I welcome the attention and focus that the Finance Committee has brought to Preventative Spending through its inquiry, and for giving me the opportunity to contribute.

The inquiry report brings together a wealth of understanding on the issue and should serve as a strong foundation for progress. I now enclose the Scottish Government response to the Committee Inquiry Report, which explores the particular issues raised by the Committee.

JOHN SWINNEY
The Scottish Government welcomes the Finance Committee Report on Preventative Spending, which was published on 11 January 2011. The report draws on a wide range of evidence and has already made a valuable contribution by raising the profile of the concept of preventative spending and demonstrating the consensus that exists. Within the report the Finance Committee have provided recommendations, and have invited the Scottish Government to consider and explore some issues further. Our response to each of these are provided in turn, along with wider observations.

The Committee is persuaded by the evidence in support of early years intervention and therefore welcomes the work being undertaken by the Scottish Government through its Early Years Framework (EYF). The Committee notes that this builds upon the work of the previous administration in this area and welcomes the Scottish Government’s emphasis on a consensual approach. However, the Committee agrees with many of the witnesses that the focus for all decision makers, including the Scottish Parliament and the Scottish Government, should be on the more effective implementation of early years policy. The Committee recommends that both the Scottish Government and the Scottish Parliament take the lead in delivering a radical step change in the existing approach to early years intervention. (Paragraph 36)

The Committee support and endorse our approach to the early years through the Early Years Framework (EYF), which is very welcome. We consider that this, and the two associated frameworks aimed at tackling poverty and health inequalities represent an innovative approach to policy development because they were developed collaboratively by the Scottish Government, COSLA and a wide range of other partners from the NHS, public, private and third sectors. As a result we believe that there is general consensus that these long term, evidence-based policy frameworks remain both valid and valued.

We agree with the Committee that the key challenge for us all is implementation, particularly against a backdrop of worsening pressures on public finances and the many competing priorities faced by delivery partners.

Our current approach with delivery partners is based on mutual support, consensus around agreed priorities and frequent engagement with local partners, both at Ministerial and official levels. We believe that we are making steady progress in delivering the EYF. We published a progress report in January available at: [http://www.scotland.gov.uk/Publications/2011/01/13114328/0](http://www.scotland.gov.uk/Publications/2011/01/13114328/0) Further, we have reported on 10 local case studies. These represent a tiny proportion of the local early years activity that we know is going on across Scotland, but help demonstrate how the EYF is being delivered in practice: [www.scotland.gov.uk/earlyyears/goodpractice](http://www.scotland.gov.uk/earlyyears/goodpractice).
We are also considering Professor Susan Deacon’s conclusions and recommendations and this will have a bearing on the future direction of travel.

The Committee fully acknowledges that some of the measures set out in the EYF may take several years to materialise. However, the Committee is concerned that there was very little mention or discussion of the EYF in evidence. Considering the number of ideas proposed as to how early years policy could be improved, this suggests room for improvement in the current approach. In particular, there are four key issues that the Committee wishes to explore:

• central and local government relationships;
• measuring progress;
• the best point to make early interventions; and
• universal versus targeted services.

(Paragraph 39)

We agree that relationships between national and local government are a crucial factor in both the development of policy and successful implementation at local level. The collaborative development of the 3 social policy frameworks has led to better policy and greater understanding around the challenges of implementation.

The collaborative and partnership approach has carried forward into the implementation stage and local partnerships have flexibility to take forward local service and resource redesign in line with local needs and priorities. We agreed with COSLA that we would not take a prescriptive or mandatory approach to implementation. SG and COSLA officials have continued to work together to build momentum and consensus through COSLA’s political structures and through meetings across Scottish CPPs. We are working with COSLA on the next phase of CPP engagement.

The Outcomes approach is key to preventative spend. The Concordat was designed as the fundamental ‘touchstone’ between central and local government, working together, to make the shift away from an ‘inputs/outputs’ culture towards delivering the local outcomes which actually matter to places and communities across Scotland. To enable that shift local government was empowered via the Concordat in two important ways: through the removal of most ring-fenced funding, which gives Councils real flexibility in determining local funding priorities; and through the commitment to joint development of policy rather than a ‘top down’ approach. Scottish Government has made sure throughout the life of the Concordat that there are proper mechanisms (primarily the Concordat Oversight Group) to hear from Councils and others about the real challenges they face in moving to the outcomes approach.

In terms of measuring progress, the EYF forms one of the core components of the 2010-11 Single Outcome Agreements and we are currently reviewing the SOA progress reports submitted by CPPs. Through our engagement with CPPs, we have a good picture of local progress and issues and we have gathered a great deal of evidence of local action. There are also national statistics on children’s health and
other key areas e.g. pre-school education which help to show progress on early years priorities. (Please also refer to comments on our data and indicators work in response to paragraph 61)

There is a lot of research evidence to show the benefits of early and effective intervention in the early years but we need to be clear that the benefits of early intervention can apply at any stage in a child or young person’s life. This is really dictated by the needs of the individual and his/her family, and the nature and extent of intervention should be aimed at meeting the needs of the individual. We would refer the Committee to the child-centred approach in Getting It Right for Every Child (GIRFEC) which is aimed at ensuring that children get the help they need, when they need it, with services coming together as required. The review of the Highland pathfinder by Edinburgh University showed benefits to children and families, earlier action and more effective and cost effective interventions by service providers.

We believe that Universal and targeted services are compatible and complementary and it is not an 'either/or' issue - ultimately support should be based on the needs of the individual. All children should benefit from high quality universal services and the majority of Scottish children will develop and flourish with support from such services and, of course, their parents. These universal services also have a key role to play in supporting vulnerable and at risk families. For example, entitlement to free pre-school education is a universal support but there is evidence to show that children from disadvantaged backgrounds benefit disproportionately in comparison to their more advantaged peers.

For some children and families, however, support from universal services will not meet their needs and additional support may be required from one or more other agencies – this could include, for example, additional support for learning, parenting support, social work, addiction services to name but a few. An example of an innovative approach which builds on universal provision but which is clearly targeted are the pilot Family Nurse Partnerships in NHS Lothian and NHS Tayside. This is an intensive home visiting programme that supports vulnerable pregnant teenagers in line with GIRFEC principles.

The Committee also invites the Scottish Government to consider whether there is a need to provide clearer guidance on how to deliver the aims of the EYF. (Paragraph 51.)

There is no single or universal blueprint for local delivery of the EYF and, as agreed with COSLA, we have avoided a top-down or prescriptive approach from the centre. This was welcomed by COSLA and provides local partners with the space to develop local strategies and plans for delivery. Although we are aware that some commentators, and to a lesser extent practitioners, have called for a more prescriptive approach, we have not detected a groundswell of support for central guidance. If there were to be widespread calls for more guidance, we would give it careful consideration. Indeed, in response to demand for advice from local partners, we have issued guidance on implementing GIRFEC i.e. the means by which we
believe the EYF and wider children’s services should be delivered. This guidance is, however, aimed at facilitating local planning and delivery, and its use is not mandatory.

The Committee invites the Scottish Government to set out its criteria on why some interventions are made at a national as opposed to a local level. It would also be helpful if the Scottish Government could say whether it has any current plans to roll out more interventions at a national level. (Paragraph 52)

Whether interventions are delivered locally or nationally depends on the nature of the issue to be tackled, the scale of that issue, and the extent to which there are contributing factors which can be identified (and evidenced) as common across Scotland. The social frameworks, mentioned earlier, encourage local solutions within a national framework. It is for CPPs to develop the best interventions, in the best way, for their local areas. To support these local interventions by CPPs, Scottish Government recognises that there is real value in developing approaches which can be used across Scotland; for example outcome based budgeting approaches are being developed by some CPPs, and SG has funded the local government Improvement Service to develop outcome-based budgeting with CPPs.

Within EYF there are no hard and fast criteria on why some actions should be made at a national as opposed to a local level. The Framework sets out a range of specific national and local actions on which we expect progress to be made – these were agreed with COSLA. The local actions include, for example, support for parents, childcare and play. We would refer the Committee to the EYF Progress Report mentioned earlier in our response.

Where it is evident that a national intervention would be helpful to local partners, we are happy to look at ideas. We refer earlier to the Family Nurse Partnership pilots and we are also funding Barnardos ‘You First’ programme also aimed at vulnerable young parents. Depending on evaluation, resources and discussions with partners, we may look at wider roll out; but we would not wish to impose centralised models on local partners.

It is also worth emphasising that there is a great deal of effective local practice that we know about through our ongoing dialogue with local partners. Much of this is ‘below the radar’ and not widely publicised. Part of SG’s role in future could be to help identify and disseminate examples of local innovation and practice, as well as examples from national actions or research.

The Scottish Government is also invited to say how it could support the nationwide roll out of successful early interventions delivered by the voluntary sector, bearing in mind the concerns set out in paragraphs 45 and 46. (Paragraph 53)

We agree that the third sector can provide high quality and effective services for Scottish communities, particularly for ‘hard to reach’ families. The Scottish
Government already provides core funding amounting to £7.1 million to third sector children’s organisations, including several who work on early years issues. We have also announced a new third sector early years/early intervention fund with start up funding of £5 million and we will announce more details shortly. Local authorities, the NHS and other public bodies also have a very wide range of relationships with third sector bodies, including commissioning the sector to deliver services to local communities.

The Committee notes the Cabinet Secretary’s view but, bearing in mind the comments in paragraph 51, invites the Scottish Government to further explain the measures it could take if local authorities were not contributing to the successful delivery of a national outcome. (Paragraph 60)

The Concordat between central and local government in Scotland is based on mutual respect. Under the Concordat, Councils are signed up to development and delivery of Single Outcome Agreements, aligned within the National Performance Framework. Local authorities are also subject to the statutory Best Value regime, and external scrutiny of what they deliver for their communities. Councils are also of course publicly accountable through the ballot box for their progress in delivering the local outcomes which matter to communities and citizens.

The Committee notes from the Scottish Government’s written evidence that it intends to “work with a wide range of external partners to develop a new suite of early years data and indicators”. The Committee requests that the Scottish Government considers the evidence provided during this inquiry as part of that work. The Committee’s intention of holding a chamber event to discuss this report is set out later. The Committee considers that this event would be an ideal forum for participants to consider how data and indicators could be improved. (Paragraph 61)

The Early Years Framework made a commitment to develop new indicators for early years, to complement those national and local indicators that already exist in the National Performance Framework and around SOA agreements. This suite of early years indicators was launched in early November 2010. These (non mandatory) indicators are intended as a tool that local partners can tailor and use to measure both the success of early years policies and to start to assess whether they are on course to improve a range of higher level outcomes for children and the early years in the longer term. Following the launch, dissemination of the indicators is ongoing, as is work with stakeholders on the use of the indicators. A link to the report is: http://www.scotland.gov.uk/Topics/People/Young-People/Early-Years-and-Family/Early-Years-Framework/Implementation/Measuring-Practice

We would be happy to discuss this work with the Committee and other attendees at the 4 March event if that would be helpful.
The Committee notes that much of the evidence it received in relation to the early years emphasised that the earlier the intervention is made, the greater the return on the investment will be. In particular, investment in the pre-birth to 3 age group has been repeatedly highlighted as essential in delivering improvements to child health and well-being. However, the Committee also notes that the EYF covers the 0-8 age group. The Committee, therefore, invites the Scottish Government to consider whether, given the findings of this report, the EYF should be more focused on the 0-3 age group. (Paragraph 68)

We agree with the importance that the Committee attaches to investment in the prebirth to 3 age group, and this is why several of the core elements of the EYF are focused on the 0-3 age group, based on robust research evidence. For example, the Chief Medical Officer and Professor James Heckman have highlighted evidence from neuroscience about brain receptivity from 0-3 which suggests that intervening in the very earliest years is likely to achieve better results than later intervention. This evidence also suggests skills formation in the early years can lead to further formation of more sophisticated skills.

The importance of the prebirth to 3 period also underpins our approach to maternal services. The Committee may wish to note the supporting material that we published; a refreshed maternity services framework; a maternal and infant nutrition framework; and ante-natal inequalities guidance. Also a major conference was held on 18 January 'Good Health for Every Child and the Universal Pathway: what everyone needs to know'. We have also worked with Learning and Teaching Scotland on new 0-3 advice and guidance (including a DVD) for early years practitioners and parents.

That said, we believe that the 0-8 age range covered by the EYF reflects an appropriate and relevant time-span in terms of a child's development of learning, emotional and social skills and the need for ongoing support from parents. We would emphasise that early intervention when a problem emerges is appropriate, and that problems may occur or emerge at any point in a child's life.

The Scottish Government has stated that "preventative intervention lies at the heart of the Government's policy interventions". Given the apparent success of the early years approach in the Netherlands and Scandinavia, the Committee invites the Scottish Government's view on how much scope there is to adopt a similar approach in Scotland. In particular, the success of a universalistic approach to services has been highlighted and the Committee therefore calls on the Scottish Government to state whether it has any future plans to roll out preventative programmes on a universal basis. (Paragraph 76)

As indicated earlier in our response, we agree that universal services should form the bedrock of our support for children and families. We are always open to ideas and innovation from other countries, but we would advise some caution in 'cherry picking' policy successes from abroad around the early years. It is often necessary to
take account of wider social factors and the nature of government intervention such as taxation and benefits regimes, local infrastructures and funding arrangements in assessing the contribution of specific policies. We consider that the EYF is based on a solid research and evidence base, from both national and international sources.

The Committee has already noted the Scottish Government’s emphasis on the role of local authorities in delivering early years policies. Given this and the Committee’s comments on Glasgow city council, the Committee would welcome the Scottish Government’s views on how it could help to raise awareness amongst local authorities of existing research on the early years. (Paragraph 91)

As outlined earlier, the EYF is founded on national and international research. The policy, including its evidence base, has been presented to COSLA’s political leadership (which includes Glasgow City Council). In addition, Ministers have actively promoted the evidence base as part of many national and local conference presentations and their local tours across Scotland.

Overall, we believe that the evidence base for supporting the early years and early intervention is generally understood among most national and local organisations, and we acknowledge the role we have as a government in championing the use of evidence. For example, we have promoted our economic modelling report which sets out the financial benefits from investing in the early years.

Nonetheless, we do acknowledge that more can be done to raise awareness of the evidence base and we hope that Professor Deacon’s recommendations will provide further insight and impetus on what more we can do to maintain and build consensus.

The Committee invites the Scottish Government’s view on whether there is a need for greater investment in health professionals such as health visitors in supporting early years programmes. (Paragraph 97)

The Scottish Government’s aim is to ensure that the health, social and parenting needs of families with young children are identified and met by the professional with the most appropriate skills and competencies.

Health Visitors are valued members of the community care workforce. They play a pivotal role in early intervention, health promotion for children and families, promoting social inclusion, reducing inequalities in health and supporting the capacity of families to parent within their local communities through the provision of universal services.

The Scottish Government remain committed to taking forward a range of children and families work which emphasises the vital role and future direction of Public Health Nursing and Health Visiting services. This includes working with NHS Boards to develop capacity, capability and sustainability across the whole nursing workforce. The established Scotland wide Modernising Nursing in the Community Board is
overseeing the development of a framework for community nursing which will assist NHS Boards in the provision of high quality, sustainable public health nursing in the community.

A Children, Young People and Families Sub Group of the Modernising Community Nursing Board has been established to develop a framework for Public Health Nursing 0 -19 years. The Sub Group will focus on Public Health Nursing – Health Visiting (0-5) in the first instance. Strengthening leadership amongst the profession will be an essential component of the developing framework.

The recruitment and deployment of Public Health Nurses/Health Visitors is a matter for NHS Boards who determine the workforce based on the needs and demographics of their local population. Recruiting more Public Health Nurses/Health Visitors may not always be the most effective way forward. We would encourage a wider skill mix and multi agency approaches to community care in order to target additional support as and when required.

This section has set out the very clear benefits that could be derived from closer and more effective working in the areas of health and social care. It has also set out the very real difficulties in realising these benefits. The Committee notes that the main challenge as set out by ADSW and COSLA is, in essence, how to make the shift to investing in cheaper social care services by disinvesting in more expensive health services. (Paragraph 111)

In order to help shift the balance of care from institutional to primary and community care settings, the Scottish Government recently announced a £70m Change Fund. This will enable health and social care partners to implement local plans for making better use of their combined resources and will build on the work undertaken under the Integrated Resource Framework.

The Committee invites the Scottish Government to address the specific issues highlighted by the Chief Medical Officer and the ADSW in paragraphs 109 and 110. (Paragraph 113)

With reference to paragraph 109; the Scottish Government is committed to promoting the outcomes-focussed delivery of public services, as reflected in the National Performance Framework.

In Health, the HEAT system of performance measurement increasingly focuses Board attention on outcomes-based measurable deliverables, including those targets relating to Health Improvement. We are exploring ways of allocating funding to NHS Boards which emphasise and incentivise the delivery of outcomes.

The Healthcare Quality Strategy will promote an outcomes-focus within the NHS by focussing on three Quality Ambitions. These will provide the focus for all our activity to achieve best quality healthcare to the people of Scotland by making NHSScotland a world leader in healthcare quality. They explicitly reflect the things people have told us they want and need and are based on the internationally recognised six dimensions of healthcare quality. National progress towards achieving the ambitions
set out in the Quality Strategy will be measured by 12 Quality Outcome Measures which will provide a line of sight to the National Outcomes and the National Performance Framework.

There will be a refreshed commitment to working closely with CPPs in the delivery of the Quality Strategy vision and the wider Local and National Outcomes, recognising that public sector partners and the third sector have a major role to play in supporting people across Scotland in making the changes required to achieve the world-leading health and healthcare services to which we aspire.

We further propose that this strategy provides a basis for NHSScotland to work with partners through CPPs and in the third sector in securing progress towards the Quality Ambitions, and the higher level outcomes agreed locally and nationally through the SOAs and the National Performance Framework. Further information on the Quality Strategy is available at:

http://www.scotland.gov.uk/Publications/2010/05/10102307/0

With reference to paragraph 110; NHS Boards are notified of baseline funding in advance of each financial year, subject to Parliamentary approval of the Budget Bill. NHS Boards use baseline funding to support the delivery of core healthcare services for their local populations. In addition to this, Boards receive in-year allocations from the Scottish Government to support specific programmes of activity. These are not generally confirmed in advance of the financial year, but are confirmed by programme managers. The vast majority of Boards' funding is contained in the baseline. For example, in 2009-10 Territorial NHS Boards received £7.25bn in baseline funding which represented c. 87% of their total resource allocation from the Scottish Government.

SGHD is committed to notifying Boards of in-year allocations as early as possible in the financial year to assist Board decision making, including working with partner organisations.

The Committee invites the Scottish Government to consider whether the principles behind its work on IRF and the change fund could also be applied to ensure greater collaborative working and pooling of budgets in early years policy. (Paragraph 127)

The SG encourages outcome-based approaches to budgeting and resource alignment; we know some CPPs are starting to develop these approaches and we have funded the Improvement Service to support further work with CPPs. There is undoubtedly a lot to learn from the IRF. There is no reason why the principles of the IRF and the Change Fund could not be applied to create greater collaborative working and pooling of budgets in early years policy. The IRF is not confined to older people, indeed two of the pilot sites are specifically looking at children's services. The Minister for Children and Early Years has taken a keen interest in the development of the IRF.

In Highland, the improved trust and understanding among agencies and the increased use of a common language and shared understanding of children's needs
led, under the Governance structure in Highland, to increased sharing of resources. The application of the Getting it right approach encourages business process redesign leading to streamlined systems using a single model. Evidence from pathfinders and learning partners such as Lanarkshire and Edinburgh is that there is considerable scope to rationalise the various processes, meetings and documents around children. In Lanarkshire for example the Getting it right is simplifying the process available to Public Health Nurses and Health visitors seeking assistance from other professionals, streamlining the 58 different types of referral forms used and rationalising their content into one easy to access electronic ‘request for assistance’ form, thus reducing the time burden.

Considering the Scottish Government’s focus on the key role played by Community Planning Partnerships (CPPs) in fostering collaborative working, the Committee would welcome the Scottish Government’s response on the following questions which are relevant to the early years, and health and social care (Paragraph 128)

- how can the concept of preventative spending be embedded in CPPs, so that there is a focus across the public sector on trying to prevent social problems arising rather than on dealing with their consequences?

We agree that embedding the concept of preventative spend is a major challenge and more progress is needed. Ministers have consistently given senior Community Planning and local government figures encouragement to ‘disrespect boundaries’ – including the challenging of established spending patterns to effect real change. The Local Government Improvement Service has a key role to play here in supporting CPPs to make those meaningful changes, and is doing so through (for example) rolling out self-assessment and improvement tools and working with CPPs to develop outcome-based approaches to budgeting and financial decision making.

- is there merit in establishing a new financial settlement for CPPs so that relevant bodies are better able to pool their resources?

Scottish Government has created the broad framework within which Councils and CPPs can make radical decisions to do things differently, reinforced by the ongoing challenge to ‘disrespect boundaries’. We think there is a lot of scope to do this already, but understand that the reality of this can be challenging. Governance and decision-making chains in CPPs need to support the CPP to overcome traditional resource ‘territories’ and realign resources to the right local priorities. Effective partnership cultures and the will to make things happen are also critical. Where there are real, demonstrable barriers for CPPs in how they manage their resources to achieve the local outcomes they have committed to deliver, we continue of course to be in listening mode.

- what is the best means of ensuring that CPPs are making satisfactory progress in delivering better outcomes?
As discussed earlier, in response to the Committees question at paragraph 60 of their report, the Concordat and accountability to communities play a key role.

- how can the work of CPPs best complement the essential work carried out by the voluntary sector, families and communities?

Since 2008 SG has been working with CPPs and the third sector to create Third Sector Interfaces. These are intended to support voluntary organisations operating in the CPP area, advocate and promote volunteering, develop social enterprise, and connect the 3rd sector more strongly to Community Planning. There are already over 20 Interfaces in place across Scotland.

- how can the views of the expert witnesses who have contributed to this inquiry help to shape the decision making of CPPs?

We see this as largely in the hands of CPPs themselves. We hope they will read the Committee’s report closely, and take advantage of the huge body of experience vested in the expert witnesses who contributed along with the significant intellectual capital and experience within CPPs themselves. The Improvement Service again has a role to play here, through its Communities of Practice and the other tools which it supports in spreading good practice.

Perhaps the key challenge to the preventative agenda is the need to redirect resources away from crisis intervention to crisis prevention. The Committee notes COSLA’s suggested “new model” to allow for this and ADSW’s call for a “much better national process for making the major decisions about disinvestment”. The Committee recommends that the Scottish Government takes the lead on delivering this approach. (Paragraph 137)

In keeping with the outcomes-focus of the National Performance Framework, redirecting resource from crisis intervention to crisis prevention will require leadership from the Scottish Government, as well as its delivery partners across the public sector. In its review of *Equally Well* carried out in 2010, the Ministerial Task Force on Health Inequalities called for the Scottish Government, in partnership with COSLA to “demonstrate strong, visible, cross-sector leadership in order to progress the early intervention agenda”. With this mind, the Scottish Government’s draft budget protects the major areas of preventative spend, despite the overall reductions in the Scottish budget. The Spending Review that will follow the Scottish elections in May will provide another opportunity for the Scottish Government to support delivery agencies in their efforts to increase the proportion of their budget dedicated to preventative activity.

Paragraph 135 summarises suggestions in the Scottish Government’s written evidence as to how the public sector could maintain a preventative spending
approach. The Committee would welcome further explanation of the following elements—

- the importance of “Good appraisal and impact assessment of policy options”;
- that “Mainstream services should be delivered with an eye on prevention”;
- the implication that bodies should not simply “focus increasingly scarce resources on meeting their statutory obligations”.

(Paragraph 138)

The Scottish Government acknowledges the importance of good appraisal and impact assessment. Indeed impact assessments (for example EQIA and BRIA) are already a key part of policy development. However, we are considering whether a single, coherent impact assessment is proportionate and achievable. Evidence and understanding of the expected and actual impact of interventions (both positive and negative) is central to making well informed decisions on how resources might be most effectively deployed.

On the second point, we wished to emphasise that preventive actions are often delivered by mainstream services, not just specially designed programmes and projects, and this should not be overlooked. Partners may be able to work together to ensure that opportunities for effective and efficient prevention are identified and utilised, particularly when they are considering service (re)design.

On the third point, there is evidence, and an emerging consensus, that there is substantial and ongoing value in supporting preventative services. The Scottish Government acknowledge that there are likely to be tensions around how scarce resources are allocated, and would encourage decision makers to take account of the evidence on preventative spend when making their choices. This may itself impact on the demand for services, and the ability of the public sector to fulfil its obligations, now and in the future.

The Committee has already addressed some of these concerns but considers that there are others criticisms that, if accurate, suggest the need for a radical overhaul of the way that the Scottish public sector is currently organised. While this broader debate is outwith the scope of this report, the Committee considers that these matters will be of particular concern to the Commission on Public Services which was recently established by the Scottish Government. The Committee also considers that this report as a whole will be of relevance to the Commission’s work. (Paragraph 144)

We agree that the issues around preventative spend will be of interest to the Commission, and the Finance Committee’s report will therefore be a valuable resource for this important strategic exercise.
However, despite this commitment, there is no indication within the draft budget as to the extent to which spending proposals are preventative. The Committee therefore recommends that future budget documents should include an assessment under each portfolio heading of the progress being made towards a more preventative approach. The Committee also addresses this point in its report on the 2011-12 draft budget. (Paragraph 151)

As set out in our written response to the Finance Committee report on the 2011-12 draft budget, the Scottish Government acknowledges that Preventative Spending has a key role to play in delivering improved outcomes and has the potential to reduce costs to the public sector, particularly over the longer term, therefore increased scrutiny is appropriate. However, preventative spending is often an integral part of policy and service delivery and as such does not have a separately identifiable budget. Much preventative spending comes from the block grant to Local Authorities and NHS boards. The Scottish Government will consider how it can assess progress towards a preventative approach as part of the budget process without incurring disproportionate cost.

The Scottish Government support in principle the recommendation that scrutiny of preventative spending should be integral to the budget process; but recognise that there is an inherent complexity in doing so, as noted above. The focus should remain on promoting the important contribution that preventative spending can make and maximising the effectiveness of preventative spend, rather than identifying every pound spent on prevention.

The Committee considers that there is a risk that all public spending could potentially be defined as being in some way preventative. Therefore, the Committee recommends that the Scottish Government provides a robust and measurable definition of “preventative spending” that could be used across the public sector. (Paragraph 152)

We acknowledge the challenges around definition. In the Scottish Government written evidence to the Inquiry we focussed mainly on primary prevention (measures taken to prevent negative social outcomes) but there is also a range of secondary and tertiary prevention activity across portfolios (which seek to halt or prevent an escalation of negative outcomes).

The language used across different policy areas varies, and the Scottish Government would be happy to work with others on common definitions to develop a shared understanding. Overall, the definition and measurement of preventative spend and its impact is more readily achieved for individual spending programmes but becomes significantly more problematic across portfolios and in the context of the budget process. It would be a significant challenge to develop a single definition that could be applied across the public sector for the measurement of preventative spend.