking just about the number of nurses. Well, in this committee we are not talking just about the number of nurses, but as soon as we get into the chamber that is exactly what we talk about and everybody forgets about the national performance framework. How do we sort that out?

The Convener: Hold on a second. I will let Francis Stuart respond first and then bring in Kay Sillars.

10:00

Francis Stuart: Where we refer in paragraph 11 of our submission to a

"focus solely on economic growth",

we are referring to other policies outwith the national performance framework. You got to the heart of the matter in saying that a focus solely on economic growth comes from not the national performance framework, but the crucial issue of how the NPF relates to policies and resource allocation. Too often, Government policies focus on the purpose of achieving sustainable economic growth rather than on other aspects, so I think that you are right to point that out.

Kay Sillars: I am sorry if what we said seems really harsh, but our point was not so much about the principle of Scotland performs, which we really support. I agree with everything that Stephen Boyd said in his opening remarks about needing a wider way of measuring progress. Our submission focused on how Scotland performs physically works and operates. In itself, the website is really quite disappointing, as it is difficult to use even for those whose job requires them to look at it. For example, the figures start off in 2007. It is disappointing that Scotland performs is not much more core to our work, but it does not seem to have had appropriate investment as it is not user friendly.

The worry for us is that, if those presentation issues are not resolved, we will not be able to move the debate on to all the real issues that we have talked about. For example, having 1,000 extra police officers is great, but what is actually happening on our streets? What is the investment in schools? Those are the issues that we want to look at. I am sorry about the tone of our submission. We are trying to say that we would really like Scotland performs to work, but, as it stands, it does not work as a basic website. Our submission is talking about the practicalities rather than the principles.

The Convener: I will move on to the links between performance information and spending priorities. Do witnesses and committee members feel that there is evidence that the national performance framework has an impact on spending decisions?

Martyn Evans: When we looked at that issue in a number of countries, we found that there is in fact very little evidence of that impact. That is not to say that there is not an impact, but no effective research has been undertaken on that complex subject. I make the point that further investment in research is needed to try to establish, in a complex policy environment, the links between the outcomes that are sought and the drivers that make those outcomes happen. If we were more

confident about the national performance framework, we would encourage and fund more research into those links. I think that links will be found, but, quite frankly, we have not found any good standard research to make the links that you are asking about.

Angela O'Hagan: To reiterate my earlier point, I think that there should be an interrelationship between, on the one hand, key pillars of Government policy such as the Government economic strategy stating the overarching purpose of Government, the budget and the equality budget statement and, on the other, the national performance framework and the Scotland performs mechanism. They should mutually inform one another. There is room for improvement in how the budget sets out how resources are directed to deliver clear outcomes. Those outcomes are informed by the national performance framework, which should in turn be informed by the plethora of other measurement and target frameworks for which public authorities that are funded through public finances are held to account, such as the health improvement, efficiency and governance, access and treatment targets, the public sector equality duty and so on. With far greater integration of those mechanisms, the contribution of public spending towards clear outcomes would be made much clearer.

That said, the outcomes themselves could be not only clearer but different. A core question that the Scottish women's budget group and others have consistently asked is to what extent, within the Government's purpose and defined objectives, equality is a driver of public policy. The extent to which resource allocation takes place on that basis is questionable. Having a greater relationship between the economic strategy and how the budget and equality budget statement delivers on that would be one way of providing more information on how resource allocation meets those objectives.

Martyn Evans raised important points about the distinction between performance and accountability and about where accountability lies. Again, that is an area that could be strengthened within the national performance framework, as could the relationship with the multiplicity of other regulatory and policy targets that public authorities are required to meet.

Ruchir Shah (Scottish Council of Voluntary Organisations): From our perspective, the whole principle behind the national performance framework is a great idea. The national performance framework builds on the Virginia model, which was well received in North America, and takes it forward.

However, the problem that we have with the NPF—this goes directly to your question, Mr

Gibson—is that it comes across as a communication tool rather than a strategic tool. Even as a communication tool, the national performance framework does not come across very well. Not many people outside the circle that might take an interest in such things know much about the NPF, so it is not even very effective in that regard. As a strategic tool, the only objective that is really drummed in in any discussions that we have with various officials at different levels and in different areas is the objective about economic growth—it is not even sustainable economic growth.

Various other pressures and priorities—not necessarily in the NPF—may conflict with economic growth, but achieving economic growth is seen to be the main driver at the heart of various regulations and functions of the public sector, including public service delivery, procurement of public services and the provision of care, health and regeneration. To echo a point that others have made, I think that the problem is that having such a focus on economic growth means that other good ideas in the national performance framework can get a bit lost.

Our message is quite simple. The Government currently sets both the outcomes and the measures that tell us how well it is doing, and there is something not quite right about that. We need to adjust that and take a slightly different approach, as the approach that has been taken is not very effective. In our submission, we suggest that the national outcomes and the measures should be a co-produced effort involving wider society, such as the business community, civil society and academia. Everyone would then buy into the process and, off the back of that, the Government could show in Scotland performs how it was progressing to meet what would be genuinely shared national outcomes. That would provide a national performance framework that was simultaneously strategic and communicative, because a lot of people would have a stake in the process. That is our message to the committee about the national performance framework.

Martyn Evans: I will develop that point. When the national performance framework was established in 2007, which happened very quickly because of how the Government had to be formed, one weakness was that the Government did not engage civil society about which domains of wellbeing or measures or outcomes should be used. That is one reason why, with Oxfam, we are funding the humankind index—to provide that wider civic engagement about wellbeing and how it should be measured.

In 2011, we recommended to the Scottish Government that it should go through a process of engagement with wider civil society about the

outcomes and the domains. In this building, John Swinney runs an informal round-table meeting about the national performance framework that a number of us attend. At that meeting, we talk about how we can find mechanisms to make the national performance framework more owned, as Ruchir Shah has suggested. I do not think that a wider range of domains of wellbeing can be identified—I might be wrong about that—but I think that people should be asked about that. They were never asked in the first place. One difficulty is that people might go on to ask about the technical aspects of how things are measured. I doubt that many of us would be competent to answer that, because it is quite complicated, but no doubt we could ask people. The key is that, as Ruchir Shah said, that weakness in the national performance framework should be rectified by more public engagement. There is no tension between Oxfam's humankind index and the NPF; Oxfam is trying to draw out what people think about wellbeing. We should ask more about the domains of wellbeing.

We could hold a technical discussion with members of the committee and others about how we measure, because there are some things that we are not measuring and some that we think we should measure, but I would not consult the general public on that.

The point about engagement comes back to the issue of accountability. I agree that the national performance framework is not well known. People do not have a great sense of ownership of it. When we did some work in the Parliament two years ago, the NPF was not very well known. The work that the Finance Committee is doing will up that status. If the work that the committee and others are doing is successful, it will become an increasingly important mechanism for holding Governments to account.

Last month, we did a lot of work in Northern Ireland. Northern Ireland's Minister of Finance is to come across to Scotland to look at the performance framework because, in a very divided society, having a discussion about what wellbeing is stops people discussing who should benefit from the distribution of public money. It is an abstract discussion about what we are all trying to achieve in society. Another great benefit of the performance framework that could be exported is that it asks people to leave aside their factional interests and to say what they would like from society and what aspects they would like to be improved. That is what is at the heart of the NPF. Of course it says that GDP should move in a certain direction, which I think is quite reasonable, but progress should also be made on wellbeing.

The NPF should allow civil society to have a wider discussion about what kind of society we

want. That is important because, although GDP increased by 11 per cent between 2003 and 2008—to cite the statistic that Stephen Boyd mentioned—median incomes did not change at all during that period, so there is something of a disconnect. People know that, but they need to engage with the issue. Frankly—to come back to John Mason's point—I think that that will make the job of political discourse slightly easier. It will not resolve the problem that he raised about inputs, but it might make it slightly easier to have a conversation about what outcomes we desire and what process we should use to get the outcomes that we desire. Should we just put more and more into public spend, should we spend money more wisely or should we take a slightly different approach?

The Convener: You are keen for the national performance framework to have a statutory basis.

Martyn Evans: Yes, we are. We made that recommendation. Some people have misunderstood why we did so—they think that we did it to make the outcomes or targets obligatory or statutory. That is not the case at all. We feel that there is cross-party support for the national performance framework. It is quite clear from other jurisdictions that if that is not embedded, it gets lost with a change of Government. That happened in France, and there was a danger of it happening in Virginia, which is why its performance framework was embedded in law.

With cross-party support, the process could be statutory. An incoming Government could change the purpose and the targets, and could consult on doing so. I think that having the performance tool and the accountability tool in statute would be of great benefit to public discourse on the complex matter of how we change the world, what we should change it to and how we can effect that change.

The Convener: Let us move on to how the national performance framework can be better employed to inform policy development and spending decisions. Does anyone have a comment to make on that?

Francis Stuart: One of the things that Oxfam has developed recently—in fact, we launched it last night; Jean Urquhart and Stephen Boyd were on the panel, as was one of Martyn Evans's colleagues from the Carnegie Trust—is what we are calling the Oxfam humankind index policy assessment tool.

The Convener: It just trips off the tongue.

Francis Stuart: It does, doesn't it?

The idea behind it is to look at any given policy and to take policy makers, non-governmental organisations, campaigners, activists and the

general public through a step-by-step process that involves looking at each of the different factors of prosperity, or the priorities, that are in the humankind index, and to make people think about those factors when they assess that policy. It comes up with an overall score or assessment and a visual representation of that assessment. The idea behind it is to draw out the factors in the humankind index that we believe are a good representation of what people in Scotland, particularly in the most disadvantaged communities, need to live well in their communities, and to bring out those factors when policy makers assess policies.

10:15

Martyn Evans: I agree with that and congratulate Oxfam on that work.

We think that there are three things that you could try to embed the framework in policy making and funding decisions. One is the use of a tool such as Oxfam is developing. We are very pleased that it has been supported. Another thing is the introduction of wellbeing impact assessments for policies. That is a more formal structure. The civil servants might be asked to consider the national performance framework, look at the range of issues that are interconnected in a complex way, and say what would happen if they did X or Y. The other thing is the introduction of a green book approach that advises civil servants on appraising proposals before they commit funding to them.

The last two are technical measures that we think could go inside the machinery of government, while the tool that Francis Stuart talked about is outside the machinery of government to up the idea of accountability and the scrutiny of objectives, performance and progress.

Stephen Boyd: I am not sure that I have a compelling answer to the convener's question, but it is important to note the distance that we have to travel. Martyn Evans's comments on the ground-breaking nature of the NPF were well made, and we agree with a lot of what he has to say. We also accept that the way that it is designed certainly goes beyond GDP.

I go back to comments by Ruchir Shah and Francis Stuart. As we go about our daily business of engaging with the Scottish Government across all its departments, we simply do not see the breadth of the measures that are included in the national performance framework reflected in that engagement. There is a major job in the hands of ministers to embed the national performance framework in the Government before we go any further. My main interest is in economic

development, which is absolutely predicated on sustainable economic growth, but even the purpose targets around solidarity and cohesion are very much lost from the discussion. It is really difficult.

I was recently involved in a debate on one of our more peripheral economies, which is struggling badly. The debate was very much about how to increase sustainable economic growth on the back of the Government's sector-led industrial strategy, and issues were raised around the relevance of that sector-led strategy in an area of the country that is really not active at all in any of those sectors. People need to go back to redesigning that policy. If that is to be done, Government needs to understand that it must use the solidarity and cohesion targets to drive action in a way that has simply not happened since they were included in the original economic strategy back in September 2007. They really have not driven policy at all.

This is a wee bit of a pessimistic intervention and I am not answering the question, but I simply do not think that, even within Government, much progress has been made in embedding the framework in how policy is made.

Martyn Evans mentioned actions such as wellbeing impact assessments. I have to be quite cynical about such assessments. The idea is not bad, but equality impact assessments and business impact assessments are often used simply as tools to okay policies on the basis of the most facile and less-than-rigorous assessments of their impact. I do not think that they are tools in Government that change the nature of policy development.

The Convener: Okay. Thanks for that honest appraisal.

Ruchir Shah: One of the axes that we need to take into account is how we get some of the most vulnerable people in our communities involved and get them to have a meaningful engagement with such policy tools. If the national performance framework is looked at as a policy tool, how does it reflect the priorities of the people of Scotland, including those who do not vote? That is critical. Everyone in society needs a stake in the outcomes.

The humankind index has been mentioned as a policy tool—I think that it is a very effective policy tool—that is still being developed and which can bring in voices that might not normally be involved in such discussions in a way that is meaningful to them. We need to invest in and look at more ways of developing policy tools such as the humankind index in order to bring in perspectives from people who do not vote and do not have a stake in the discussions that take place in the inner circle of

those in the know, with the policy frameworks that we are looking at. I am not entirely sure how to do that, but the solution must be a wider discussion and wider engagement across society.

Kay Sillars: Stephen Boyd ended up coming to the point that I was going to make. We talk a lot about new tools and new impact assessments, but unless we embed those that we have into the structure, the way in which policy is developed does not change in the slightest. When the organisations that are really pushing for equality impact assessments and all those things look at the assessments at the end of papers, we see that they are tag-ons. I sometimes think that a child could have written them better. It is quite disappointing. Unison has been supportive of Oxfam's work, and we would never complain about that. The issue is not the tools, but how we embed them in the process and whether people are held accountable for their not being used properly. The Post-16 Education (Scotland) Bill almost said at the end, "Women will go to college and that will be great." I thought, "What?" It is disappointing. As policy geeks, we can spend a lot of time talking about tools and how good they would be, but we need to look at how the tools are being used and hold people accountable for that.

The Convener: I am not sure that that is exactly what the bill said.

Kay Sillars: Sorry—I paraphrased.

The Convener: Clearly, you are in favour of consolidation rather than additional indicators. Stephen Boyd's near namesake, Stephen Boyle, last week said that if one indicator is added, one indicator should be removed so that we do not end up with an ever-increasing number of indicators.

Angela O'Hagan: A number of the points that I would make about embedding equality impact assessments have been made. This year's equality budget statement shows lots of positive improvements. I echo Martyn Evans's point about the need to recognise excellence on our doorstep. The statement is a Scottish Government innovation and we very much welcome it. However, the equality budget statement also says that it is an outline indication and that equality impact assessments will follow. That shows very clearly that equality impact assessment is still treated as a post hoc exercise in the policy appraisal process, which is not the intention. That will not deliver the policy change that we want or the link between policy and resources that such analysis requires.

In successful equality budgeting or other outcome and performance-related budgeting exercises throughout the world, there is a clear conceptual framework showing the Government's priorities and how resources are being used to

deliver on them. In such exercises, the policy options require to state how proposals will advance specific objectives. That is the starting point for the process in other jurisdictions, and it leads to far clearer identification of the contribution of resources indirectly and directly to advancing specific policy options. An example is the autonomous community Government of Andalucía and its G+ programme, in which gender equality is a motor of economic and social change and all policy proposals are required to be ranked according to the extent to which they drive gender equality, which drives economic and social change.

In its written submission, Children in Scotland highlights the continuing disconnect in the inability to identify how resource allocation is contributing to policy shift in Scotland. One of the ways in which that can be improved is through greater evaluation of outcomes from spend, from policy and from programme interventions. That would make the loop much more complete than it is and would improve performance measurement and accountability, as well as linking back into policy appraisal and development, which is a weak part of our overall policy cycle.

John Mason: I have listened to the last three witnesses—Stephen Boyd, Kay Sillars and Angela O'Hagan—but I am not getting a grip on what we should change to make that all happen. What you say makes sense; there is a disconnect at the moment. Should it be that, when the cabinet secretary announces his budget, part of his speech goes through all 50 indicators? I do not know how that would happen in practice. Should the Finance Committee go through all 50 indicators?

I am also a member of the Equal Opportunities Committee, and we share your frustration. We have asked all the other committees to comment on the equal opportunities side of the budget, but we get just a paragraph at the end of their reports. The committee was genuinely upset—across all the parties—that we did not get more than that last time. I wonder how we can change things in practice.

Angela O'Hagan: The budget strategy phase that the committee is engaged in over the summer, prior to the budget being introduced to Parliament, provides a key opportunity to expand that part of the budget process to allow for the kind of reporting that the Scottish Government provided to the committee alongside the publication of the budget in September. It allows the presentation of information to enable far greater scrutiny by the Finance Committee and the subject committees earlier in the process, and it allows the process to be seen as on-going rather than occurring at two specific points in the year—the presentation of the

budget and the parliamentary decision on the budget. As such, budget scrutiny, performance and accountability would be regarded as part of the on-going business of Parliament and Government.

The other issue of interest to the committee, which has been raised by others in written evidence, is the notion of a separate fiscal commission—a separate body that would act in the accountability role. Those are options for either taking pressure off committees or making greater use of the budget scrutiny and strategy phase to enable more detailed reporting on the Scotland performs website.

Ruchir Shah: I will build on what Angela O'Hagan says and make similar points.

Several times in the past, we have suggested that we need a phase, well before the budgets are set or the budget bill is introduced, that involves much more information about what the options are. The finance secretary could say, "These are some of the resources that I've got through Barnett consequentials, these are some of the resources that I've got through business rates, these are the pressures on this budget, and these are the options that I have to weigh up. I have to make the decision, but what do you guys think? Let's have an open and full debate about it." The Finance Committee could anchor that debate, but it would need to be a much wider debate that involved wider society, with the business community and civil society taking a view. That would open up the budget process a bit more.

At the moment, we have a lot of last-minute fixes and bartering. There has been a bit less of that in the current parliamentary session than previously, but we still have that and it makes for a situation in which we are looking at the aftermath of the budget. We do not know why decisions were reached, so we try to construct the route map that the Government used to come to its decisions in the budget settlement. That is particularly the case in considering budgets that stretch over a number of years or budgets that stretch across major policy developments such as the referendum.

It is important to have the space for a more open discussion, which requires more transparency in the budget and more information—not just the big-block information that we currently get at the last minute, which we scrutinise in almost a post-scrutiny phase. Having that input from wider society—civil society, business and so on—in a debate that is anchored by the Finance Committee would make for a much better budgeting process that everybody could buy into.

The Convener: In a way, that does happen because a lot of the discussions that we have feed into next year's budget. It is difficult to have that discussion just before the current year's budget is announced, but the cabinet secretary gets quite a strong steer as to how he should amend future budgets. Also, when he introduces the budget in his speech in the chamber, in the time that is allowed he tries to explain why he has made one decision rather than another. Nevertheless, I take on board what you say.

Francis Stuart: I will make three quick points. The first concerns the use of the policy tool, which I talked about earlier. I do not disagree with anything that anyone has said about that: there is a need to mainstream other tools into Government processes. The reason why we developed our tool was not just to have an additional tool for policy makers to use; when we issued our press release yesterday, we called it an app, and it is available for the public and other people to use. Ideally, it will be not just a tool that policy makers can use, but a tool for transparency and accountability that people outside Government can use. That, in itself, will help to engage people on the issues.

10:30

Another aspect is consultation, which Ruchir Shah talked about. In developing the humankind index and the 18 priorities within it, we reached out to about 3,000 people in Scotland through a range of methods including focus groups, community workshops and street stalls. It was not a particularly difficult or expensive process and we managed to reach out to what we call seldom-heard groups but what are often termed hard-to-reach groups. They are not actually that hard to reach; you just have to make an effort to go out and be in their area and listen to what they have to say, and you have to fund that process.

The third area is structure and scrutiny of the NPF. I agree with the comments that Angela O'Hagan and Ruchir Shah just made. It is quite difficult to establish the links between the 50 national indicators, which John Mason mentioned, the national outcomes and the strategic objectives. One reform would be to look particularly at the purpose targets and amend them to improve them. Another way could be to look at the strategic objectives. As far as I can see, the strategic objectives are not really utilised at all within the NPF; no indicators or outcomes hang off them. One way to move towards a better dashboard—if you like—which Joseph Stiglitz advocated, would be to put those strategic objectives at the forefront and have the national outcomes and indicators flow from them.

Martyn Evans: In Virginia they talk about the pursuit of why. One of the most powerful

accountability tools is, when you have some data, to ask, “Why is that?” and—in a debate about finance—“What investment might prevent that trend from happening or continuing?”

I will give an example from the data that the Scottish Government gave the Rural Affairs, Climate Change and Environment Committee. The number of people who visit the outdoors has fallen each year for the past two years. I have no idea why that might be, or what role Government might play in that, but the process of having open data allows the pursuit of why.

It then proceeds to the question that is fundamental, as I said at the beginning: if you have an outcome—such as the number of people who visit the outdoors—what kind of investment should you make? What should the priority of that investment be against other investments? That allows a more public conversation about something that can become very technical and dry: budgets.

That is the great advantage of this approach. What do we value in society? That is the question about which we all would like more conversation. What are the domains of wellbeing and how will we measure them? What is the performance? We have not used that approach well, but charts such as the one on outdoors visits are increasingly used by civil servants to inform committees and that is a step forward. The committees, we outside and third parties then ask, “Why? Why is that trend happening in that way? What impact do we want to see from the budget?” We can engage with such a conversation, rather than a technical conversation about budgeting.

Our submission team set out the three technical mechanisms that we think can be used to embed NPF more technically. I agree that there is always the danger, which Angela O’Hagan talked about, that things such as assessments and internal projects become marginal or post hoc, but that is not to say that they should not be put on the table. If there are better tools, I will welcome them, but at the moment we have a limited number of tools that we can put into the civil service, which is a very complicated mechanism, in the hope of greater understanding.

At its heart, the issue involves something that most Governments find very difficult: dealing with things across the sectors and not in silos. To give it credit, the Scottish Government has changed its structure to try to address that point, but every Government finds that very difficult—it is difficult to imagine a mechanism to draw in civil servants between health and transport. Our suggestion is some sort of wellbeing assessment, because we need to know what impact something in one area may have in another area and at least have a conversation about consequences.

Kay Sillars: I will make two points. First, it is important that we can follow the money better. There never seems to be a link that says, “We want to achieve objective A and here is the money coming in for objective A from all these different portfolios.” For example, one indicator refers to the “proportion of schools receiving positive inspection reports”.

What are you doing about that? Schools are mainly run by local government. Where does the money go for that? Is it just the money for teachers? Is that what it is about? I have probably picked a bad example, but nevertheless the links fall down.

Secondly, we have to be realistic, in that the group of people that you have called in to give evidence today have agreed on quite a lot but you probably do not always get that. Debating about politics and where money is spent is debating about our society. Whoever wins the election gets to set the priorities and the rest of us get to hold them to account for those priorities. It is not just about whether you delivered the priorities that you set for yourself, but about whether I think that those are the right priorities and whether, in the long term, I would vote for you again. There is a debate going on.

It is perfectly acceptable for the Government to say, “This is what we aim for, this is what we want to do and here is the money for it.” That is one set of things that the Government needs to display, but the rest of us want more access to data so that we can make judgments for ourselves about whether those are our priorities and whether the Government is achieving them. That is very complex.

Scotland is not that homogenous, so there are diverse groups of people. There has been quite a lot of discussion today about the value of GDP as a measure. I suspect that another set of people that you invite in would say that GDP is an excellent priority and that you should emphasise it above all else. That is a public debate, which in the end is decided at an election, as it should be.

The Convener: I do not think that anyone has quite said that.

We have been in discussion for more than an hour and there is another panel session to come. I will therefore go round the table to ask each of our six witnesses whether you wish to make any final points. You do not have to do so if you do not want to, but you have an opportunity to touch on anything that has been missed so far.

Angela O’Hagan: I am conscious that Jean Urquhart’s question about where equalities come within weighting has perhaps not been addressed.

There are some issues about making specific priorities more visible within the purpose targets

and the outcomes associated with them. The approach of tackling inequalities leads to groups and individuals being lumped together, which means that equality characteristics are not drawn out. The different lived experiences of different groups and individuals on the basis of those characteristics are not made available in data and are therefore not included in the analytical process. That undermines the approach that Martyn Evans has been positively advocating: the pursuit of why. It is necessary to better understand why inequalities and those experiences arise in order to be better able to target resources to achieve the outcomes that we want.

Another point about weighting—John Mason touched on the political challenges of setting priorities, but I will not get into that—is the need to be clearer about timeframes. It would help to be clearer in performance and accountability measures about what targets are to be achieved over what timeframe and to be clear about the long-term targets, the long-term objective and the outcomes and milestones that are being sought along the way. As Kay Sillars said, that would allow us to follow the money more effectively.

Ruchir Shah: Martyn Evans made an interesting point, which Angela O'Hagan followed up on, about accountability as opposed to performance and the need to look at the distinction between the two. I think that it is worth giving one perspective on that, which I hope might make some sense.

The question is: whose performance is relevant? With the national performance framework, the issue has got a little blurred. Are we looking at Government's performance or at society's performance? Maybe the way out of that is to look at different players being accountable for their own performance in pursuit of a shared set of outcomes. If we buy into the idea of the national performance framework being essentially about a shared set of national outcomes for society, Government can then report back and be accountable for its performance in meeting those objectives.

That needs to be separated out from the more general measures of how well society is doing, because the Government is not the only player that is responsible for or, indeed, has an impact on how well the society performs; it is only one, arguably quite significant, contributor to that. We therefore need to be able to separate out those two aspects.

Martyn Evans: I emphasise the point about presentation and communication. There are lots of technical points about the national performance framework, but it is underrepresented and its communication is not great. As I think Kay Sillars

said, the situation has improved recently because we have had more technical data coming out.

In Virginia and Canada, the authorities have made a great effort to be much more open and to try to communicate what is happening to the public. Most of us have better things to do than to read stats about what the Government is or is not doing, but there is a point at which you can move a rather dry subject—like all this data—into the public domain. It is only when you have that process that you get a real substantive discussion about what kind of society we would like, where we are going to put our investment and, if we have difficult choices, where we might make those choices.

I think that we have underinvested in presentation—when I say we, I mean the Government. I suspect that that is, in part, because of a lack of confidence that the NPF has a great deal of support. I hope that the support that is increasingly coming will give the Government more confidence to put more investment into presentation and communication.

Francis Stuart: I have a couple of points, one of which follows up on what Kay Sillars said about following the money. Obviously, this discussion is taking place in the context of a draft budget. From our point of view, it is difficult to make the link between a budget line and how it will impact on certain indicators. We might need a better way of doing that, perhaps through focused policy evaluations once the money has been spent.

For example, the enterprise bodies' budget line is increasing for the next two or three years. In Oxfam, we do not really know enough about whether that is good or bad, but it is a matter of looking at whether that investment is in the things that people value. Is it in employers that will ensure that people have secure, suitable and satisfying work that is in good locations, that pays a living wage and that does not require zero-hours contracts?

The second point is about areas that we do not measure particularly well or which are not well covered in the NPF. One of those areas is social capital. The NPF does not have particularly good indicators on family relationships or relationships with friends, which was given quite a high level of importance in the humankind index. Furthermore, being part of a community—which also came out quite high in the humankind index—is not really reflected in the NPF. The other area that we do not particularly measure well, which Stephen Boyd touched on, is work quality. From Oxfam's point of view, people said that work is important but not just any work; they want secure, suitable and satisfying work. We really need to get data on that.

Kay Sillars: Part of my job is to get our members involved in the policy process. If we addressed the technical issues in the visual aspect of the website, that would help. Data journalism has moved on. In Unison, we are trying to use better images to show complex information. If the website can take a leap ahead on that, it would really help with the wider issues about ordinary people rather than sad, techie geeks like ourselves, who like to spend all evening with statistics.

The Convener: Speak for yourself. [*Laughter.*]

Stephen Boyd, you began the session and will now end it.

Stephen Boyd: Thank you. I have a couple of points. First, I am conscious that I did not respond to Gavin Brown's question about the number and hierarchy of indicators. The STUC is quite relaxed about the general design of the NPF. I would hope that it would be allowed to evolve over time on the basis of the kind of consultation that Ruchir Shah outlined earlier. It should also be evidence driven.

Having agreed with my colleague from the RBS, I will now disagree with him. I am certainly not attracted to the one in, one out—or nightclub bouncer—approach to policy development. I do not think that that works in any environment. There should always be good reasons why something should be dropped and good reasons why something should be included. A mechanistic element such as one in, one out is profoundly unhelpful.

10:45

I want to say a couple of things about the data, which has been discussed a few times. There are big issues about access to the data, which Kay Sillars has described, but we must also acknowledge that there are issues around poor-quality or non-existent data that are having a real impact on the effectiveness of the current framework.

We had a brief discussion earlier about income and wealth inequality, but I do not think that we currently have the data in Scotland that would allow us to have a full discussion on that. We have income data on a decile basis and we can compare the bottom and top deciles, but we do not have the data on a percentile basis. We know that income inequality across the UK over the past 30 years has been a function of a disproportionate amount accruing to the top 10 per cent, but within that a wildly disproportional amount accrues to the top 1 per cent. However, we do not know what has happened over that time or what is happening at this time in Scotland, so we need the data to be improved.

I have big issues about the credibility on a national and regional basis of the wealth statistics that are published annually by the Office for National Statistics. We must look into that because I do not think that they are credible for Scotland. We just do not have the data for some of the big issues that we have discussed.

Some of the participants in the committee's meeting last week said that productivity should have primacy within the framework, but we do not have information on, for example, capital stock per worker in Scotland, although we know that that is what drives productivity at a firm level. Yes, it is good to have a discussion and we might know productivity statistics for the economy as a whole, and we also have slightly less credible but nonetheless credible data for GDP per hour worked, but we really cannot get below that to find out what is happening in the economy. We do not have business investment statistics for Scotland either. If we are going to have a debate about productivity, we must have much better data.

To return to what Francis Stuart said about the nature of work, I think that we can do some stuff very quickly in compiling a composite index for the quality of work in Scotland. However, I think that it would be insufficient and that we should work on another range of indicators in the longer term—but that would require investment.

As we are finding at the moment, the surveys that tell us what is happening in the labour market are wholly insufficient for telling us about, for example, the use of zero-hours contracts, because the necessary questions are not asked. If we want to know the answers to such questions and for them to inform the NPF—I hope that they do—we will have to invest in improving the quality of the surveys that are undertaken.

The Convener: Thank you very much; that is very helpful. I thank all our witnesses for their contributions and I thank committee members for theirs, too.

I suspend the meeting to allow members to have a break and to allow a changeover of witnesses. We will be back at 10.55.

10:47

Meeting suspended.

10:54

On resuming—

The Convener: We continue our scrutiny of the draft budget for 2014-15 with a round-table discussion on preventative spending. I welcome to the meeting our second group of witnesses this morning: David Walker of NHS Greater Glasgow

and Clyde, Stephen Fitzpatrick from Glasgow City Council, Jan Baird from NHS Highland, Bill Alexander from Highland Council, Chris Bowring from NHS Fife and Douglas Dunlop from Fife Council.

If you wish to speak on any issue, please indicate to me or the clerk. The session is intended to be a fluid discussion, so please feel free to contribute at any point. It is not a question of a Buggins' turn, because everyone will be able to come in as often as they wish.

I ask the witnesses to comment on the information that the Government has provided on the progress with delivering its preventative spend agenda. I ask David Walker to kick off with the view of NHS Greater Glasgow and Clyde.

David Walker (NHS Greater Glasgow and Clyde): Thank you, convener.

Prevention and early intervention are core themes in the board's corporate plan. However, they are balanced with the need to cope with the current issues that are facing the health board and the local authorities in the greater Glasgow and Clyde area, which are about caring for people with extensive health and social care difficulties. That balancing act is probably the biggest challenge that health boards and local authorities in the west of Scotland are facing. It is about how they can invest in new programmes of prevention and intervention while managing their budgets in a way that deals effectively with the problems that confront them at present.

It is evident that that problem is intensifying as budgets grow ever tighter. However, that is not to say that significant work is not being undertaken in greater Glasgow and Clyde on prevention and early intervention. Through the positive parenting programme—or triple-P—work, we expect that the emphasis on working with parents to support them in caring for their children will have benefits in removing some of the pressures that statutory services would otherwise face.

On older people, we have sponsored work with housing associations and community organisations in greater Glasgow on the silver deal, which aims to improve older people's health and fitness to keep them fitter and healthier for longer and therefore avoid the onset of crises, or at least delay them for as long as possible. Further, NHS Greater Glasgow and Clyde has been one of the strongest exponents of the keep well programme, which is targeted at middle-aged males, who have tended to be the poorest recipients of healthcare, at least in the preventative and early intervention sense. That has had a marked effect and it has tested the ways in which we make our services available and follow up individual patients.

We have carried that spirit through to the way in which we are looking to redesign services. Major changes are taking place in health visiting that are focused on trying to extend health visitors' early intervention and preventative reach, and we are taking the same approach in looking to enhance the district nurse role in terms of anticipatory care, which is one of the major contributors to the agenda of reshaping care for older people. If we can have a more pronounced effect on anticipatory care, we might be able to relieve problems further down the line.

I come back to the balance that I mentioned, because the expectation is that we will treat the population and their needs as they stand right now, yet prevention and early intervention dividends will be felt much further down the track, five or even 10 years away. The reconciliation that health boards and local authorities are left to deal with comes from the fact that the pressing needs and the expected gains do not coincide. Trying to ride both horses at the same time can be problematic. That is why the change funds for the early years and for older people have been helpful, because they have given us some breathing space to provide some of the bridging finance that enables us to address both sets of issues simultaneously.

11:00

The Convener: If folks round the table want to come in on what David Walker has said, they should feel free to do so.

Malcolm Chisholm: I apologise for missing the beginning of this item.

One factor that is often seen as an indicator of progress—it is one of the official Scotland performs indicators—is the number of emergency admissions. I see that the Glasgow report states:

"Emergency admissions for both over 65s and over 75s have continuously fallen throughout the first four months of 2012/13."

That is good news as, in many cases, the indicators seem to be going the other way. Do you think that that trend will be sustained or is it a blip? I suppose that it is too early to say to what extent the change fund has had an effect on that, but are you confident that the range of measures that you have outlined will have an effect?

David Walker: I think that you have partly answered your own question. These are early trends, and it should be borne in mind that the context is that Glasgow's level of emergency admissions is much higher than that of anywhere else in the country. What we have faced with older people is a higher level of volatility. The system is under quite a bit of pressure and admissions can spike on any one of a few days. That results in

hospitals facing problems with accident and emergency waiting times, which is another critical national indicator.

However, the measures relating to older people should have some effect and start to play through the system. We are trying to deal with a complex agenda and many factors that do not always pull in the same direction. The ability to build up enough critical mass to make a difference is probably the biggest concern. In the meantime, we expect to continue to see some volatility in the key performance measures—not that we are looking for that.

The Convener: I ask Stephen Fitzpatrick what barriers to the delivery of preventative spend Glasgow City Council is having to overcome, other than the obvious funding issues.

Stephen Fitzpatrick (Glasgow City Council): Obviously, the financial part is very significant at a time of increasing demand; we are all clear about that.

What we are trying to do is complex, and at a time of decreasing resources and increasing demand, we have to correlate that with a significant change agenda for a number of things. The Glasgow submissions set out a range of social work initiatives that we are implementing, and we are no different from any other partnership in that respect. That demands a lot of energy, time, resources, problem solving and so on.

Bringing some coherence to a change agenda across a system that is as complex and wide-ranging as Glasgow's acute and primary health and social care is a significant challenge for us all. If you look at the number of receiving hospitals and the geographical spread of services that we have in Glasgow, you will see that to effect change across all of that with all the different people who are located in different places presents a challenge.

We are also wrestling with the cultural change that comes with the preventative spend agenda. People have worked in the system for a long time and some of them will embrace change, others will be more ambivalent and others will resist it. We have experienced that throughout the process. We always expected that that would be the case, but it is a significant challenge for us.

John Mason: I want to touch on what the witnesses have said about complexity and so on. I have been reading the submissions from Highland Council and NHS Highland; I will be interested to hear their comments, because I get the impression that there is a lot of action and lots of things are happening in Highland, while the Glasgow submissions give me the impression that there are just a lot of groups, discussions, forums, partnerships, networks and so on. Is that

inevitable because Highland is smaller and more agile whereas Glasgow will take longer to get things going, or am I misreading the submissions?

Stephen Fitzpatrick: I hope that we are moving beyond just having groups of people talking about things. The information in the written submissions shows some of the outcomes that have been delivered to date. David Walker will probably agree that it has sometimes taken longer to get things off the ground than we expected when we started with the change fund.

One challenge that we face in a system as complex as Glasgow's lies in how, once agreement has been reached at the strategic level, that filters through the whole system, and in the amount of effort that is involved in trying to reach right through the system to get people at the front line to change their engagement with patients, social care service users and so on in the way that the strategy outlines.

I hope that our written submission does not misrepresent the situation in Glasgow. Things are moving and many initiatives are in place, including on reablement, which has had a significant impact in the city. It has been one of the major priority areas for the change fund and the change plan. That is just one example, but our written submission mentions a number of others. People in social work, the national health service and the independent sector—I am from Glasgow Council for the Voluntary Sector—could tell you about initiatives that they have undertaken in the city that are now felt to be making a difference to people's lives in local communities.

That is a brief summation of what is happening in Glasgow. You also have the joint improvement team's mid-year report, which goes into significantly more detail and probably does more justice to what we are doing in the city.

Malcolm Chisholm: I am conscious that I am sitting between representatives of Glasgow City Council and NHS Greater Glasgow and Clyde. I know that lots of good things are going on in Glasgow because we have just heard about them, although I knew about them anyway. We received a late written submission from Glasgow City Council, which gives the history of some difficulties in partnership working in Glasgow. I wonder whether we can receive a reassurance that those difficulties are behind us, as that is important for this agenda.

The Convener: We sat you between them to stop them fighting. [*Laughter.*]

Stephen Fitzpatrick: We got the train over here together this morning.

David Walker: We also sat in adjacent seats—we were not in different carriages.

I am aware of our reputation for such difficulties, which goes before us, but that is in the past. We are aware of the history, and it is important that we learn from the reasons for that, as that will govern what we do in the future.

On children and older people, mental health and addictions, lots of good things are happening in Glasgow that are based on lots of good joint working. In some cases, that has persisted through our difficulties, but it has also arisen out of them. John Mason said that there are lots of partnerships, groups and so on, and those have been part of the renaissance of that relationship in Glasgow.

On the back of that, there have been a lot of actions right across the city, and the learning that we are taking from that, both about how to do things differently as individual organisations and about how to plan and deliver better together and the consequences of that even pre-integration, has enabled us to make huge strides. We still have a long way to go, but we have reached a degree of maturity in the relationship and an appreciation of each other's roles, contributions and problems that enhances the way in which we work together.

The Convener: I have a question for Jan Baird. John Mason described the Highlands of Scotland as I have never heard them described before—as small and nimble. You have geographic issues to contend with, as the area stretches from Kintyre to Caithness. Will you tell us a wee bit about the Highland experience? Mr Alexander can follow on.

Jan Baird (NHS Highland): I am happy to do so. I am glad that our written submission gave a flavour of the work that is happening in Highland. For the purposes of the report, that refers to the coterminous part of NHS Highland and Highland Council, which is the integrated part. We also have, as you suggest, a partnership with Argyll and Bute Council. An area of the size that we cover presents its own issues in terms of remoteness and rurality that are, at times, just as challenging and complicated.

There is no doubt that, having entered a partnership agreement in 2012 and having pursued integration, with adult care now sitting firmly in the NHS, which has responsibility for the delivery of primary, secondary and community care all together, we are beginning to see real advantages and changes in the way in which we deliver services and, more important, the outcomes for adults.

As you are probably aware, we entered that partnership agreement on a five-year basis and with a five-year plan. It was never expected to be a quick fix. My colleagues have described the challenges in not only the investment but the

disinvestment that we have to make as we move towards a commissioning approach. We have focused on bringing together health and social care, but the reality of delivering for the people of Highland in the future is that we need to extend the partnership considerably into the third and independent sectors if we are to achieve the desired outcomes. From the preventative spend point of view, a lot of work must be done on how communities can engage and work with us if we are to move things forward.

The partnership agreement did not change the outcomes approach that we had already agreed. The work that we started with the change fund and the additional capacity that has come by way of resource from the council targeting preventative spend have enabled us to build on a lot of the existing good work on falls, reablement and so on. However, the important message that we have been trying to get across in evidencing the improvements is not so much about what we had to invest but about what we did not have to invest in secondary care. You mentioned emergency admissions. Looking at the figures for the length of stay, emergency admissions and secondary care, we are convinced, from trajectories that we have developed, that if we had not made the change in community care, our secondary care services would have fallen over and we would have had to make considerable investment in them.

We are aware that, as people age and require more interventions, and with all the modern interventions coming along in secondary care, there will be pressures through our having to provide new drugs and so on. However, we have managed to maintain the level of secondary care that we require for our population despite the demographics showing that the population is ageing dramatically. That, in itself, is evidence that we are getting it right in the community by shifting the balance and working on our preventative spend.

The Convener: How do the relationships between NHS Highland and each of the local authorities differ on the preventative spend agenda?

Jan Baird: We have had good partnerships with both our local authorities, but there is no doubt that moving to the integrated model has made those relationships completely different. In relation to decision making and control over the development of services in NHS Highland—I speak for adult care, but Bill Alexander can speak for children's services—bringing staff together has made them feel empowered to do things differently. We are not in the same position with our colleagues in Argyll and Bute Council, as the services still sit separately, but we have good partnership working relationships with the council

and we hope to build on them, under the bill, in the future.

Bill Alexander (Highland Council): I endorse everything that Jan Baird said about adult care in NHS Highland. Mr Mason hit the nail on the head when he talked about prevention being part of everything that is happening and its having to be about action. There is a lot of theory relating to prevention, and a lot of fine words. The challenge—as my colleagues from Glasgow said—is in turning those fine words into action. That must mean total system change.

Three or four years ago, our leaders came to the view that, in order to achieve optimum outcomes, we had to consider radical measures. They had to be bold in a way that people had not been bold before, and they had to show bold leadership. Along the way, they have been struck by a number of things. They have been influenced by the work of the committee—by your analysis of preventative spend and the evidence that you have taken on that over the years. We cannot fail to be impressed by the Christie commission's report, which sets out that 40 per cent of what we do is done in reactive mode and that we would not be required to provide many of those services if we took a preventative approach. Highland Council has also been struck by the work of Harry Burns and others.

The fact is that, over the past 40 years, the growth in inequalities has presented us with fundamental social and health challenges right across our population. We must turn that around. We have endeavoured to do that through service change and organisational change, but we are absolutely committed to prevention and early intervention. As part of that, the council has committed an additional £3 million this year for early years, older people and tackling deprivation, and a further £3 million will be provided next year.

Jan Baird talked about the benefits of integration, and the additional spend that the council will make on early years will largely be spent on health visiting services. There will be spending on health provision because the council thinks that that will make the greatest difference. It believes that supporting all families, including those with early indications of difficulty, will lead to changes for the better throughout people's lives. We would not be doing that without the integration agenda.

11:15

Malcolm Chisholm: There are several interesting points in what has been said and in the Highland Council and NHS Highland submission. Your written evidence talks about sustained

improvements in emergency admissions, which is obviously very welcome.

I was interested in what Bill Alexander said about health visiting. Obviously, there has been a debate in the Parliament about universal and targeted provision. I would be interested in hearing about the extent to which health visiting is one or the other or somewhere in between.

Some of your information was slightly puzzling. You said that the joint improvement team had been almost critical of you for spending a very low percentage of your change fund on preventative and anticipatory care. You gave an explanation for that, but it made me wonder what you are spending your change fund on, if that percentage is so low. Your explanation is that you had already been spending on that from other resources but, as we are focusing on the change fund, it would be interesting to get some explanation of that.

Bill Alexander: I will pick up on the change fund and then talk about universal and targeted provision.

The early years and older people change funds are incredibly helpful for making early impacts, but the change funds will not create a preventative approach on their own. It has to be about the totality and how that additional funding is used to create early change and as a catalyst to lever in system change. We must look at the totality. If we look only at a spend plan of around £3 million or much less in the early years, or only at projects, we will not deliver a preventative approach. Any analysis that looks only at the change fund spend does not look at prevention.

You have probably answered your own question about universal and targeted provision. There must be a combination of both. It is clear that, if optimum resources are put into the total population, the resources will be spread very thinly. Somehow there must be a practice model that identifies the groups that already have significant need as well as, critically, early indications of the population groups for which significant investment will make a difference in respect of their outcomes and in preventing much more investment in those groups in future years. It is about getting that balance.

Parenting is an example. It is possible to identify parenting supports that should be available for all families and particular supports that should go in either at critical times or for critical groups. There must be a combination of both.

Jan Baird: I echo what Bill Alexander said about looking at the whole budget, not just the change pot. I think that we caused some frustration because we took a considerable time to start to spend the change fund. That was because we invested a lot of time in building our

relationships with the third and independent sector. We now have an adult services commissioning group, which gets the third and independent sector, users and carers around the table and has responsibility up to the board to look at how we commission services.

That does not happen overnight. There was no situation of trust with the third and independent sector. We had had purchaser-provider agreements in the past, but this was about working more closely with them to plan how we would do things in the future. We felt that we needed to take the time to invest and build trust, and we think that that will pay off in the longer term as we move from a change plan to a strategic commissioning plan.

Michael McMahon: I will make an observation. Mr Alexander talked about the movement towards preventative spend. Even when budgets are not as restricted as they currently are, moving away from spending on one set of services or a recognised service, usually in the acute sector, towards preventative spend means reducing budgets in one area to guide money towards the other. That means changing from high-profile, reactive and visible services to longer-term supportive services that do not have the same profile. That requires a culture change not just in local communities but among those who are standing on the outside watching those things happening. I include politicians in that. It is very easy for politicians to say that they support in principle what is being done, but when it comes to closing a facility in their constituency, they will oppose that. We have to get beyond that short-term thinking. If you have encountered or experienced any of that, how do you change the culture to allow that type of transformation to take place without the kick back from the loud voices and sharp elbows?

Bill Alexander: That is spot on. That is the challenge, which is why I talked about political boldness and leadership at the outset.

When our council began to talk about preventative spend, every council department thought that it was a great thing. The initial focus was around potholes; people thought, "It will be great if we get preventative spend. We can fill in all the cracks in the road, they won't develop and we won't have to spend a lot more on the roads."

We spent time looking at that and every council department is now absolutely committed to the fact that preventative spend is about inequality and health and social care outcomes. We are investing in preventative spend to make the lives of every individual, family and community better. The preventative spend allocation that was created for early years and older people in deprivation did not come from my budget but

came from right across the council—every service contributed to that pot.

The senior management team had an all-day budget meeting and the director of technical, environmental and community services, the director of planning and development and the finance director were all involved in the first session, which was on preventative spend. We looked at the work of Professor Phil Wilson, who is a general practitioner; the work of an economist who focused on early years; and the work of Suzanne Zeedyk, who is a psychologist. Every one of my directors focused on preventative spend, because they believe that only by reducing health inequalities, supporting children in the earliest years and addressing the demographic time bomb that is coming around for older people by shifting the balance of care can we continue to provide services across the council over the next 20 to 30 years.

It is our only plan; it is plan A and there is not a contingency. Like the Finance Committee, we believe that every part of Scotland must be committed totally to that. It is built into our single outcome agreement and our council programme.

John Mason: Jan Baird mentioned the third and independent sectors. In their submission, Highland Council and NHS Highland said:

"A key aspect of the Change Plan was the requirement for this to be produced and signed off in collaboration with the Third and Independent Sectors."

That came across to me as meaning that those sectors are very much integrated and are part of the system, and that all parts are working together.

In Glasgow, on the other hand,

"a 'Transformation Fund' has been established, allowing the third sector to apply for and access Change Fund monies".

That comes across to me as meaning that third sector organisations are out there applying for money and are not really part of the process. I would be interested in thoughts on that, and to hear what Fife's relationship is with the third sector.

Jan Baird: I will pick up on Michael McMahon's point about culture and give an example of where we are seeing a change in culture. We have done some redesign work with a community hospital and a day care centre, which are on opposite sides of the river. Prior to integration, they had their own client groups and patients, who often would go for different aspects of care. The organisations never really communicated with each other. We looked at where day care, the day hospital and in-patient care sat in the patient and client journey, and we considered how we could look at that differently.

We started using the day care centre, which is now part of the NHS, in a very different way. The significant difference is that the day care centre staff were of the view that elderly people went there to be looked after, because they could not look after themselves. The staff thought, "When you come to day care, we will look after you and do everything for you. We will meet all your needs because that is our role."

Now when people walk through the door, staff are of the view that they have an opportunity to enable those people to be independent again—so that they are not dependent on the day care centre—and get them back to living in their own home and being part of their community. That took a huge culture shift from the staff. It has been very significant; they now see themselves as having a brand new role that has given them a new lease of life.

David Walker: I will pick up on a couple of earlier points before coming back to John Mason's point about the third sector. NHS Greater Glasgow and Clyde has invested in health visiting services for prevention. The board has made a significant commitment to invest in health visitors for exactly the reasons that Bill Alexander gave. Perhaps I did not mention that earlier.

I will pick up the point that Michael McMahon made about how prevention and early intervention are paid for, which is one of the big challenges that lie ahead. Although organisations such as health boards and local authorities can make some extra provision to support prevention and early intervention, I think that the Christie commission was talking about a much more radical change, which implies disinvestment. That is extremely difficult to do at any time—Michael McMahon explained why—but it is particularly difficult to do at the moment, because it is not the only call on the money. Budgets are growing tighter and savings need to be found. In addition, other developments have already been pledged and are in the pipeline. In Glasgow, for example, the Southern general hospital is going up, and many of the changes that the board is engineering in its services and systems will pay for that new hospital. It is an essential part of the health infrastructure in the city, but it needs to be paid for. All that I am saying is that the release of any new resources for early intervention will not get an easy or a clear ride. Those resources will need to be bid for and competed for, and there is no getting away from the fact that, in the present environment, the competition is tough.

As far as the point about the third sector is concerned, in Glasgow the third sector has been a partner right from the outset—it has been in with the bricks, as it were. The third sector has been quite formative in influencing how the partnership

has taken shape. One of the outcomes of that has been the transformation fund, which is a fund of more than £1 million. The third sector has led on the distribution of that fund, which has gone to a wide range of community organisations across the city and has played a big part in boosting the community infrastructure. Effective prevention and early intervention are not just about the measures that we as statutory organisations take; they are about how we resource our communities to play a much fuller role in supporting families and vulnerable individuals to be more resilient. I think that that has been a huge success in Glasgow, in which the third sector has played a leading part.

Chris Bowring (NHS Fife): I will comment on how the partnership works in NHS Fife and the local authority. We have the benefit of having just one local authority and one health board, so there are fewer committees that we have to get people to attend. That means that the partnership works far better, because far fewer people have to be involved. We have what we call a partnership management group, which is fully representative—it involves people from the local authority, the private sector, the voluntary sector and NHS Fife. Through that group, we have had full discussion and debate about the best use of the change fund and all the options. People from the voluntary and private sectors had an equal opportunity to comment on some of the initiatives that social work and health wanted to do, so it was very much a partnership approach. It was not the case that people were invited to bid, as someone suggested; they sat at the table and came to a joint view on how we should use the change fund for preventative spend.

Douglas Dunlop (Fife Council): I would like to pick up on a couple of points, specifically the underpinning point that a number of people have made about how we get the change fund to make the maximum impact in delivering a shift to preventative spend and early intervention.

Bill Alexander's point was a good one—early intervention cannot be seen as a distinct service, the money for which will be provided by the change fund, while everyone else carries on with what they have been doing. The change fund must be seen as a means by which we can reshape, reform and refocus universal services and children's services, and mainstream services and adult care, so that they explicitly have at their heart a preventative and early intervention approach.

I will give two examples of what we are trying to do in that respect in Fife, and of some of the challenges that we are facing. The first relates to reablement. We used some of the money from the older people's change fund specifically to set up a reablement service for home care provision. That

was successful. We provided a high-quality service to maximise the independence of the people who received it, but only a tenth of the people who received home care services received it. Therefore, we decided to use our learning from that approach to reablement to spread it throughout our mainstream home care provision. Now, all our home care services involve an underpinning approach to reablement.

That seems right in principle, but the challenge in that is how we get such a big workforce delivering such a diverse service to have reablement at the heart of what they do. That has to be through staff engagement and training. Cultural shift has also been mentioned—that is really important, too.

11:30

It is a similar situation for children's services. The council has a network of children's centres and family centre provision. We are using the change fund to do two things: increase the capacity within those centres, which serve the whole of Fife, and use that increased capacity as a bit of a quid pro quo. We are saying that we will give the family centre additional capacity on the basis that it reshapes what it does so that the service is explicitly about the whole family for the whole time—the service is not just when the child is at the family centre but when they are at home.

The main drive for us is to use the change fund to roll out the principle of early intervention and preventative approaches to our mainstream provision. That is primarily about staff engagement, and we have to invest a lot in that.

The Convener: I will move on to talk about staff engagement. How has the workforce responded in Fife?

Douglas Dunlop: I was going to say more or less wholly positively, but there is a bit of quid pro quo. We are giving additional resources to people and asking them to maximise their approach to the services that they are delivering. Of course, people welcome that—that is a good thing. When the change fund diminishes or ends, the trick will be to carry that positivity through to actual change in practice, beyond the terms of the change fund, so that it is seen as underpinning everything that they are doing, and so that it is not just activity that is funded by the change fund that is preventative, but everything that people are doing.

The Convener: Stephen Fitzpatrick, you mentioned some resistance in Glasgow. Will you talk us through that and how you are working in partnership with the health board to address that?

Stephen Fitzpatrick: This point is not in the detail of our submission, but we have had quite a

weighty evaluation of the role of reablement in Glasgow. Part of that looked at staff attitudes and staff satisfaction in relation to reablement, which was very positive. Staff self-reported much higher levels of job satisfaction because of the nature of the service changing and becoming much more person centred. There was a feeling that it was less task focused and more focused on helping the individual to fulfil their potential. Sickness absence reduced significantly as a consequence. That gives us encouragement that if we can design the right model, we can bring staff with us and staff will see the benefits of that for themselves.

I would not want to characterise the staff reaction to what we are doing as negative. When people have worked in a certain way for the best part of their career, it is generally a challenge to ask them to make a significant change. One example in our submission is what we have described as assessment at home, which we are rebranding as step-down assessment. That is a process of change in which we target very frail people, who have often come through long periods in hospital, and try to maximise the potential for those people to go home in the long term and not into care. Glasgow has the highest level of long-term care admission pro rata in the country. We want to shift that around in line with the balance of care.

However, we are running into concerns about risk to those people. They are generally close to the end of their lives—they are older people in their mid to late 80s. The policy is clear, which is that we try to maximise the opportunity for those people to go home, but we have found that the tolerance to risk among professionals in a hospital or acute setting—including social workers based in hospitals—is generally lower than among the people who are managing the same level of risk in the community.

It is the setting that is a significant factor in that respect. We are trying to build confidence around different pathways so that, with the right assessment and support, people can work together across the system. That is an example of acute care, primary care and social care coming together. We have professional leads in each of those areas working on that.

We need to shift attitudes right across the system. For example, families have great influence in these situations, and it is not helpful if acute staff tell them that their mother or father needs long-term care before there has been an opportunity for a social care assessment. That is the kind of thing that we are trying to shift. It is not that people are demotivated in any way; it is just about saying that we need to be clear about the distinct roles of the professionals within the

system. Once someone's health needs are addressed in hospital, the social care and primary care tasks need to take over. What we need to do, in line with the policy, is give people the chance to go home.

This is an example of an area where we are trying to bring people with us. It is a new way of working and thinking. It is not that people are negatively disposed towards it; we just need to work very hard to persuade them that we are not putting people at risk but enabling what most older people overwhelmingly want, which is to go home for as long as they can.

The Convener: Indeed, and that you are doing it safely.

Chris Bowring: I want to comment on the staffing aspect. We have established a hospital-at-home team in Fife that is very much about replicating in a patient's own home all the care and assistance that they would get in a hospital setting. One of the major shifts that we have seen is the willingness of consultants and geriatricians to engage in the home model of care. Historically, consultants have been married to their hospital beds, but the support that we have had from consultants and from some general practitioners with a special interest in the model means that we have seen a huge level of engagement in delivering that alternative model.

It is a very positive story: not only consultants and medical staff but allied health professionals—physiotherapists and occupational therapists—are involved. We had to give nurses specific training because they have had to work in a very different way, given that diagnosis and assessment must be carried out in a person's home. We have seen a huge level of engagement with the model in Fife, with about 70 additional staff populating the teams who have been trained in the new way of working.

The Convener: Before I go to Bill Alexander, John Mason wants to come in on that point.

John Mason: Taking a consultant round 20 homes must be much more expensive than having those 20 people in hospital beds.

Chris Bowring: It is an alternative model of care. Each community health partnership has consultant-led care. Part of it is about upskilling the nurses so that they can do an enhanced level of assessment, but they always have the back-up that, at the end of the day, the consultant is still the consultant. We believed that, as a model of care, it was more appropriate to try to retain people in their own homes or get them home more quickly, and everybody signed up to that model.

Bill Alexander: I think that you have seen that staff engagement creates something pretty significant. I echo what Dougie Dunlop said: our

staff are up for prevention—they like doing that work because it makes sense to them. We are talking about prevention in the Finance Committee because it makes financial sense, but it makes professional sense, too. However, although the staff are up for prevention, it is difficult and it introduces new challenges. I will give the committee three examples.

Jan Baird talked to you about change in day care for older people. A day care centre used to be quite a settled, safe, understandable and predictable environment in which the staff cared for people until they needed to move to another level of care. However, an establishment that now has to reable people and support them to be independent and do things instead of things being done for them is a much more challenging environment. To support staff to take that risk is about addressing risk not only in hospitals but in community-based settings, and it means building ownership and involving and engaging staff in a significant way.

My second example is about the control that we all have in our silos around resources. Moving towards prevention means breaking down the silos and giving up some of that control. If a school needs some additional support to help a child stay there, social work must be able to open its gates, drop its defences and get that support in quickly. That means a social care manager who has been used to having a pretty defensible set of resources now has to open them up, which is quite uncomfortable to do.

The third example is around community capacity building. When we talk about prevention, we must also talk about community capacity building and a new relationship between communities and us as planners and providers of services. It means moving away from the "we know best" attitude, which was discussed earlier, to an attitude in which we accept that communities can do prevention and that, frankly, they can often do it better, so some of the resource should just be handed over to the community to let it get on with things. That is not how we have done things in the past, and the change is very difficult for us as leaders and managers and very challenging for our staff, whom we must take with us as part of that agenda.

Gavin Brown: My point is not about staffing—I hope that that is okay. I am interested in hearing the witnesses' views on how they see the various change funds developing in the longer term. Do we need to progressively increase the budgets that they are allocated, or should we progressively decrease the budgets in the long term as the preventative spend agenda becomes more embedded in local authorities and health boards? Ultimately, will we no longer need the change

funds because they will have achieved their objectives?

Bill Alexander: First, there is a clear tension between the fact that the current change funds are short term and the requirement to use them to achieve change. If there was any sense that the funds were going to become long term and recurring, I would suggest that the tension and the pressure for change would reduce very significantly. We know that if the change funds are to achieve better outcomes for people and reduce costs, they must work over a set period of time, during which we must start to take the costs out of the mainstream services.

It is great to talk about prevention and putting money in to create new services and do very exciting things, but we must also start to plan for a bit further down the line, which includes planning for taking the money back out. If I spend money now on children in the early years, I must also accept that my spend on additional support for learning services, residential school placements and looked-after children will reduce in the future, so we must have a budgetary model in which those budgets come down in the years to come. Although it is not easy or nice to say—would it not be great to have that money for ever?—the reality is that if we said that the funding was long term and recurring, the pressure for change would quickly reduce.

Chris Bowring: The committee will not be surprised to hear me, as a director of finance, say that I think that we need to ensure that we keep getting additional funding. In the past, we used to get bridging funding, which allowed us to move long-stay patients into a community setting. I have always envisaged the change funds as being like old-fashioned bridging finance. To my mind, it is about using them not so much for prevention as for avoiding future investment in old models of care.

We know that we have an ageing population whose care needs are increasingly complex, so we must ensure that we plan for that. The only way in which we can do that is to have some bridging finance to allow us to start putting new models in place and stop investing in the old models. The issue is the timescale that will allow people to make the change to the new ways of delivering. I make a plea for us to continue to get some additional funding until we can make the change. We can do that only when we have a critical mass of investment in the new services and they have had time to bed in and fully deliver. It is not a short-term change, so we need time to ensure that the new services deliver.

Jean Urquhart: Like Gavin Brown, I want to ask about a slightly different topic, which is localism. The three areas that are represented here today

are very different. Is it easy to fit local priorities with national performance indicators? Does that cause tension in certain areas? Are you satisfied that the national programme fits easily with local priorities? The issue was mentioned in a couple of the written submissions.

Douglas Dunlop: I will respond to those questions, but I want to respond first to Mr Brown's earlier point, if I may.

The Convener: You can respond to whomever you wish and you can make separate points. It is a free discussion.

Douglas Dunlop: The question about how quickly we can tail off the change funds is an interesting one, but I think that the answer is that we do not know. We are seeing significant demographic changes for both older people and children. The number of children in care has risen over the past five or six years; it is levelling out a bit, but it has risen significantly. The number of old people is increasing as well. However, we do not know what impact those demographic changes will have on the demand for services.

My view is that we have to take an iterative approach. We can only really make judgments about the future continuation or focus of the change funds when we have seen the success or the impact of the first phase. It is too ambitious to say that we can stop the change funds because we will have sorted it all in 18 months or two or three years—I just do not think that that will happen. We will have to take stock of our demographic societal position in Scotland at that point and decide how we continue to retain the focus on prevention in the longer term.

11:45

On localism, by and large we can translate the broad national outcomes into activity at the local level. From a children and families perspective, particularly in relation to the early years, part of our difficulty is in identifying quantitative measures that we can use to accurately match the long-term qualitative outcomes that the Government has rightly set and to which we are all signed up.

A variety of approaches can be taken to that, such as the accumulation of individual bits of data as well as broad 27 to 30-month surveys of children. That is work in progress, however—we have not quite got there.

Jan Baird: In response to Mr Brown's question about the change funds, I agree with my colleagues. To add to what Dougie Dunlop said, demographics are not the only pressure that we will have to face over the next 20 or 30 years. Although there is a lot of pressure on secondary care for our ageing population, we know that

changes in interventions and technology—such as the changes in anaesthetics—mean that we can do more interventions for older people that we might not have done before because it is now safer to do so. Interventions in cardiology are developing all the time and, again, we might not have considered them for older people because of the risks. Those risks are being reduced, which means that the expectation is becoming that we will do such interventions.

There is therefore a balance to be struck. We have a non-steady state, the demographics are having an impact, and we have improvements in technology and interventions. I made that point earlier when I said that it is the investment that we have not had to put into secondary care that evidences the change.

Malcolm Chisholm: I was really interested in what Chris Bowring said, which was to an extent backed up by the two subsequent speakers.

The Parliament, including this committee, is doing a lot of work on the Public Bodies (Joint Working) (Scotland) Bill. From what you said, Chris, we could conclude that you might be pessimistic about how the budgetary arrangements will work for whichever model of integration is adopted. You seem to be saying that you need a central allocation of funding to make those shifts in the balance of care, whereas the Scottish Government would not support that as part of its joint working proposals. A lot of people are quite pessimistic about the funding scenarios for joint working because of the demographics and so on. People believe that there will not be much of a shift of money from acute care into joint services. Are you actually making a plea for the Scottish Government to make specific allocations to the joint working arrangements?

The Convener: If Chris Bowring wants to, she can answer that point; then I will let David Walker in.

Chris Bowring: I am sorry if I came across as pessimistic because I am not. The change fund models that we have all been working with are the correct way to go. Right at this moment, we are in year 3 or year 4 of the change fund, and I do not think that, at the end of year 4, we will have had the chance to fully deliver the future model of delivery that we all envisage. We need to allow local authorities and boards some certainty for another few years so that the new models can become embedded as the way forward. We do not want to have to open up more and more hospital beds over the winter; we want the alternative community models to be there and to be the way that we provide services in the future. However, I just do not think that now is the right time to stop investing in hospital back-up because not all the

community models are working fully. I am not pessimistic; I am just asking for a bit more time.

The Convener: What kind of timeline do you envisage, given Bill Alexander's comments?

Chris Bowring: I would like to think that we could have another two or three years, rather than just one. At the moment, the change fund is set to end in 2015, but we need another couple of years beyond that. I work with critical masses and we can only disinvest in one area once there has been enough change to allow the move to be made, otherwise we will be working with two partial solutions.

The Convener: I will bring in Bill Alexander, but David Walker has been very patient, so I will let him in first.

David Walker: Thank you.

I support the points that Chris Bowring has made. There is a question about the evidence. The change fund was deliberately designed so that we could test new approaches, and that is largely what it has been used for. Some interventions will work and some will not, but gathering the evidence that they work is a job in itself—Douglas Dunlop's comments about local information gathering bear that out. Locally, confidence is being sought that the interventions work. In Glasgow, we are piloting some of the interventions in some parts of the city, so there is an issue about rolling them out across the city. We are being challenged locally to demonstrate their impact.

I go back to the points that Malcolm Chisholm made about the impact on the number of emergency admissions to hospital. Some of our interventions have to start biting on that and showing an impact. However, cause and effect are sometimes quite difficult to plot, because we are dealing with a very complex jigsaw. There are lots of variables, so it can sometimes be difficult to determine which interventions have the biggest effect.

Bill Alexander made a point about concurrent planning—we have to plan simultaneously to take resources out. My colleagues on the acute side will do that only if they have sustained evidence of admissions stepping down.

Culture change has been mentioned. People in the acute sector are certainly feeling under a lot of pressure. There have been a lot of changes in acute services in any event, both to try to make our acute system more efficient and as a result of new hospitals being built, as I mentioned in relation to Glasgow. We are not yet as sophisticated as we would like to be in terms of our ability to manage resources across the interfaces. I concur with Chris Bowring that we

need a bit more time to give us some reassurance that the interventions are working.

Bill Alexander: I concur with my colleagues.

The change funds are being used as a lever for change. They are not about pouring new money into an old hole; they are about building a new landscape. Are we there yet? No. How long will it take for us to get there? I agree with Dougie Dunlop: we do not quite know yet.

The bottom line is that prevention has to be about facing up to the fact that over the next 10 or 20 years we will not have the budgets that we had over the past 10 years, so we need to have a different model for providing services. We therefore have to use the funds in the short term—however long that might prove to be—to get us to a more sustainable model for providing services in the longer term. We have to accept that new money is coming in now so that there will be less spend in the future, and at some point we have to begin to plan on that basis.

The Convener: I want to move on and change tack. This question is for Bill Alexander. The joint improvement team has reported on progress in relation to the older people's change fund. What evaluation has there been of the early years change fund?

Bill Alexander: In Highland, our evaluation of the delivery of children's services goes right across the whole model. It is related to our practice model, which we have had since 2010 and which the Scottish Government has now built into the Children and Young People (Scotland) Bill. It does not separate the elements that have contributed to better outcomes by identifying whether they are about prevention, organisational change or the practice model, because the three are interrelated.

Your question leads on to the oft-asked question: how long will it be before we get a return on the investment? I suggest that there are two answers to that question. In many ways, the return is the long game; it comes in the longer term and is about better health outcomes throughout life.

However, I also strongly suggest that there is an immediate return. If we invest in supporting a family that is in crisis today, that is likely to produce better outcomes for that family today. The family will be happier and more resilient, and a child might not go into care. That will also be cheaper tomorrow—we will get that return very quickly. The same applies to the example that Jan Baird gave about using day care and community care instead of hospital provision: we get that return today.

However, we need to be better at measuring and monitoring, and I am sure that the directors of

finance will be holding us to account for that very soon. I accept that we need better evaluation. Mrs Urquhart made a very good point; we need evaluation on a national level and also on a very local level.

The Convener: We have talked about close working between local authorities and health boards. Given that so much good work is going on between individual local authorities and individual health boards, I wondered whether work is being undertaken to share best practice across health boards and across local authorities rather than just within localities. Does anyone wish to comment on that?

David Walker: I will give it a go.

I think that the answer is yes. The joint improvement team has played a valuable role by providing some of the glue and interconnection. That is on top of the professional networks, such as the Association of Directors of Social Work, the Institute of Healthcare Management and the NHS chief executives. There are a number of mediums through which good practice can be exchanged.

The joint improvement team has given a pronounced focus to sharing good practice. At the start of the month, an event to which all the partnerships were invited was held in the Beardmore hotel in Glasgow. It showcased a lot of ways in which the change fund had been used. As other panellists here have testified, it had been used to test new approaches, and there was evidence about its success. It was a good way of showcasing the use of the change fund.

In addition, the joint improvement team has done a good job in creating an electronic network between partnerships, which enables people to find out readily what is going on and who the lead people are, and to follow that up.

Stephen Fitzpatrick: We are not just relying on others. As David Walker described, the JIT has been very helpful, but from a Glasgow point of view we are always conscious of the risk of becoming consumed in our own complex world—it is probably no different from anyone else.

David Walker and I, and colleagues from throughout health and social care, have made a point of making connections with what people are doing in other areas. Last year, we spent some time speaking to colleagues up in Aberdeenshire and Dundee—both places were very generous with their time in hosting us for a day.

We also have plans to link in with Edinburgh—I suppose that what we are doing is almost a peer review between the two biggest cities in the country. We will also be spending some time with Renfrewshire over the next couple of months. We

are keen to ensure that we pick up on good practice.

What we will see in terms of the JIT's influence across some of the mid-year reports is that there is a lot of convergence around some of the more proven changes and new service models. Reablement has been mentioned today. We are seeing intelligence about what is working elsewhere right across the system.

Douglas Dunlop: I want to pick up on the issue of sharing good practice from a children's perspective. In that context, we have to mention the early years collaborative. The Government has set up the approach in which it is bringing a wide range of practitioners together over a long-term change programme—of at least two years—for two days in Glasgow, where there is a real opportunity not only to discuss innovative approaches to change management in early years settings but to share what is working and what is not working.

Those forums are proving very fruitful. As the committee will know, sometimes it is not the formal presentations that are the real benefit but the informal discussions that people have with each other, the connections that they make and how they follow that up. From a children's perspective, there is now quite a strong framework for sharing best practice in the absence of something like a JIT for children's services.

Jan Baird: Traditionally, we have been very bad at sharing best practice in health boards and councils. We used to have a pilot mentality. We would pilot something somewhere and then try to roll it out, and the rhetoric that we heard was, "Well, that works in Highland but it won't work anywhere else" or "It works in Glasgow but it won't work anywhere else."

We have moved on quite considerably, partly because the JIT has had a significant role. Part of the change, though, is around an outcome focus. It is not about how many rapid response teams or integrated teams you have, but about how you are making a difference for the people in your community. I think that we, as organisations, can relate more to that. We know that we might do things differently and tweak a model, but if it produces the desired outcome there is no denying that that is the way to do it.

Highland strongly denied any rumours that we were running integration as a pilot. We implemented integration because it was right for the people of Highland, and we stand by that. If other people feel that what we have done would help them, that is great. There is now more understanding of the outcomes focus that helps us all to share in a much more effective way.

12:00

The Convener: No members have requested to speak further. Given that we have been talking for more than an hour in this discussion, I will try to wind things up. We will go round each of our guests to see whether there are any final points that you want to make to the committee. They may or may not be on an issue that has come up in the past hour or so.

Bill Alexander: It is fantastic that the Finance Committee is leading the way in dealing with this agenda and that we have married what makes good professional sense with what makes good financial sense.

I have spent a lot of time in lobbying for more resources. More resources are great, but my job is to use the resources that I have as effectively and efficiently as possible. The prevention agenda allows us to focus on that, providing better outcomes for people as cost effectively as possible.

It is very helpful that you have created a focus on this agenda. As people have said, we must keep that focus and sustain it in the years to come if we are to deal with the significant challenges that we have in front of us.

The Convener: Thank you. The committee is determined to keep a close eye on the subject, and it is heartening to see that there has been significant progress since we last discussed it.

Chris Bowring: We have welcomed the opportunity to use the change fund and to have this discussion today. However, the change fund is only one of the tools in the toolbox.

People have commented about other pressures on the acute side. We have a lot of different agendas to address, and the change fund has been one of the more useful aspects of the funding that we have had, in that it has given us the opportunity to try things out. That is why I feel that we need a bit more time to use the change fund, along with the other work that we are doing on waiting times initiatives, our unscheduled care plans and our winter planning. We need a bit more time to see how we can deliver all those good initiatives that we believe are the right models of care.

We are now looking at the outcomes that we get, not just the outputs and measures. We can count admissions and discharges, but it is about the overall health and wellbeing of the people who can now benefit from staying at home if we can keep funding the right models of care.

Stephen Fitzpatrick: I welcome the Finance Committee's continuing interest in this agenda, which is arguably the greatest social policy challenge that we face into the future. The scale of

the challenge and the change agenda around it should not be underestimated because they are very complex and pressured.

We have talked about the timescale for the change fund. We need a bit more time, although I take Bill Alexander's point that it cannot be never ending and there needs to be some impetus to deliver on it. In my experience, there is a change in thinking right across the system. People are changing, and we must allow enough time for those changes to be delivered, as others have described today.

Jan Baird: I am grateful for the opportunity to come along and be part of the discussion today. That has been very helpful, and I hope that it has been helpful for the committee to hear about what we have been doing. It is a big change agenda and we are in it for the long haul. There is no quick fix—we must continue to make the changes that achieve the outcomes that we want.

The change in demographic—the fact that we are all living longer—is a great news story. We tend to think about it as all doom and gloom, but we have great opportunities to improve people's quality of life, and that is fantastic.

The one thing that we have not discussed today but that we need to log is the change in public expectation that must go along with the changes. We have talked about staff and professionals and about how we all look at different models, but we also need to manage public expectations. The public need to work with us if we are to keep them healthy and living longer. Particularly in a rural community, the community needs to work with us and be part of that approach. That is a message that we all have responsibility for.

The Convener: The committee conducted its own inquiry into demographic change and the ageing population, and it was heartening to find that people who live longest also live healthiest.

Douglas Dunlop: The success of prevention and early intervention will depend on the reshaping of mainstream provision and universal services. It is not about a small, targeted response; it is about reshaping the whole system approach. The challenge for us all, as officers supporting the politicians, is in creating that change while continuing to meet increasing demand. That is the trick that we need to master in the coming years.

The Convener: David Walker began the session, so he can close it.

David Walker: Thank you, convener. That is perfect symmetry. I, too, thank the committee for the opportunity to come along today. I welcome the discussion and the Finance Committee's whole approach to the subject.

Courage in leadership was touched on earlier. We recognise that as vital in local partnerships, among our staff, our local communities and members of the public. It is also important nationally. If the agenda is to go forward in the climate that we face, there will have to be changes to things that we have become well used to and that have become cherished to us. As Michael McMahon said, the reaction to those changes will not necessarily be favourable.

Although prevention and early intervention are often acknowledged as the right way to go, if that means changing or taking away something, the support may not be rock solid. In our attempts to engineer change in Glasgow, we have encountered some of that reaction. We have touched on the views of staff, and Jan Baird mentioned public expectations, and we have seen those things as well.

The changes that need to be made may involve the closing of hospitals and declining care home provision, and such decisions will rebound both locally and nationally. There will be a test of our resolve to make the changes happen. Therefore, we need to see the consequences of our actions and be prepared to back them.

The Convener: Thank you very much. There is lots of food for thought in this morning's discussion, which has been very helpful to the committee. I thank all the witnesses and committee members for their contributions.

12:08

Meeting continued in private until 12:41.

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