

## **COVID-19 Recovery Committee**

### **1st Meeting, 2023 (Session 6), Thursday 19 January 2023**

## **Monitoring COVID-19 recovery**

### **Introduction**

At this week's meeting, the Committee will take evidence from Álfurinn Tryggvadóttir, Lead, Spending Review and Machinery of Government, Organisation for Economic Cooperation and Development (OECD).

This stand-alone session will focus on the [COVID-19 Strategic Framework](#) and what key public agencies need to manage the ongoing COVID-19 response and the other indirect costs of the pandemic.

Álfurinn previously gave evidence to the Committee, on 22 September 2022, as part of its pre-budget scrutiny of the COVID-19 strategic framework and the [COVID recovery strategy](#)

In the pre-budget session, Álfurinn spoke about how other OECD countries had implemented budgetary tools, and the learning from that – this covered spending reviews, and frameworks that can help responses to future crises. As this evidence took place in a roundtable format which didn't allow for an in-depth exploration, the Committee agreed that a further evidence session with Álfurinn would be useful.

The primary aim of this evidence session is to hear more OECD's Covid Recovery Dashboard and consider in more detail what indicators could be used to measure and compare Scotland's recovery to OECD countries. This will also give the Committee an opportunity to explore how evidence-based policy evaluation and outcomes-based budgeting is being conducted in OECD countries and provide useful international context to the Scottish Government's upcoming review of the National Performance Framework.

Álfrún has not submitted written evidence, however the OECD Journal on Budgeting 2022 (28 May 2022) included [a guide produced by Álfrún on Best Practices for Spending Reviews](#) which contains useful context which this SPICe paper draws on.

## Key Issues

The following sections detail possible areas for questioning.

### COVID-19 recovery dashboard

One of the many resources in place to monitor the COVID-19 pandemic was [Public Health Scotland's COVID-19 data dashboard](#).

The data dashboard offers insight into scale of Coronavirus in Scotland during the height of the pandemic. It gave regular updates on:

- Positive cases reported to Public Health Scotland by NHS Scotland and UK Government regional testing laboratories.
- Number of tests carried out.
- Deaths of people with a positive test.
- Admissions to hospital and Intensive Care Units (ICU).
- Hospital and ICU bed occupancy.
- COVID-19 vaccinations rates.

With COVID-19 rules and restrictions now lifted in Scotland, as well as the publication of the Scottish Government's Test and Protect Transition Plan setting out changes to testing, contact tracing and isolation, there has been a reduction in the quantity and quality of available daily data. Data is therefore now published on a weekly basis (every Wednesday) but still offers insights into COVID-19 trends and cases.

Members will be aware from previous evidence that there has been a shift in focus from the Scottish Government, and indeed Governments around the world, to monitoring COVID-19 recovery. To reflect this, the OECD developed its own [COVID-19 Recovery Dashboard](#).

The idea of the Dashboard is to provide policy makers and citizens with the tools to monitor efforts aimed at kickstarting economic activity and recovery from the COVID-19 pandemic.

The aims underpinning the Dashboard are broadly reflected in the Scottish Government's own [Covid Recovery Strategy](#). Namely, addressing structural inequalities, accelerating the green transition, and strengthening resilience in the face of future challenges to aid mid- and long-term recovery and facilitate progress towards global Sustainable Development Goals.

In terms of how the Dashboard monitors recovery, the OECD state:

“The OECD COVID-19 Recovery Dashboard features twenty indicators to monitor the quality of the recovery – whether it is **strong, inclusive, green and**

**resilient**, with gender inequalities highlighted throughout. It features up-to-date and trusted OECD statistics complemented by novel data approaches. The timeliness, granularity and accuracy of its statistics are constantly improving as new sources become available.”

The four features highlighted above – strong, inclusive, green and resilient - correspond to the four key dimensions that OECD Members have agreed should characterise the COVID-19 recovery.

There are a total of 20 indicators across these four dimensions, with each dimension assessed against 5 individual indicators highlighted below -

1. **Strong** – economic activity, household income, excess deaths, hours worked, business dynamics
2. **Inclusive** – income inequality, financial insecurity, labour underutilisation, young people not in employment/education/training, people with low satisfaction with life
3. **Green** – greenhouse gas emissions, renewable energy, material consumption, outdoor air pollution, natural land
4. **Resilient** – COVID-19 vaccination rate, investment, broadband coverage, trust in government, debt

Members should be aware of recent [reports in the media](#) that the ONS Coronavirus (COVID-19) Infection Survey for Scotland, which tracks cases spreading across the UK, could be shut down in the spring. This has potentially huge implications for not just Scotland's COVID-19 dashboard, but also the OECD Covid Recovery Dashboard and other tools used to monitor recovery such as the Wellbeing Economy Monitor and National Performance Framework.

**Members may wish to ask:**

1. Álfrún's view of Scotland's Covid-19 Recovery Dashboard; both during height of the pandemic and currently following the lifting of restrictions.
2. Whether Álfrún can cite examples of how other nations have adapted their COVID-19 monitoring following the lifting of restrictions – is what the Scottish Government doing best practice?
3. Regarding the OECD's recovery dashboard, is there any prospective timescale for how long this dashboard will be in use? Is there scope for additional indicators?
4. Álfrún's view on reports that the ONS Coronavirus (COVID-19) Infection Survey for Scotland could be shut down in the spring – what impact might this have on the reliability of the OECD's own dashboard and have any other OECD members taken this step already?

## Evidence from the OECD

As noted, Álfurún previously gave evidence as part of the Committee’s pre-budget scrutiny on 22 September 2022.

The Committee highlighted the OECD’s Recovery Dashboard and enquired as to its development. While Álfurún was not directly involved in its development, she gave some useful context which is relevant for this session.

Álfurún informed the Committee that the dashboard was built at the request of OECD ministers to “build back better”, but that this effectively equates to spending better in the future - with the advisory group including representatives from national statistical offices, policy experts, and OECD committee representatives.

The indicators were specifically selected through a process of consultation with different ministers, with Álfurún highlighting:

“To dig a bit deeper, I point out that the indicators are not aggregated or ranked according to their importance; we look at them all as being equally important. Instead, they are presented alongside one another to convey a comprehensive picture of how countries are doing in the context of recovery.”

She also highlighted that, in an international context, Scotland is not alone in struggling to identify and analyse areas of additional spend brought in during the pandemic that would benefit citizens – stating that there is a lack of tools available to know what will benefit citizens in medium-long terms.

In terms of Scotland’s own spending review process, she highlighted that this differs from the traditional OECD definition of spending reviews, stating:

“As I understand it, the Scottish funding process is quite different from the traditional OECD definition of spending reviews. The Scottish budget-setting process is similar to that of the UK – you prepare the budget and you call it the spending review. Perhaps what is needed in Scotland is a tool to analyse existing expenditure and enable you to see how you can balance that with the needs of citizens while paying attention to budgeting too. That would help you to look at what is needed in the future and what is not needed in the budget.”

She highlighted that the above is what is involved in the traditional OECD definition of spending reviews, with this being particularly important in times of crisis. Examples cited by the OECD included Norway and Canada, who looked at all budget measures that came in during the pandemic and assessed whether those measures will be beneficial in the medium and long-term through the spending review.

In response to the Committee regarding what other countries are thinking about for future pandemics, and whether money is being put into that area right now given the economic outlook and competing pressures - she stated that it is interesting to note the different responses to the current crisis when compared to the 2008 financial crisis.

The latter saw strict fiscal consolidation measures put in place, while the former is seeing money flowing through the system, further stating:

“More generally, we see that OECD countries are very much looking into informed spending cuts. That means that they want to make better decisions than they did in the previous crisis situation...many countries are now looking into scaling up the use of spending reviews. They want to be able to, systematically, analyse where it is possible to cut expenditure in an informed manner without making spending cuts across the board.”

Álfrún also explained that many countries have implemented performance budgeting, but the problem is that the performance framework is an isolated initiative that is not linked to the budget process and that:

“Countries that are quite advanced in performance budgeting have a link between budget resources and allocations and performance indicators, and they can make use of those tools they have in place.”

Members should also be aware that Álfrún published [“OECD Best Practices for Spending Reviews”](#) in the OECD Journal on Budgeting, Volume 2022 Issue 1. This paper builds on some of the points mentioned in the previous evidence session, looking at how spending reviews are applied in OECD countries and presents best practices.

The key best practice identified include:

- **Formulating clear objectives and specific scope of spending reviews** – Ireland, Germany and Estonia are cited as examples of where this can be seen in their spending review process.
- **Identify distinct political and public service roles in the review process** – this includes roles for both political leadership and support to ensure the viability and sustainability of spending reviews, where objectives and scope are set and at the conclusion where final decisions are made. However, this also includes roles for public servants who carry out spending reviews, where close collaboration with line ministries is important to enhance the capacity for conducting spending reviews and create trust in the process.
- **Set up clear governance arrangements throughout the review process** – clear roles and responsibilities are essential at all stages to ensure that a spending review is successful. Steering and working groups are highlighted as being potentially conducive to this process from both an oversight and analytical perspective.
- **Ensure integration with the budget process** – spending reviews should be aligned with the budget process and systematically integrated into the preparation of the budget. There should also be alignment with medium-term frameworks. Evaluations and performance budgeting frameworks should also be in place to allow for greater analysis and valuable information regarding the effectiveness of the spending review process.

- **Implement recommendations in an accountable and transparent manner** – spending reviews should conclude with clear recommendations, and implementation of these recommendations and decisions should be monitored in full to allow for increased awareness as to their effectiveness at all levels of government.
- **Ensure full transparency of spending review reports and the review framework** – conclusions of spending reviews should be publicly available, with a high level of transparency supporting the integrity, accountability and oversight of the process. Similarly, governance arrangements and guidance materials should also be available publicly – with clear communication being crucial and underpinning the integrity of the review process.
- **Update the spending review framework periodically** – the framework should be updated according to ever-changing challenges, and reviewed periodically to ensure it is performing as intended. Each review should also identify lessons from previous reviews and use this experience to improve future review processes.

Members should be aware that the above paper includes examples from OECD nations where these practices are in place.

#### **Members may wish to ask:**

5. Whether Álfur can expand on her comments regarding the Scottish Government's budget setting and spending review policy – what it does well and what can be improved upon.
6. Álfur's view on what OECD nations currently produce 'advanced performance budgeting' that the Scottish Government could learn from.
7. With reference to the differing fiscal response when compared to the 2008 crash, what features in terms of Government response to the cost-crisis have been common among OECD nations?
8. Álfur had mentioned that many nations are now looking to 'scale up' their spending review process. How simple would this process be and how well is the Scottish Government placed to do this? Would changes be needed at both a Scottish and UK Government level?
9. Álfur's view on whether OECD nations are adequately preparing for future pandemics in the medium and long-term.

#### **Budget scrutiny**

As already noted, the Committee agreed to focus its pre-budget scrutiny on the ongoing costs associated with the pandemic, as set out in the COVID-19 Strategic Framework, and on how the Scottish Government plans to fund its Covid Recovery Strategy. Specifically, the Committee was interested in the read across between these strategic documents and the Scottish Government's fiscal documents, namely

the Resource Spending Review (RSR), Medium-Term Financial Strategy (MTFS) and the Equality and Fairer Scotland Statement (EFSS).

[In its letter, the main themes included:](#)

- The impact of the cost crisis on Covid recovery, and how the Scottish Government's commitment to tackling the inequality and disadvantage arising from the pandemic can be balanced with increasing fiscal pressure, particularly within Health and Social Care services.
- A need for clarity on COVID-19 or Covid Recovery funding following the removal of specific budget lines.
- The importance of continued pandemic preparedness and learning from the experience of COVID-19, including:
  - Issues to consider against the recognised ongoing need for vaccination programmes.
  - Testing and surveillance, including funding implications for future policy changes.
  - Clarification around PPE, including strategic approach, stock levels and funding.
- Outcomes-based budgeting and policy evaluation, and monitoring Covid Recovery (i.e., the focus of this evidence session).
- Clarity of aims around outcomes and transparency in relation to the Scottish Government's stated aim of achieving a wellbeing economy.

[In its response to the Committee](#), the Scottish Government acknowledged the current fiscal pressures but restated its commitment to “making progress towards the shared Covid Recovery Strategy outcomes in partnership with local government and other partners” and stated that it “will continue to prioritise spending which is targeted to support those in most need.” It did not suggest any change to the planned end date of the programme, which is set as running ‘until summer 2023’.

The Scottish Government explain that “The Covid Recovery Strategy contains over 70 actions that will support people across Scotland, and particularly those most affected during the pandemic by: increasing financial security for low income households; enhancing the wellbeing of children and young people; and creating good, green jobs and fair work.”

However, in response to questions around spend on Covid Recovery, rather than noting specific funding under the strategy the SG highlighted how spend on other priorities aligns with the aims of the Covid Recovery Strategy (specifically child poverty and climate change). Statements like this and ones aligning outcomes in the Strategy to the NPF make it unclear whether the Strategy is seen as a consolidation of intents and actions which support Covid Recovery, rather than a strategy which in itself drives action.

The Scottish Government confirmed, in terms of additional resources for tackling COVID-19 in the future, that it “will be ready to respond to any increase in the threat posed by the virus”.

Finally, when asked to explain its vision of a wellbeing economy, the Scottish Government confirmed:

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

### **Members may wish to ask:**

10. Álfrún’s views on the Scottish Government’s planned run time of the Covid Recovery Strategy, with it ending by summer 2023.
11. Whether using strategies to highlight and consolidate actions across multiple portfolios, rather than using strategies to drive portfolio priorities, is an effective approach and common practice elsewhere.
12. If Álfrún is familiar with the Scottish Government’s Budget process and documents, she may be able to give a view on whether it has provided clear links between outcomes and spending decisions.

### **Mainstreaming transparency and accountability**

As noted, your pre-Budget scrutiny included evidence and recommendations relating to monitoring outcomes and transparency. These themes have been, and are, common across the Budget scrutiny carried out by other Scottish Parliament Committees, and SPICe is currently undertaking proactive work to better understand the extent of common themes appearing in Committee Budget scrutiny.

SPICe would like to draw the Committee’s attention to [the Equality, Human Rights and Civil Justice Committee’s pre-budget scrutiny](#), which focused on taking a human rights-based approach to budgeting. The Social Justice and Social Security Committee [also looked at human rights budgeting](#) in their pre-Budget work.

Human rights budgeting means that the actual content of a budget (i.e., the decisions taken around how money is raised, allocated and spent) should be in line with the government’s human rights obligations. These obligations provide criteria against which a budget can be assessed. Further detail, and an illustrative example of exploring budgets from human rights perspective, is [set out in a guest SPICe blog](#) and [associated briefing produced by Rob Watts](#) of the Fraser of Allander Institute.

Within human rights budgeting, there are three principles:

- **Transparency:** Parliament, civil society and the public should have accessible information about budget decisions.
- **Participation:** Civil society and the public should have opportunities for meaningful engagement in the budget process.
- **Accountability:** Budgets should be subject to oversight and scrutiny that ensures accountability for budget decisions and the impact these have on human rights.

The EHRCJ Committee used these three principles as a structure for its report, and the Scottish Government likewise followed this structure in setting out its [Equalities and Fairer Budget Scotland Statement](#). SPICe used the same structuring for parts of its [Budget 2023-24 analysis](#) and will also use this in exploring common themes across committees.

Many of the themes around transparency and accountability in particular tie in with what the Committee heard during pre-Budget scrutiny, from Álfurún and from other witnesses. For instance, both committees heard evidence on understanding the link between Budget documents, spending decisions and outcomes against key frameworks, strategies, and policies. In the case of this Committee, it was the Covid Recovery Strategy and aspirations of a wellbeing economy. In the case of the EHRCJ Committee, it was the Equality and Fairer Budget Scotland Statement and the Equality and Fairer Scotland Duty. Both committees linked this process to the National Performance Framework.

Consistent, comprehensive, reliable, and timely data which can be disaggregated to a useful level, and the use of data in understanding measurable outcomes and impacting on policy decisions are at the core of a human rights budgeting approach. These principles of a human rights budgeting have the scope to go beyond equalities data – for instance, you heard in your own evidence that these features were central to delivering a wellbeing economy.

This is a useful opportunity to explore these themes in the context of the OECD's approach to monitoring and outcomes-based approaches and understanding where the three principles of human rights budgeting can form a useful mainstreaming and baselining structure in understanding monitoring and outcomes across wider government portfolios.

In the context of data, it should be noted that the Scottish Government launched [the Equality Data Improvement Programme \(EDIP\)](#) in 2021. The SG [described this to the EHRCJ Committee](#) as being “a wide-ranging programme of work aimed at strengthening Scotland's equality evidence base”.

The Scottish Government also referred to the upcoming review of the National Performance Framework in its budget responses to both committees, with a commitment in both instances to consider the recommendations made in relation to linking the NPF to the systems and processes of government.

## Members may wish to ask:

13. The extent to which a dashboard approach can support the principles of human rights budgeting, particularly transparency and accountability, and how that can tie into outcomes-based policymaking.
14. How the dashboard approach helps in mainstreaming consideration of cross-portfolio issues such as Covid recovery, equalities and human rights, child poverty and the costs crisis.
15. Álfgrún's view on using the principles of transparency, participation, and accountability as a scrutiny tool, and whether extending this perspective beyond equalities and human rights could support the Scottish Government in its aspirations of developing a wellbeing economy.
16. Whether Álfgrún can give any detail on the approaches used in other OECD countries to mainstreaming common issues across portfolios.
17. Whether there are data sets beyond measures of equality that would be crucial to mainstreaming and understanding outcomes, both in the context of spending decisions and in covid recovery measures.

## Ongoing recovery – the National Performance Framework

The [National Performance Framework \(NPF\)](#) celebrated its 15<sup>th</sup> birthday in November 2022. As explained in the [“Key Issues for Session 6” SPICe briefing](#), the NPF's purpose is to set out the direction and ambitions for Scotland.

To achieve this, the NPF outlines values which underpin the Scottish Government's approach to policymaking – treating all people with kindness, dignity and compassion, respecting the rule of law, and acting in an open and transparent way.

These values are intended help guide policymaking in order to achieve [11 national outcomes](#), with [81 National Indicators](#) intended to track progress and provide a broad picture as to how well Scotland is performing. SPICe [produce regular blog updates](#) on how Scotland is doing against the NPF.

The NPF represented a landmark shift in Scottish policy making. It provides a foundation for successive governments, regardless of political persuasion, to legislate for a shared vision for Scotland.

As Leslie Evans, former Permanent Secretary to the Scottish Government, highlighted in an [interview with AgendaNI](#): the partnership approach with all levels of government, organisations, and individuals (as well as the statutory obligation to refresh the framework) allows for consistency in governance during an era of inconsistency. She explained:

“Because this framework became enshrined in law in 2015, it now represents the way we govern in Scotland. It doesn't matter who comes into power, this is the way we do it. The framework reflects a vision for Scotland that we all want to see, not just reflecting the goals of one political party, one government or one set of public services alone.”

Essentially, the NPF provides a foundation through which issues can be analysed and processed to help create long-term, sustainable and integrated public policy solutions.

The last review or 'refresh' of the NPF came in 2018, accompanied by a host of new indicators and outcomes to reflect the issues of the day and to align with shared global development goals.

It now contains 81 national indicators to measure progress against 11 National Outcomes – a stark contrast to the initial 45 indicators at launch in 2007. The refresh in 2018 also introduced additional indicators such as gender balance in organisations, child wellbeing and happiness, and secure work.

It is expected that the forthcoming 2023 refresh will add additional indicators which reflect the major events since 2018 which have impacted, and will continue to impact, Scottish society.

Similarly, the Scottish Government's [Wellbeing Economy Monitor](#) is intended to bring together a range of indicators to provide a baseline for assessing progress towards the development of a wellbeing economy in Scotland. Members will be aware that the establishment of a wellbeing economy is a core aim contained in the Covid Recovery Strategy.

It should be noted, however, that many of the indicators in both the Wellbeing Economy Monitor and the NPF are broad – with many not containing any data at all.

For example, the [NPF Economic Participation indicator](#) looks at Scotland's position on labour market participation as the top performing country in the UK, and measures this through comparison of employment rates in the UK's 4 constituent countries. This obviously does not break down reasons for these changes, or looks specifically at the data involved, making it difficult to utilise in order to get an accurate picture of labour market participation in Scotland. Z

In its Budget response and in relation to the OECD's COVID-19 Recovery Dashboard, the Scottish Government likened its approach and use of the National Performance Framework, and its use of National Indicators to monitor Covid Recovery against the outcomes in the strategy, to the dashboard approach.

It went on to explain its use of the Wellbeing Economy Monitor, noting that certain measures (for instance on Gender Pay Gap) diverged from those used in the NPF to allow for better comparison to OECD data.

**Members may wish to ask:**

18. Álfrún's view or further commentary on Scotland's National Performance Framework, including how well the NPF is linked to policy decisions.
19. Whether the other OECD nations have similar frameworks in place and how Scotland's NPF compares to elsewhere, and her view on how aligned the Scotland's NPF and Wellbeing Economy Monitor are with the OECD's own

recovery dashboard, both in terms of matching the level of detail, and in comparing data.

20. How the Scottish Government could consider its data provision alongside the upcoming NPF refresh. Are there additional indicators that could be added that would aid the OECD's own data collection and recovery monitoring?
21. Should frameworks such as the NPF contain more publicly available disaggregated data, or is there something to be said for broad-form indicators when analysing recovery?

**Ailsa Burn-Murdoch and Scott Mackay**  
**SPICe Research**  
**January 2023**