



OFFICIAL REPORT
AITHISG OIFIGEIL

COVID-19 Recovery Committee

Thursday 29 September 2022

Session 6



The Scottish Parliament
Pàrlamaid na h-Alba

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - www.parliament.scot or by contacting Public Information on 0131 348 5000

Thursday 29 September 2022

CONTENTS

Col.

PRE-BUDGET SCRUTINY 2023-24 1

COVID-19 RECOVERY COMMITTEE

21st Meeting 2022, Session 6

CONVENER

*Siobhian Brown (Ayr) (SNP)

DEPUTY CONVENER

*Murdo Fraser (Mid Scotland and Fife) (Con)

COMMITTEE MEMBERS

*Jim Fairlie (Perthshire South and Kinross-shire) (SNP)

*John Mason (Glasgow Shettleston) (SNP)

*Alex Rowley (Mid Scotland and Fife) (Lab)

*Brian Whittle (South Scotland) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Professor Andrew Morris (Standing Committee on Pandemic Preparedness)

John Swinney (Deputy First Minister and Cabinet Secretary for Covid Recovery)

CLERK TO THE COMMITTEE

Sigrid Robinson

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

COVID-19 Recovery Committee

Thursday 29 September 2022

[The Convener opened the meeting at 09:00]

Pre-budget Scrutiny 2023-24

The Convener (Siobhian Brown): Welcome to the 21st meeting in 2022 of the COVID-19 Recovery Committee. The first item of business is pre-budget scrutiny. The committee has agreed to focus its pre-budget scrutiny on how the Scottish Government plans to fund its Covid recovery strategy and the on-going costs that are associated with the pandemic as set out in the Covid-19 strategic framework. We will begin this morning's meeting by discussing the work of the Scottish Government's Standing Committee on Pandemic Preparedness, which published an interim report on 30 August 2022.

I welcome to the meeting Professor Andrew Morris, the chair of the Standing Committee on Pandemic Preparedness, who joins us remotely. I thank him for giving us his time this morning. Each member will have approximately seven minutes to speak to Professor Morris and ask questions. We are due to speak to the Deputy First Minister, John Swinney, at 9.45, so I apologise in advance if time runs on too much and I have to interrupt members or Professor Morris in the interest of brevity.

Professor Morris, I invite you to briefly introduce yourself and the work of the standing committee. [Interruption.]

I think that there might be some technical issues. Professor Morris, can you hear me? Put your hand up if you can hear me, Professor Morris. He cannot hear me. We will wait one moment while we try to rectify our technical issues.

I will briefly suspend the meeting while we try to reconnect to Professor Morris.

09:01

Meeting suspended.

09:06

On resuming—

The Convener: Welcome back. We had some technical problems, but I hope that they have now been resolved. Can you hear me, Professor Morris?

Professor Andrew Morris (Standing Committee on Pandemic Preparedness): Good morning. Can you hear me?

The Convener: Yes, we can hear you—fantastic. Thank you for giving us your time this morning. I just want to clarify that you can hear me.

I apologise, but we still have some technical issues, so, unfortunately, I will have to suspend the meeting again until we can rectify them.

09:07

Meeting suspended.

09:15

On resuming—

The Convener: Welcome back, for the third time. I apologise for the technical issues this morning. I hope that those are resolved. Professor Morris, can you hear me?

Professor Morris: Good morning. It is a pleasure to be here, for the third time. [Laughter.] I apologise for not being with you in person.

The Convener: No, no—that is fine. At least we can hear you now. Thank you so much for joining us. We are now short of time, so members will have only about four minutes each for questions. The Deputy First Minister is coming to the committee at 9.45, so I apologise in advance that I might have to interrupt you and members in the interest of brevity. Professor Morris, please briefly introduce yourself and the work of the standing committee.

Professor Morris: It is a privilege to be invited to present evidence to the committee. My name is Andrew Morris. I am a doctor, my specialty is diabetes, and I was chief scientist in the Scottish Government health directorate from 2012 to 2017. Since 2014, I have been professor of medicine at the University of Edinburgh, but I have been seconded to London for the past four years as the director of the national technology institute Health Data Research UK. Therefore, it is ironic that I have faced technology challenges today.

In February 2022, I accepted the invite to be the independent chair of the Scottish Government's Standing Committee on Pandemic Preparedness, which I chair on a voluntary basis. The aim of the committee is to deliver on the commission from the First Minister, which was delivered to us on 5 April, to do four things: advise the Scottish Government on threat intelligence, assessment and response; define priorities for research; strengthen the response infrastructure; and consider the priorities for Scotland in the context of the United Kingdom risk assessment. That work is

on-going, and I look forward to our discussion today.

The Convener: I will begin with the first question. Thank you for the interim report that your committee has published. I note that the full report will be published this time next year. The first thing that struck me was the first paragraph in the introduction, which says that

“Pandemics are inevitable and likely to occur more frequently in the future than in the past.”

Why will they occur more frequently in the future? Is it anticipated that they will be as severe as the Covid-19 pandemic?

Professor Morris: There is lots of uncertainty. We know that novel human pathogens occur very frequently. I think that the World Health Organization suggests that, in the past 50 years, there have been 1,500 new pathogens. Many folk say that we have been lucky that the previous major pandemic to affect humanity was in 1918. In fact, since 2000, we have probably had six or seven major scares, including severe acute respiratory syndrome and middle east respiratory syndrome.

My other comment is that smallpox is the only disease that has ever really been eradicated. Many others are hanging around. For example, the plague struck in Madagascar in 2017, affecting about 2,000 people and killing 200. Therefore, we live in a world where infectious diseases and pathogens are constant threats.

As we know, international travel is a big issue. For example, in 2019, before the Covid pandemic, there were about 1.4 billion international arrivals globally, compared with 25 million in 1950. The facts that we are living with pathogens, including new ones, and that we live in a global ecosystem mean that pandemics will be a constant threat. That has been recognised in Scotland and in the United Kingdom, in the form of the UK risk register. Before the Covid-19 pandemic, pandemics were in the far-right quadrant. That is a fact for humanity, but there is an opportunity for us to do something about it.

The Convener: Absolutely. Thank you for that answer.

Murdo Fraser (Mid Scotland and Fife) (Con): Good morning, Professor Morris. Thank you for joining us. I have a question on recommendation 3 in your interim report, which is the need to develop stronger

“linkages to Scottish, UK, and international scientific advisory structures, networks, and agencies”.

At times during the two years of the Covid pandemic, we saw politicians in the various parts of the United Kingdom taking different decisions. However, in essence, they based those on

scientific advice, which one would assume was largely the same in those different parts. Does that point to a need for more co-operation when it comes to taking decisions—for example, about bringing in restrictions? Alternatively, is it just inevitable that politicians will go their own way, or does it point to a need for scientists to work together more closely?

Professor Morris: That is a key issue. I should say that one of my other responsibilities is that I was invited to convene the Scottish Government’s chief medical officer’s Covid-19 advisory group. I will make two points about that. One is that we met, I think, 66 times and provided 44 pieces of advice to the Scottish Government.

Most importantly, though, I and others participated in the UK scientific advisory group for emergencies—SAGE—process that was convened by Sir Patrick Vallance and Professor Sir Chris Whitty. When I was invited to participate in SAGE, I thought that that was really important, because scientific advice is emergent, but reciprocity and collaboration on such advice have to be completely unified. The role of scientists is not to set policy; it is to provide the best evidence and the best consensual advice that are available at the time, while recognising that there is huge uncertainty during pandemics. It is then for politicians to make difficult decisions about policy. I am clear that the scientific community needs to collaborate nationally and internationally to curate that best advice, which can then be acted on by politicians.

As for where we are in Scotland, we have excellent chief scientific advisory structures, which link into the UK processes well. However, as ever, there is an opportunity to do two things. The first is to strengthen our structures in Scotland and the second is to ensure that they are completely integrated, at the very least with UK ones. Science is agnostic of sovereign borders, if I might put it that way.

Alex Rowley (Mid Scotland and Fife) (Lab): Good morning, Professor Morris. I have one question, which is on the effectiveness of Covid spend. I think that it would be fair to say that, during the pandemic, money was no barrier in tackling and dealing with Covid. How effective was that spend? Given the much tighter financial times that we now live in, are you looking at how effective spend is or should be in our being prepared to meet further risks?

Professor Morris: That is a good question. It is not my job to comment on the spend on the pandemic that we have just had, because there will be an inquiry and others are better positioned to comment. That said, I might well be invited to the inquiry.

The opportunity that we have with the standing committee is to think about what “really good” looks like for Scotland in the context of a global ecosystem for pandemic preparedness. We have tried to do three things. First, we have tried to be very practical. Secondly, we have tried to consider what an outstanding pandemic preparedness system for Scotland would look like with regard to our health structures, the academic community and the linkage with health and social care and with policy makers and industry. Thirdly—and this is on-going work—we are trying to learn from the best internationally. Moving forward, we have to do this with humility and be prepared to learn from international examples.

With regard to how we structure all this, I have to say that I do not expect a major new budget line for pandemic preparedness. The two principles of good pandemic preparedness are, first, a very good and strong health and care system—that is the foundation. As for the second principle, I would say that, when we look at the components of a good pandemic response, there are perhaps three or four areas in which we can do better, and they might need targeted strategic investment just to get them into a very good place.

Jim Fairlie (Perthshire South and Kinross-shire) (SNP): What kind of body would the centre for pandemic preparedness be? Would it be, say, a statutory body or a non-departmental public body? How do you envisage it?

Professor Morris: It is a good question. I always say that form follows function. Instead of thinking about what the structure should be, we should consider the functions that we are seeking that body to perform. Another thing that I always say is that governance follows structure follows function follows purpose, and we are razor-sharpening the work that we are currently doing to look at the functions and purpose that the body should be delivering on behalf of the Scottish population.

There are four or five principles behind that. First, we want the body to transform medical defences by coalescing Scottish expertise in vaccines, therapeutics and diagnostics. Secondly, we want it to ensure so-called situational awareness, which is the data piece. That means early-warning systems and real-time monitoring of any epidemic or pandemic outbreak. Thirdly, we want it to be really tightly integrated with our national health service, social care bodies and Public Health Scotland. After all, as I have said, the foundation of any good pandemic response is its being embedded in a health system. Fourthly, we must ensure clarity of leadership. In other words, who gets up in the morning every day and is responsible for pandemics?

To my mind, this is not about bricks and mortar; it is about having a centre of expertise that brings together the outstanding talent that already exists in Scotland. Scotland is a good place to bring that expertise and leadership together. There is a model for that, which is supported by the Scottish Government. You might be aware that the rural and environment science and analytical services division supports EPIC, which is the Centre of Expertise in Animal Disease Outbreaks.

09:30

That consortium brings expertise together in veterinary medicine, epidemiology, genetics, physics, maths and statistics to deliver value to the Scottish Government. It is a virtual centre that addresses policy-relevant questions in peacetime as well as during emergencies. How we structure that and create a governance structure across it is open to discussion, but we need to be crystal clear about the functions.

Brian Whittle (South Scotland) (Con): Good morning. Professor Morris, in your introduction, you mentioned that a global pandemic is one of the highest risks that we continually face. I think that we always knew that a global pandemic would happen at some point. It is kind of like an asteroid strike—you just hope that it does not happen during your tenure. It is fair to say that most, if not all, Governments were not properly prepared for it. As we watched the pandemic move around the globe, we recognised that age, obesity, diabetes and other conditions made people more vulnerable. Therefore, in recognising that we need to prepare better, are you considering a more focused approach to dealing with the pandemic and where behavioural science fits in to that, both from a Government perspective and with regard to what we can expect to ask our population to do?

Professor Morris: There are a couple of responses to that. It is a good question, because there is currently a risk of complacency. We are seeing Covid subside a little, although we are likely to see another surge in the winter months and, with flu, there is a risk of a “twindemic”. However, there is a risk that we turn the world’s attention away from the risk and that we do not do justice to pandemic preparedness. To be clear, we must take action now while we remember how awful the pandemic has been and feel the urgency of trying to prevent the next one. Also, we should not assume that the next pandemic will look exactly like Covid. It could be deadlier and more infectious, and it might be designed by humans, because biosecurity is a big risk.

Therefore, how we set ourselves up is about the interdisciplinarity that I talked about earlier. One of the benefits of the Covid pandemic is how we have integrated behavioural science into the

physical, biomedical and computational sciences. In the early days of the pandemic, we were completely dependent on so-called non-pharmaceutical interventions, which are the things that we know about, such as physical distancing, hand washing and isolation. The public responded very well to those. As we move forward in pandemic preparedness, integration in respect of behavioural science, working with the public, will be the key to good pandemic preparedness.

I have a final comment on that. It is not my area of expertise, but I have been trying to learn about risk. I commend to the committee a House of Lords cross-party select committee report entitled "Preparing for Extreme Risks: Building a Resilient Society", which was published on 3 December 2021. Several of its conclusions are relevant to our work here.

First, it found that the UK went into the Covid pandemic with too much self-confidence. Secondly, there was excessive secrecy. The public behaved well, and we need to inform them if we expect them to respond to future risks. Thirdly, we need to challenge systems. By that I mean that, moving forward, exercises that test our pandemic preparedness will be important. If we do not have exercises to test how well we are doing, we are likely to fail. Finally—and this point links to Mr Whittle's questions—we often look at risks as discrete risks, whereas the concept of cascade risks is important. For example, who—before Covid—would have envisaged the impact that a pandemic would have on exam results? We must remember the cascade component of risk.

I reiterate that behavioural science is absolutely key to pandemic preparedness, and you are quite right to highlight it.

The Convener: Professor, you raised various valid points there. We might have time for supplementaries after questions from John Mason.

John Mason (Glasgow Shettleston) (SNP): Professor, I would like to clarify a point. The report is an interim one. I noted that your chair's summary said that

"these are important and achievable ambitions to which the Scottish Government and its partners will wish to respond."

Are you expecting a response from the Government to the interim report, which would then feed into your final report?

Professor Morris: Thank you, Mr Mason. That is a good question. I anticipate a response to the interim report. Shall I articulate the next steps of how we would deal with—

John Mason: Yes, please—that would be helpful.

Professor Morris: I am fortunate to be supported by a fantastic group of experts, as well as two outstanding deputy chairs: Professor Dame Anna Dominiczak, who is the chief scientist, health, and Professor Julie Fitzpatrick, who is the chief scientific adviser.

We are approaching the issue in the knowledge that we do not know everything, but that is our initial report. Over the next 12 months we will do several things. First, we have set up four so-called task-and-finish groups to consider each of the four main recommendations and flesh them out as to their purpose, function, leadership structure, governance and resource implications.

Secondly, we will go around Scotland. Since this is a Scottish report, I have suggested to the team that we hold regional meetings across the country, so that we get out of Edinburgh and consult, in an open and transparent way, members of the public as well as learned societies such as the Royal Society of Edinburgh, the Scottish Science Advisory Council, the NHS and social care colleagues.

Thirdly, we have set up an international reference group, which is small but includes some of the world's most distinguished experts on pandemic preparedness. It will meet three times. Transparency is key, so all our minutes and activities will be published openly. The purpose of that is to get to the best-quality product that we can, which is my hope.

I anticipate an initial response from the Scottish Government and a final response when we have published the report in about 12 months.

John Mason: That is very helpful in allowing us to understand the way ahead.

Professor Morris: Is that helpful?

John Mason: That is super. I would like to ask quite a few other questions, but I will be specific. You said that a key aim is to have a health system that is strong and robust to start with. Some people might say that we should have hundreds of extra beds in hospitals, sitting empty most of the time, so that when a pandemic or similar event comes along we are all ready for it. Obviously, that would come with a cost. Do you have any thoughts on how we balance spending on preventative measures and spending on reactive measures? Clearly, we are under financial pressure at the moment, and having labs or hospitals sitting empty has a cost.

Professor Morris: It is a good question. There is tension in the system, but this is why we need to look at how we integrate some of the expertise, capability and resource with business as normal during peacetime and how we can pivot as required. Let me take the example of genomic

sequencing. You will recall that the polymerase chain reaction test is like molecular photocopying; it was about diagnosing Covid, and it simply told us whether or not you had the virus. To be able to follow how the virus is mutating, you need to do genomic sequencing—it is part of core pandemic preparedness.

In peacetime, we should be applying genomic sequencing to other respiratory pathogens, because it can help to support excellent quality-based care in normal NHS services. The point is that, if you have that capability, you can pivot in times of pandemic and have it ready, primed and able to respond rapidly instead of having to build the system from scratch. What we learned in the pandemic is that we have to build on what we have instead of starting new initiatives. Tricky decisions will have to be made, but we should be looking across a raft of capabilities and asking how we bake this into an excellent NHS and public health system for Scotland.

A lot of this is about co-ordination and connectivity rather than huge new investment. It is about alignment of expertise and capability Scotland-wide to ensure that we avoid duplication and waste in the system. In other words, it is about efficiency. However, it is a difficult equation.

The Convener: We have three minutes left, so I will bring in Brian Whittle for a brief supplementary question.

Brian Whittle: Thank you, convener. I am delighted to have the opportunity to ask Professor Morris another question.

If you were to ask a clinician how we prevent the spread of a pathogen, they would say, “Don’t go outside and don’t meet anybody else. That will definitely do it.” There is a tension between the pure health science that is involved in dealing with a pandemic and what we are continually learning about the non-Covid-related impact of the Covid response. How is that being baked into your thought process and the development of the study?

Professor Morris: Are you talking about non-Covid-related harm?

Brian Whittle: Yes.

Professor Morris: That is a good question. Our commission is to focus on the health risks, but it is right and proper that we have an awareness of the wider societal and economic risks. It would be right and proper for us, as part of our work, to attempt a cost benefit analysis of pandemic preparedness, although that would be tricky. I have looked at the literature, and there are very few international studies that have evaluated the cost benefits and performed an economic

evaluation of infectious respiratory disease at scale.

Moving forward, I think that that is something for the Government to consider. How do you balance the cost benefits of the health interventions and the economic components? It will—and should—be part of our work, but we will seek external advice on it.

The Convener: I thank Professor Morris for his evidence and his time, and I apologise for the technical issues at the beginning of the meeting. If you would like to submit any further evidence to the committee, please do so in writing. The clerks will be happy to liaise with you on that.

I briefly suspend the meeting to allow Professor Morris to leave.

09:44

Meeting suspended.

09:46

On resuming—

The Convener: I move to the second item on the agenda, under which we will conclude our pre-budget scrutiny by taking evidence from the Scottish Government.

I welcome to the meeting, from the Scottish Government, John Swinney, the Deputy First Minister and Cabinet Secretary for Covid Recovery; Simon Mair, the deputy director of Covid recovery and public sector reform; Andrew Watson, the director of budget and public spending and Christine McLaughlin, the director of population health. Thank you all for attending this morning.

Deputy First Minister, would you like to make any remarks before we move on to questions?

The Deputy First Minister and Cabinet Secretary for Covid Recovery (John Swinney): Thank you, convener. I am grateful to the committee for this opportunity to discuss a number of matters relating to our recovery from the Covid-19 pandemic and our preparedness for any future waves.

In February 2022, the Scottish Government published a revised strategic framework that set out our long-term approach to managing Covid-19 and its associated harms. The strategic framework was published as we entered a calmer phase of the pandemic. I am pleased that, for the most part, we have remained in that calmer phase for some time.

Covid-19 might not be at the forefront of everyone’s minds in the way that it was last winter, but the Scottish Government remains prepared to

respond appropriately and proportionately to any new wave or variant that could emerge. The strategic framework supports the Scottish Government to manage future threats through adaptations to our behaviours and physical environments, as well as through effective vaccination and treatment. Ongoing surveillance of infection levels and potential new variants will also support our management of future threats.

It is important to note that we are progressing well with ongoing booster vaccinations; people in the most vulnerable groups will have been offered an appointment by the start of December.

I am confident that the strategic framework ensures that we have the necessary resilience and preparedness to meet any potential challenges that we might face in the months ahead.

The Scottish Government's Covid recovery strategy, which was published in October 2021, focuses on addressing systemic inequalities and supporting those who were most disproportionately affected during the pandemic. The Scottish Government has been working closely with local government and other partners to pursue that agenda, and we are progressing pilot projects in Glasgow and Dundee to target support that is aimed at reducing child poverty.

Since the Covid recovery strategy was published, particularly in recent months rising inflation, the worsening cost of living crisis and inaction by the UK Government have made it even more critical that the Scottish Government focus its efforts on supporting those who are most in need.

The fiscal environment that we find ourselves in presents significant pressures; for example, inflation means that the Scottish Government's budget is now worth around £1.7 billion less than it was worth in December 2021. Despite such real and significant challenges, the Scottish Government is taking action to help, including by extending and increasing the Scottish child payment to £25 in November; by freezing rents and introducing a moratorium on evictions to protect the roofs over people's heads this winter; by expanding access to free school meals; by widening the warmer homes fuel poverty programme; and by freezing rail fares until at least March 2023. All that is in addition to the almost £3 billion in support that is already budgeted for and the existing £800 million of relief for business in this financial year.

Recent announcements from the UK Government regarding energy prices are welcome, but they do not go far enough; they certainly do not materially change the Scottish budget position in the current year, and we face a challenging period ahead financially.

We are undertaking an emergency budget review to assess any and all opportunities to redirect additional resources to those who are most in need, to reduce the burdens on businesses and to stimulate the Scottish economy. The Scottish Government will publish an emergency budget review in the week commencing 24 October. Any changes to budgets through that or other measures that we have already taken in-year will be formally set out to Parliament in the budget revision process, as is the standard approach.

I am happy to answer questions.

The Convener: We intend to conclude the evidence session by 11 am, so members have approximately 10 minutes each to ask questions of the Deputy First Minister. We should be okay for time, but I apologise in advance because I might, if time runs on too far, have to interrupt members or witnesses in the interest of brevity.

I will begin the questions. Will you please provide some more detail on the scale of the on-going Covid-19 spend?

John Swinney: The on-going Covid-19 spend is primarily focused on a range of measures, including the surveillance activity that is under way. That activity considers elements such as the Office for National Statistics' survey and routine testing in general practitioner surgeries, the wider healthcare system and the care system. We fund those elements to enable us to have that intelligence.

There will also be routine approaches in other elements of intelligence gathering, such as through waste-water analyses and the ONS infections survey. There is also wider work being done on activity in the test and protect arrangements that we have in place.

The Convener: In the previous evidence session this morning, we had Professor Andrew Morris, who published the interim report on pandemic preparedness. There are four big-ticket recommendations in that report. Will those recommendations be reflected in the next budget?

John Swinney: We are at the stage of formulating the budget, but we will consider very carefully the recommendations that have been made by the Standing Committee on Pandemic Preparedness. The work that Professor Morris leads is very significant in making sure that we have the necessary level of external challenge. Obviously, there are other elements of challenge; Parliament and this committee are principal elements of challenge in that respect. That external challenge is to ensure that we have in place the necessary arrangements. We will look very carefully at the standing committee's recommendations as we make decisions on the

approaches that we will take. In this financial year, we have forecast expenditure of around £485 million on all aspects of activity in relation to Covid; we will reflect on the report's points as we consider the composition of the budget for the next financial year.

The Convener: I know that you briefly touched on this in your opening statement. Following the UK Government's fiscal announcement last week—we will not get any more information until 23 November—can you update the committee on any changes to the Scottish Government's fiscal timetable and approach to budget setting?

John Swinney: That is a very live issue, on which I have to take forward dialogue with the Finance and Public Administration Committee to agree a timescale. The protocol between the Government and the Parliament requires us to negotiate that timetable. We know that there will be another UK statement of some sort on 23 November. It is unlikely to be a budget; it will more likely be an assessment of the condition of the public finances and the debt-reduction arrangements that are required. I would be surprised if there is a full budget in late November.

Accompanying that, we will get the Office for Budgetary Responsibility's analysis of the fiscal measures that have been taken. From that, the Scottish Fiscal Commission will be able to undertake its work and we will be able to pursue a budget thereafter. That all leads me to the conclusion that it is highly likely that a Scottish Government budget will be published before the end of the calendar year.

Murdo Fraser: Good morning, cabinet secretary. I will follow up on the convener's first question, which was about the strategic framework.

Over the past few weeks, we have taken a lot of evidence about the continuing costs of Covid-19 and preparedness across the public sector for potential future variants or a rise in cases. For example, the NHS must maintain investment in vaccination, surveillance and personal protective equipment. You mentioned the figure of £485 million in the current year. I do not expect you to come up with any numbers, but projecting ahead, do you expect a similar figure or a lower one to be required in next year's budget? What is your thinking about the level of public sector investment that will be required against the risk of a future outbreak?

John Swinney: It is a fascinating approach from Mr Fraser to say that he does not expect me to come up with a number but then to ask me to come up with a number.

Murdo Fraser: A vague number.

John Swinney: I suppose that God loves a trier.

It is clear that we must continue to make provision; we cannot consider provision to have been satisfactorily addressed. There will be continuing commitments to what I describe as the precautionary regime that we have in place. We have an enhanced level of biosecurity and PPE use today, compared with pre-pandemic times, so that will have to be sustained fiscally. We will have to retain sufficient intelligence-gathering capability to give us the confidence to address the issues that the committee addressed with Professor Morris.

I will not be pinned down on particular numbers today because there is a lot of work yet to do, but the committee can expect that there will be continuing provision to support Covid measures that must be of a scale that enables us to be confident that we have in place measures to protect against a resurgence or mutation of the virus.

In that respect, Covid has not become part of the firmament of society yet. Many other viruses and conditions are routinely handled in our public services provision, but Covid is still in a category of its own. Therefore, funding will need to reflect that.

Murdo Fraser: I appreciate that you cannot put a figure on the costs, but it was interesting to hear that you understand that there will be continuing costs.

We heard evidence from the Convention of Scottish Local Authorities about some of the pressures on its budget and we heard something similar from NHS representatives. Do you expect next year's budget to include a specific line about additional resource being put into local government or NHS boards to reflect the issues that you have highlighted?

John Swinney: I do not expect there to be a distinct budget line for local government on Covid, for example, because I am trying generally to move away from overprescribing the local government budget. I would be surprised if local authorities said anything to the Government other than that they would like to have as much flexibility over the budget as they can in order to address the outcomes that they and the Scottish Government are interested in achieving. That is reflected in our joint work on the Covid recovery strategy. For completeness, I should say that the board that supervises delivery of that strategy is jointly chaired by the Government with COSLA. I chair it alongside the president of COSLA, so it is a really valuable joint endeavour.

10:00

The best way to address the point that Mr Fraser raised is to acknowledge that, today, the health service and local government are under enormous financial pressure. Mr Fraser and the other members of the committee will be familiar with the statements that I have made to Parliament since it returned from summer recess. In exercising my temporary responsibilities for financial management within the Government, it is clear to me that we face enormous financial strain in this financial year as a consequence of inflation and public sector pay costs, which will affect every budget across the public sector. I expect to be dealing with intense pressure within the public finances and I also fear that I will be dealing with some reduction in public expenditure. From what the Chief Secretary to the Treasury is saying, it seems likely that there will need to be reductions in public expenditure in order to create the route to financial stability. I very much regret that, because it will add to the significant pressure with which we are already wrestling.

Murdo Fraser: Okay. Thank you.

You mentioned public sector pay. The resource spending review envisages public sector pay being held at 2022-23 levels. That is prior to the increases that have been agreed. Even at that level, the review anticipates that if overall total public sector pay remains the same, but with some increases in pay rates, that infers a reduction in head count across the public sector. If that is to happen, where will the reduction come?

John Swinney: That will obviously be a material factor within the budget. Mr Fraser is correct that the resource spending review envisages a reduction in public sector employment over the course of the spending review period. We have to live within our means, and the public sector workforce has grown during the course of the pandemic, so we now need to take steps to ensure that the level of public sector employment is sustainable within the resources that we have available to us. That will obviously be a product of the discussions that are had in relation to the budgets that are available for individual areas of public expenditure. The implications for public sector employment will flow from that.

Of course, beyond the resource spending review, there are three additional variables. The first is whether the resource spending review is sustained in the resources that we have available. Just now, it is reasonable to assume that public spending at English departmental level—which matters significantly in terms of what funding will be available to us—is likely to reduce. Given the difficulties that are currently being experienced in sustainability of the public finances, the funding

that is available to us might be reduced from what we expect.

Secondly, we are dealing with much higher inherent costs as a consequence of the pay deals in this financial year, which have been much higher than we had envisaged.

Thirdly, there is real uncertainty about the period for which we will have to deal with much higher inflation. We do not yet have the answer to that question, but it is material to the financial volatility with which we are now wrestling.

Murdo Fraser: Thank you. In order to interrogate that further, I have one more question.

I have been contacted by constituents who are employed in the track and trace programme for example. That programme is coming to an end, so their contracts are up. Those people, who have been working in the public sector, will no longer be working in the public sector. Although there might be a need to re-energise that programme at some point, that will mean a loss of head count. That is understood, but when you are talking about potential head count reductions in the public sector, do you anticipate going beyond that?

John Swinney: In essence, without certainty over where the budget is heading in the years to come, it is impossible for me to answer that question just now. I hope that I will know the answer to that when I see the outcome of the UK Government's statements on 23 November. It all depends on what information we get at that stage. That is genuine source of anxiety for me, because we saw a fiscal event on Friday that did not give us a complete picture of the financial information that is necessary.

If we get a repeat of that in November, I will be trying to construct a budget that will be based on a number of variables that might include significant risk for us. If I do not firmly know the expected budget of the United Kingdom Government for 2023-24, that adds significant variability and uncertainty in the budget that I have to set for that period. We will have clearer answers to that question when we get through the budget process.

Alex Rowley: NHS Fife's board met on Tuesday. The finance director reported that the Scottish Government was in discussions with the board to claw back Brexit—not Brexit, but Covid funding that had been allocated; I have Brexit on the brain.

John Swinney: I wish that we could claw back Brexit, Mr Rowley.

Alex Rowley: I am talking about the Covid funding that had been allocated earlier this calendar year. Integration joint boards, for example, are sitting with millions of pounds in reserves. Can the cabinet secretary confirm that

the Scottish Government has notified health boards that it wants that money back? What is the thinking around that? What will the money be used for?

John Swinney: I can confirm that the Government is engaged in dialogue of that type with integration joint boards. Mr Rowley will be familiar with the statement that I made to Parliament earlier in September. We have to ensure that whatever resources are available to us are utilised to meet the enormous in-year financial pressures that we face during this financial year. Those discussions are under way.

Alex Rowley: My understanding of the discussion that took place is that NHS Fife board members raised concerns about recovery at a time when they are trying to plan. As I understand it, NHS Fife has resubmitted, or is resubmitting, a further recovery plan and is making the case for further funding and resources.

The cabinet secretary must acknowledge that, at the same time, social care is in a bit of chaos in relation to the impact on hospitals, with people bed blocking. There are massive waiting times for care packages in communities. You can therefore understand why things do not seem to be joined up. There are local recovery plans to try to tackle the social care crisis and the crisis in the NHS, but, at the same time, the Scottish Government wants to claw back the money that boards got. What difference does it make if Covid funding is used for recovery? How do you define Covid recovery?

John Swinney: All those things are joined up. Mr Rowley and I have probably talked about this issue as much as we have talked about any other issue over recent years.

The data on Tuesday demonstrates that we have congestion in our A and E departments. That is partly because of the congestion in our hospitals in general. It is not straightforward to get people out of A and E departments into other parts of the hospital, if they need to stay there, or to send them home, because they might need care to support them at home. We have challenges relating to the availability of care packages in our communities. Those challenges are not because of a lack of money, but because of a lack of people. There is low unemployment and there are staff shortages in the care sector.

In partnership with local government, we have just taken the decision to substantially increase pay for low earners in the local government sector, and I know that that issue matters very much to Mr Rowley. That is one of the measures to try to boost the attractiveness of many such occupations so that we can attract more people, expand the number of care packages that we can provide, and

provide more care and support to individuals. All of that is interrelated, and some of the work that we are undertaking is designed to improve the attractiveness of those professions so that, as a consequence, we have more people around. That will help to boost morale, with people feeling less tired—exhausted—by the work that they have to do. As a consequence, the system will attract more capacity and will therefore be able to handle more cases more efficiently.

The common theme, though, is that all of that has to be paid for. We are simply trying to use the resources available to us to ensure that the system is well supported financially to enable it to operate efficiently.

Alex Rowley: I did not intend to get drawn into a discussion about social care, but, given that you have taken me there, I note that IJBs are sitting with millions of pounds that will now be clawed back, and I understand that you want to take that money out of their reserves. What will the money be used for?

Let us look at NHS Fife again. More than 60 per cent—62 per cent, I think—of social care provision for care at home is provided through the private sector in Fife. Less than 40 per cent of care at home is provided directly through the council.

The issue with recruitment and retention is that the greatest problems lie with the 60-odd per cent of care that is being provided by the private sector, because of the pay and terms and conditions in that sector. As the Deputy First Minister knows, the inequality in pay between that sector and the public sector is massive, so the sector cannot recruit.

An example of that is the fuel allowance of 25p per mile for the care workers who are delivering 60-odd per cent of care. In the public sector, they would receive 42p or 43p—whatever it is—per mile, so you can imagine how those in the private sector struggled even more during the fuel crisis. Private companies have told me that staff left because they could not afford to pay for petrol to get to clients. We also know that inequality exists in relation to the terms and conditions of the private and public sectors.

My point is that, unless you address that or tell councils to deliver all care-at-home packages in-house, you will never tackle that problem. I cannot see a joined-up strategy or plan to finance that. By the way, the NHS Fife board is reporting that, right now, its projections show that it is about £10 million in the red, so board members are thinking, “They are clawing back millions at the same time as we are in the red and our services are in utter chaos.” I just cannot see a joined-up approach or plan.

John Swinney: If the Government directed local authorities to bring all of that work in-house, I think that a number of members—from different traditions—would say that the Government was centralising things once again. I am not looking at anyone in particular.

We have to acknowledge that a degree of local decision making is required, but, ultimately, health boards and local authorities, working together through IJBs, have a duty to ensure that the needs of individuals are met, and they have to ensure that they have a sustainable service in place.

The points that Mr Rowley put to me are all entirely legitimate, but enabling some of those issues to be better addressed might encourage local decisions to bring more of the work in-house. In some cases, services might have to be brought in-house because there will not be private providers to deliver the alternative services.

10:15

I come back to what I said in my earlier answer: that is all joined up in the sense that it must all, ultimately, be paid for. We must ensure that the resource is available to us at a time of intense financial pressure. Mr Rowley just ran through a series of real, tangible pressures that our public services are under. I do not dispute any of those. However, that is a measure of the scale of the financial challenge that we face.

This morning, I attended the meeting of the Social Justice and Social Security Committee, and I told the committee that, after having served for nine years as finance minister through the financial crisis and through the period of austerity of the Conservative and Liberal Democrat coalition, I thought that I had seen challenges in public spending. They were as nothing compared with what I am now wrestling with in my temporary period as finance secretary. The situation is much graver, and I am very pessimistic about the outlook for public expenditure, given what I heard overnight from the UK Treasury about revisions to public spending.

The Chief Secretary to the Treasury told me on Friday that he hoped to stick with the comprehensive spending review allocations for future years. I am now seeing that departments are being asked to make savings immediately. That makes me very fearful for what lies ahead, because if that changes at an English public expenditure level, that will have a negative effect on us.

Alex Rowley: I absolutely—

The Convener: I am sorry, Mr Rowley—

Alex Rowley: Just very quickly—

The Convener: I am sorry, but I am going to go to Mr Mason. Once we have gone round the other members, I will come back to you. Thank you.

John Mason: I think that we are now at the stage where, whether I ask you a question in the Finance and Public Administration Committee or in this committee, I am asking similar questions—we are very much overlapping with other committees. I will build on the cost side of things. We heard evidence, which has already been mentioned today, that we will need higher levels of stock of PPE, for example. There might be laboratories that were built or created during the pandemic that we are mothballing but keeping in place. I wonder how we get the balance right. I go back to the question of preventative spend. So much of the work of preparing for another pandemic involves preventative spend, which is a good thing, but we are facing these pressures, which you have just been discussing with Mr Rowley.

Therefore, how do you see that work going forward—not just this year but in future years? How do we get the balance right between being prepared and reacting to what is happening now?

John Swinney: A very careful risk judgment must be applied, but it is not the only risk judgment that has got to be applied across a range of different projects within the public services. Given the experience that we have had between 2020 and 2022, nobody would thank us if our level of pandemic preparedness was not adequate for the challenge. Lady Poole is convening a public inquiry into the pandemic, and one of the questions that she will explore is pandemic preparedness. That will involve looking at what Government was doing before Covid struck. A global pandemic was one of the top risks in every annual risk assessment that the Government has ever produced—it was right up there. The question is: to what extent are you prepared for it?

Therefore, my answer to Mr Fraser in the earlier part of the evidence session was designed to say that there are certain things that we will be doing operationally at a routine level that are now stronger than our provision was pre-pandemic. I would say that PPE provision and biosecurity measures are in that category. Some surveillance arrangements will be stronger than they were in the past. If that is all done and we do not have a pandemic, we could be exposed to criticism for spending public money on stuff that was not going to happen. Alternatively, people could say that that is a reasonable assessment of the level of risk that society faces and that the Government is right to prepare on that basis. I would like to see us plan for the type of approach that makes sure that we are prepared, but also that we have the capacity to increase our footprint, should it be necessary.

John Mason: That is a reasonable answer but, in five or 10 years, there will be—on the whole—a different lot of politicians around the table, and I do not know how willing they will be to put resources into preventative spend.

We mentioned Professor Morris and his report, and you said that the Government was considering the interim report. Is the Government responding to him at this point, or are you waiting for the final report?

John Swinney: Obviously, we are engaging with Professor Morris and we have had a number of discussions; I do not want to characterise it as us simply waiting for the end of a process. That is an on-going dialogue to understand the questions that the committee is looking at and the likely direction of travel that will come out of that. We will take steps to ensure that we are responding appropriately, rather than waiting till the end of the process to make a formal response.

John Mason: Thank you. We have had quite a lot of varied evidence, and a representative of the Organisation for Economic Co-operation and Development spoke to us about the issue of what a resource spending review is. Their suggestion was that a resource spending review is slightly different in Scotland and the UK than it is in other countries. In other countries, there seems to be more of an emphasis on examining what they are spending money on at the moment. I do not know whether you saw or picked up on any of that evidence, but do you feel that there was any validity in the point that the OECD was making?

John Swinney: One of the challenges of deciding our priorities in public expenditure is assessing the most effective use of public expenditure at any given moment. We have to be open to that debate, because the world changes and life changes. We did not have a pandemic until 2020 but, in our budget in 2022-23, we are having to provide £485 million for pandemic activity. Therefore, it is important that public expenditure decisions keep pace with the needs of the time and the agenda that the Government is pursuing. However, for completeness, I have to say that that discussion is not straightforward because, if I said, "Right, we are not spending £485 million on pandemic preparations; we are, instead, going to spend £50 million", I think that a lot of folk might say, "What on earth is Swinney doing, cutting the pandemic preparedness by £435 million?" Mr Mason has served in this Parliament and on Glasgow City Council, so he will be familiar with the debates about public expenditure. There is not a queue of people lining up to say, "Let's stop spending money on that and start spending money on this." Indeed, I rehearsed many of those issues with the Social Justice and Social Security Committee this morning.

John Mason: Do you think that it is different in practice in other countries or are they just facing the same issues in a slightly different way?

John Swinney: I suspect that we all face the same dilemmas, because nobody ever has more money than they require. Prioritisation always has to be undertaken, and I suspect that other countries probably do not find it any easier than we do to stop spending money on one item in order to spend it on another. My statement to Parliament on 7 September was a very clear example of the process that I am going through just now; I am having to exercise a very challenging judgment about prioritisation.

Brian Whittle: Good morning, cabinet secretary. I am sure that we will continue to learn about the impacts of Covid, and we already know that its effects are disproportionate on the older population and those who have conditions such as obesity and diabetes, as well as those who live in poverty. We have on-going learning in relation to that.

I have had this conversation with you and with the Cabinet Secretary for Health and Social Care before. It is about the potential, out of the back of Covid and the learnings from Covid, to look at the way that we deliver services and how we tackle health inequalities. That is a good target to have on many levels, not least for those experiencing inequalities, but there is also a positive cost to tackling health inequalities. I wonder whether the Government is considering exactly that? We have had positive conversations about that. What is the Government doing on the back of Covid to look at the way in which we deliver health and other services in order to tackle health inequalities?

John Swinney: A lot of the thinking that needs to be done has, in fact, been done. It was largely done by the Christie commission all those years ago. I therefore do not think that we have a question to which we do not know the answer; I think that we do know the answer, and the answer revolves around prevention and early intervention.

If I translate that into the questions that Mr Whittle put to me about the role and approach of the health service, it is about an approach that is much more about encouraging people to live a healthier lifestyle and to be active in addressing their weight and how they manage any conditions or experiences that they have. All of that is a crucial role for the health service. We know all that about approach; indeed, that is reflected in our wider public health policies, where we have measures around minimum unit pricing of alcohol, for example, or advice around dietary issues. All those kind of questions are part of our agenda.

Covid has, in essence, given us the opportunity to face up to that. It is almost a turning point

moment, where, because of our experience in Covid, we all think that we can and should do things differently. It is almost a prompt or reset moment. The Covid recovery strategy was designed to provide the vehicle for that to happen. Elements of that strategy show that a fundamental part of it is a lesson from Covid that, if we deliver person-centred public services, we will make more impact on individuals and are likely to deliver better outcomes. That was our experience during Covid.

For example, during the pandemic, because of the restrictions, households that faced difficulties were not able to be contacted by the multiple agencies that would normally be knocking on their door to offer them support. What we deduced during that period was that people, in fact, liked that, because they built up a relationship with the one trusted person who was coming to their house. Instead of someone turning up and saying, "I'm from the council and I can offer you this" and another person turning up and saying, "I'm from the health service and I can offer you that", that one trusted person turned up and had a conversation in which they said to people, "What do you need? How can we sort things out and make things better for you?" That might have been about food or access to particular public services—whatever it was, basically, people had a better experience.

The Covid recovery strategy is designed to get us into that mindset and that mode of delivery. The programme board that I chair along with the president of COSLA involves representation from a range of different public services, and is designed to help us to drive that agenda. The pathfinder approach that we are taking in Dundee and Glasgow is providing very good learning about how that can be done.

Brian Whittle: That is very helpful, cabinet secretary. I decided to take that line of questioning because the Christie commission report has been out for some time. Quite frankly, it is a failure of all of us in this place that it has not been implemented in the way that it should have been.

10:30

In evidence to the Health, Social Care and Sport Committee on health inequalities, it was noted that the Covid pandemic had exacerbated health inequalities that were already on a rising trajectory, and concern was expressed that we would just go back to business as usual. At a health inequalities reception that I hosted a couple of days ago, one of the deep-end doctors described the delivery of our health services in a way that I had never heard before—they said that they are designed on demand, not on need. I am warmed by the thought that we might have an

opportunity here to grasp a hold of the way in which we deliver health services in order to tackle this kind of health inequality, but is the Government really committed to taking it? You will know of the inverse care law, which is that the 20 per cent of our population who do not access health care are the ones who are most in need. How is the Government going to tackle that?

John Swinney: Any reading of the Covid recovery strategy will show that the big lesson that the Government takes from Covid is the necessity—the imperative—of tackling inequality, and that is reflected in the contents of the programme for government that the First Minister set out earlier this month.

These issues matter in two principal respects, the first of which is the point that Mr Whittle has just concentrated on of changing provision to make a difference to the experience of individuals in order to generate better outcomes. However, there is also a direct relationship to the issues that Mr Rowley has raised with me, which leads me to my second observation. The fact is that all of this work is critical to reducing demand on the health service. If people are presenting inappropriately at A and E, because they are not generally healthy, looking after themselves and so on, that is an interaction with A and E that is unnecessary—if I can use that word. If those people were better supported in their community and their own home, they might be able to avoid that journey to A and E. After all, if they do not make that journey, we have one fewer person adding to the pressure that is already on our hospitals, so it is critical to the efficient operation of our public services.

Brian Whittle: On that point, you have said that this is the direction of travel that you would like to go in, and the Cabinet Secretary for Health and Social Care has said exactly the same, but the truth of the matter is that we are an unhealthy nation. In the health secretary's own words, we are getting sicker, and that is compounding the problems at A and E. What action is the Government going to take to tackle that sort of health inequality? After all, we have talked about this issue a lot, and the Christie commission report has been around for a long time, too.

John Swinney: I am more optimistic about taking forward the work of the Christie commission than Mr Whittle is, because I think that a lot of good stuff has been done over the years. I am not going to sit here and say that everything has been done or that as much has been done as I would like to have been the case, but I think that a lot of proactive, early intervention work has been undertaken. However, we need to do more of it, and the Covid recovery strategy and the focus on specific tangible measures for doing that is the focal point of that activity.

The crucial point—and I have aired this with the committee before—is that we have to remain absolutely focused on the central purpose of that activity, which is to reduce inequality in our society. Inequality was in existence before Covid and got worse during it, and we now have to use Covid recovery to address the situation.

The Convener: I call Jim Fairlie.

Jim Fairlie: At last week's meeting, we heard from Sarah Watters from COSLA, who said:

"Not only is demand for services increasing because of all the crises that are out there—in social care, business support and all sorts of areas that local government touches—but the cost of providing services is huge because of inflationary pressures."—[*Official Report, COVID-19 Recovery Committee, 22 September 2022; c 2.*]

Mairi Spowage referred—before it happened, obviously—to the "United Kingdom fiscal event" on 23 September, saying:

"There will be huge implications for the Scottish budget if the UK Government decides to fundamentally change taxes in England",

which, as we know, is what happened. She went on to say:

"That could mean ... a boost ... to the Scottish budget envelope",

but

"We do not know how much detail we are going to get about spending plans, which could obviously have consequential. There is not only huge pressure, but huge uncertainty ... I worry about whether we will have enough detail to give more certainty to the Scottish Government and local government."—[*Official Report, COVID-19 Recovery Committee, 22 September 2022; c 6.*]

The Chief Secretary to the Treasury, to whom I listened this morning, did not provide any more clarity, other than to say that spending decisions will be tight, regardless of the budget envelope that comes to the Scottish Government.

Could you expand on that issue, to help us to understand it?

John Swinney: Certainly. To give a complete picture, there has been growing pressure on the public finances for some years. The statement that I gave to Parliament on 7 September was not a statement that I was obliged to make; I volunteered to give it, because I wanted to be transparent with Parliament about the gravity of the public spending pressures that we face.

We operate on a fixed budget; by law, I cannot revisit tax during a financial year, and I cannot borrow for day-to-day spending. We have a fixed budget unless we benefit from any consequential funding because of changes in English departmental public spending during the year.

I announced to Parliament more than £500 million of spending reductions and changes, in

order to be open with Parliament about the gravity of the difficulty that we face. That is a product of rising inflation and pay costs that are far in excess of what we expected, because of the inflation. That is where we were last Thursday.

On Friday, we had the fiscal event, which in this financial year generates a positive Barnett consequential to the Scottish Government of £35 million, which comes from changes to stamp duty in England. In subsequent years, there will be further Barnett consequentials. There are changes in tax interactions between Scotland and England, and there are plenty of voices demanding that I deliver in Scotland the tax changes that the UK Government has made.

Looking forward, we have some line of sight on the tax position, but I am not at all confident, as I sit here today, that that tax position will hold, because the market volatility has been horrific. How that will all hold is anybody's guess, and it does not look as though the situation is getting any more stable this morning.

The Chief Secretary to the Treasury told me—

Jim Fairlie: When you say that that tax position will not hold, can you explain what you mean?

John Swinney: It might not last.

Jim Fairlie: Do you mean that the UK Government might need to reverse it?

John Swinney: Of course. If the UK financial system is going to collapse, the UK Government will have to change its tax position. It is an absolute mess this morning—a total mess. I have never seen anything like it in my life. I have no idea how that position will prevail.

Why is that happening? It is happening because the markets do not believe that the UK Government any longer believes in fiscal sustainability. If the UK Government wants to prove to the markets that it still believes in fiscal sustainability and wants to protect the tax position that it set out last Friday, it has only one place to go—it must reduce spending. That is why Mr Fairlie heard the Chief Secretary to the Treasury on the television this morning talking about the need for departments to tighten their belts. That translates into plain English as spending cuts.

The Chief Secretary to the Treasury told me on Friday that he hoped to maintain the comprehensive spending review fiscal envelope for the remaining period, but I now hear a message about further restraint. I cannot see how that further restraint will happen without having a negative effect on the budget in Scotland. The outlook for our budget is pessimistic.

Jim Fairlie: Last week, we also heard from Dr Lukas Hardt, who is the policy and engagement

lead at the Wellbeing Economy Alliance Scotland. He stressed the importance of the Scottish Government's using existing devolved tax powers to support provision of further services, and said that it might struggle to address inequalities

"within the funding envelope that it has set out".

He also said:

"I am a bit surprised that such limitations on funding are so readily accepted, given the powers of the Scottish Government—for example, its devolved power over local taxes. There are possibilities for thinking outside the box ... and ... challenging the idea, 'This is the money we have'."—*[Official Report, COVID-19 Recovery Committee, 22 September 2022; c 5.]*

Are there areas in which you are not thinking outside the box?

John Swinney: Well, Mr Fairlie should know me well enough to realise that I am constantly thinking both inside and outside the box. However, let us address a couple of those themes.

The witness that Mr Fairlie cites talked about local taxation. The Scottish Government has legislated to enable local authorities to exercise a workplace parking levy, for example. That has not exactly been universally welcomed by people of all shades of opinion in the Parliament. The concept of a visitor levy is, again, all about giving local communities power to make decisions. We are encouraged to empower local authorities and communities and then we are criticised when we try to do so. Therefore, I do not think that it is a straightforward question.

On the resources that are available to us, we obviously have tax powers that we can exercise. My predecessors have taken decisions on tax rates that have been different from those taken in the rest of the United Kingdom. I support them whole-heartedly and think that the right decisions have been taken. Again, though, they are not universally popular. We have used our tax powers; I cannot do that during a financial year, because the law prevents me from doing so, but such options are available to us. I will have to reflect carefully on last Friday's fiscal event, and I will consider what it has thrown up in relation to taxes as I determine what the Scottish Government's position will be.

Jim Fairlie: Dr Hardt also said that council tax reform

"is long overdue, because the current system is regressive. We know that the Scottish Government has powers over income tax bands, but it has not made a lot of use of them."

I am not quite sure what he meant by that, but perhaps you might. Dr Hardt went on to say that

"Even if there might be good reasons for such an approach not being considered in more detail,"

he was surprised that more information on raising finances was not there, given that

"It is a five-year spending review".—*[Official Report, COVID-19 Recovery Committee, 22 September 2022; c 25.]*

Is that a criticism that you accept?

John Swinney: I do not think so. People might want us to do more on tax than we are prepared to do, but we have to look at all aspects of the fiscal sustainability of individual tax decisions. There is a difference in terms of the composition. If we had used tax powers in the same way that the United Kingdom Government has just done, I could see why such a criticism would be valid. However, we have not done so. We have had a barrowload of criticism for the decisions that we have taken on tax. I consider them to be entirely reasonable and appropriate, but we have had a lot of criticism for making them. I really do not buy the witness's criticism at all.

I have been an advocate for alternatives to council tax, but there has never been a parliamentary majority for putting any of them into practice. In this parliamentary session, we will undertake work on local taxation in an effort to build wider agreement on what a reform package might look like.

The Convener: We have a bit of time in hand, so I will take a few supplementaries.

Alex Rowley: Cabinet secretary, I understand the risk that we now face on public service cuts. I think that you and I will stand shoulder to shoulder with millions of people across the country in opposing such cuts if that is the route that is taken. Regardless of that, our services are in crisis right now. You seem to be confirming that the millions of pounds of reserves that are sitting in IJBs across the country will now be clawed back into the centre. That would be one-off spend, and it is important to know how it would be spent.

Crucially, there does not seem to be a joined-up plan at the local level to deal with the crisis in health and social care. It is okay to say that councils can start to put some of the provision for home care back into the public sector, but the only reason that they put that provision out to the private sector in the first place was because it was cheaper, and the only reason that it was cheaper was because of the pay and terms and conditions of the workers. It is because the workers have been treated so appallingly that we cannot get carers now.

10:45

You cannae just pin a bit of it on to the council. We have the IJBs, the councils and the NHS boards. Somehow, you need to instruct them to

come together in a totally transparent way and produce local plans that show us how they are going to tackle the crisis in health and social care, which is running into a crisis in our hospitals, which, in turn, is running into a crisis in accident and emergency departments, where we have people queued up for hours and hours in ambulances. We can no longer ignore that. We somehow need to instruct those bodies to come together and produce a plan that tells us how they are going to tackle that. Do you not agree?

John Swinney: I actually do agree with that, because there is a direct relationship between A and E congestion, delayed discharge and social care in the community. Those three areas are directly linked. What Mr Rowley fairly asks me is whether they are sufficiently well connected in local planning. Ultimately, they involve people. In those three categories—A and E, delayed discharge and social care—we are dealing with people, and we must ensure that services revolve around people. Services must be built around people as opposed to being delivered in little compartments where—I do not intend any criticism of anybody with the language that I am about to use—A and E deals with A and E. I suspect that there are many A and E staff who would love there to be more activity in social care, because it might allow them to get around the A and E department slightly more easily than they are able to just now, and because they might not be quite so up against it in their working day as they are every single day at the moment.

The A and E folk will be focused on the A and E problem in front of them, but they need the rest of the system to deal with the social care issues so that the A and E problem becomes less significant. Therefore, there must be cohesion among those services, and the players in that are the local authorities, the health boards, the integration joint boards and the care providers. Those are the people who have the key to all that. There are arrangements in place to ensure that planning is undertaken to deliver the services in a cohesive way. The challenge that we face is that the work that is being done is not delivering the outcomes that we need it to, because A and E is too congested, delayed discharges are too high and social care provision is not as extensive as it needs to be.

What is driving that? Amongst all that, unemployment is at 3 per cent. Therefore, from that, I deduce—Mr Rowley inadvertently mentioned it earlier—that we come back, I am afraid, to Brexit. I cannot speak for Fife, as I do not represent the kingdom of Fife, but I represent the county of Perthshire. If I were to have gone into a care home in my constituency prior to Brexit, I would have encountered many people working there who had come from eastern European

countries—lovely people who were faithfully looking after our loved ones in our communities and delivering care packages. As I sit here, I can think of folk—folk whom I know well—who have now gone back home because they did not feel welcome after Brexit.

As Mr Rowley knows—he does not need me to tell him—our working-age population has been declining for 20 years, and we have now reached a critical point. We got temporary respite from the situation after the expansion of the European Union in 2004. We had all those years when folk came here, made it their home, contributed, looked after our loved ones and played their part in our communities.

Then, in 2016, we took part in the folly of Brexit. We had it inflicted upon us and, as a consequence, we have lost those people from our population. I think that that is a big factor. I do not think that money is the problem; the availability of people is the biggest problem that we face just now.

Mr Rowley said that there might not be all the cohesion that we need; I accept that and assure the committee that I will take it away and consider it. I discuss that issue with the Cabinet Secretary for Health and Social Care all the time, and he understands the relationship between A and E, delayed discharge and social care just as much as I do. I totally accept Mr Rowley's analysis of the problem, but we do not have all the people we need to ensure that we can deliver a fully connected approach. If we can make it more connected, I will endeavour to do so, but I do not have a magic solution to the people question, because we have committed folly in our decision making.

Brian Whittle: Cabinet secretary, I fancy putting a question to you that I put to Professor Morris. You alluded to this. A global pandemic is continually—and it has been—in the high-risk category. My analogy was that we know that an asteroid will hit the earth at some time, but we really hope that that does not happen during our tenure.

Governments across the world have shown that they were not as prepared as they could have been for a pandemic. As we watched the pandemic move across the world towards us, we started to learn that age, obesity, diabetes and other conditions made people more vulnerable and meant that they were more affected by Covid. In hindsight—hindsight is 20:20, and we have to use it as we plan—I wonder whether we can use that information and be more focused on how we can prepare for a pandemic in the future, given that we recognise that vulnerability had such a huge impact on Covid outcomes. Can we slim down our approach?

John Swinney: We undertake an annual risk assessment, and I am deadly serious when I say that, in every year in which I have been a minister, a global pandemic has been in the top category. I remember conversations that we have had around different resilience tables in which the Government has said, "We must be due a pandemic some time soon." That was always there. When the pandemic came, it came with absolute ferocity, as any pandemic will.

To go back to the point that Mr Mason put to me earlier, we have to be ready. A global pandemic is in the top risks that the Government assesses that the country is exposed to, and cybersecurity risks are increasingly up there. Then there are the natural issues that we face due to Scotland's climate, such as winter weather and flooding, and the enhanced level of threat because of climate change.

Those are all the factors that we consider, and we need to have a level of preparedness for all of them. We have flood resistance plans and flood alert systems that give us advance warnings of circumstances that might come towards us, and we judge them to be appropriate. We cannot build flood defence systems in every community to protect against every eventuality, but we can make a risk-based assessment about where they are required.

The other week, I was down in Hawick, which is in Mr Whittle's region. Huge construction works are going on there as part of schemes to protect the town from the River Teviot, because there has been flood damage there in the past. We are responding to risk there.

With a pandemic, there are a lot of things that the state can do. There are the steps that Professor Morris will have gone through with the committee earlier this morning, the expenditure that we undertake, the surveillance measures that we have in place and so on. Those things are all part of equipping ourselves to deal with those kinds of situations.

However, there are also individual preparations. There is one big lesson that we have learned from the pandemic: the healthier you are, the more you will have the capacity to resist it. On a personal level, that makes me ask myself, "How many times have you been out running this week, John Swinney?" Well, it is now Thursday, and Ah've not been out yet.

Brian Whittle: Same.

John Swinney: I ascribe that to the burdens of office.

The question is: how do we all keep ourselves as healthy as possible? That is material to dealing with some of the issues relating to congestion in

our public services that Mr Rowley has raised with me. The best thing that I can do for A and E is to keep myself healthy and stay away from it. There are things at both the societal and individual levels that we have to take forward.

Brian Whittle: Finally, I want to ask about another of my pet likes: the application and deployment of technology, and the ways in which technology helped us with tackling Covid. Where are we with that? I am on record as saying that we are way behind the curve in our ability to deploy healthcare tech, but is the Government considering the deployment of technology as part of pandemic preparedness?

John Swinney: I would have to reserve my position on that in relation to pandemic preparations. If I need to give the committee any specific information, I will write to the convener with it.

However, technology can play a huge role in the management of healthcare. If I can get information about my health condition on my Fitbit, simply by voluntarily giving information to allow me to monitor my health and other factors, surely we can find ways at a system-wide level of ensuring that we have the support that technology can bring us in that respect.

Yesterday, I met people from a really interesting company that places sensors in people's homes to assess their movements, the steps they take and so on. Essentially, they monitor vulnerability. Is somebody getting up at the right time? Are they moving around the house enough? Are they putting the kettle on? Are they cooking? It is all about giving any early indication of whether there is any need for support. If we can get support to that person at the earliest presentation of vulnerability and long before they come anywhere near a care home, a GP practice or an A and E department, we will be able to deliver better outcomes for that individual as well as operate fiscal sustainability.

The Convener: Thank you, Deputy First Minister, but I think that we are veering slightly off the budget scrutiny agenda.

That concludes our consideration of the agenda item. I thank the Deputy First Minister and his officials for their evidence today. The committee's next meeting will be on Thursday 27 October, when we will consider a draft letter to the Scottish Government on our pre-budget scrutiny.

That concludes the public part of our meeting. We will now move into private session.

10:58

Meeting continued in private until 11:15.

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

All documents are available on
the Scottish Parliament website at:

www.parliament.scot

Information on non-endorsed print suppliers
is available here:

www.parliament.scot/documents

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: sp.info@parliament.scot



The Scottish Parliament
Pàrlamaid na h-Alba