



**SUBMISSION TO
THE COMMISSION ON THE FUTURE DELIVERY
OF PUBLIC SERVICES (CHRISTIE COMMISSION)**

3 March 2011

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The Future of Public Services in Scotland

1.0 Introduction

- 1.1 SOLACE Scotland welcomes the opportunity to submit evidence to the Commission. This submission builds on two of our previous publications which are highly relevant to the work of the Commission: **The Future of Public Services in Scotland** (February 2010) (Appendix 1) and our contribution to the **Independent Budget Review Group** (April 2010) (Appendix 2).
- 1.2 Our previous reports called for consensus amongst all stakeholders about the role and nature of public services and argued that change should be based on accelerating and extending current reforms. The Commission has an opportunity to help to build this consensus, and a positive outcome would be a roadmap outlining the programme of rolling reform needed to keep public services relevant, sustainable and valued in Scotland.
- 1.3 SOLACE Scotland supports the principle of public sector reform and is keen to ensure that change is managed effectively. We believe the following principles should underpin the reform process:
 - Democracy – reform should improve local democratic oversight of the delivery of public services.
 - Accountability – reform should improve the ability of local communities to hold service providers to account.
 - Localism – reform should provide a service delivery framework that embraces the principles of good governance and subsidiarity.
 - Outcome Focus – reform should deliver improved outcomes that demonstrate best value.
 - Financing – a clear link should be maintained between payments (in tax and charges) by individuals and the services that they receive.
 - Evidence – reform should be based on robust evidence and transparent business cases, not assertion and anecdote.

2.0 The Role of Public Services in Scotland

- 2.1 The starting point for public service reform should be a clear consensus around the role of public services and what they seek to achieve. Public services in Scotland have at their core a set of values which aim to **promote and deliver positive outcomes, foster resilient, resourceful and dynamic communities and tackle inequalities**. In particular, public services aim to:
 - Play a key role in developing and maintaining buoyant local economies;
 - Provide sustainable community, business and cultural infrastructure;

- Improve and protect the environment;
- Ensure security and community safety;
- Promote health and wellbeing;
- Foster community and individual learning and attainment;
- Protect and support the vulnerable and those in need; and
- Shape the places and communities where we live

2.2 To deliver these key public policy goals in Scotland, it has been increasingly recognised that a more holistic and joined up approach to policy making is essential - and much more effective in the medium term. National strategies such as **Equally Well; Anti-Poverty; Reshaping Care for Older People and the Early Years** frameworks are designed to apply across the public sector and promote early intervention - prevention and dealing with the causes of problems rather than their symptoms.

2.3 An important strength in Scotland is a **long held and socially cohesive public service ethos**. Scottish society generally values public service and does not regard it as inferior in importance to wealth creation and entrepreneurship. The commitment and dedication of public sector employees in Scotland needs to be fully recognised by policy makers and others as part of any debate about reform.

2.4 **Demand for public services has grown significantly over the last decade, and continues to do so**. This is in part due to the expansion of universal rather than targeted provision over this period, which has served to raise the expectations of citizens more generally about the availability of public sector intervention and support. It is also partly due to economic and demographic change. The gap between increasing demand and declining resources has been estimated by SFRG at over £2.5bn in real terms for council services alone by 2016/17. Arguably, as a consequence of this, the balance between the role of the individual and the role of the (local) state needs to shift. This needs to happen in a way that ensures that those who can pay for public services make a greater direct contribution to their cost, and where self help and service provision in partnership with citizens (co-production) is much more commonplace. The third and private sectors also have a critical and possibly greater role to play in helping deliver public policy outcomes in 2011 and beyond. **Both demand and expectations** need to be actively managed if public services are to remain valued, relevant and sustainable in the future.

3.0 The Contribution of Local Government

3.1 Since the creation of unitary authorities across Scotland in 1996, local government has played an important role in **bringing coherence and focus to public service delivery** at both a strategic and community level. Councils provide a comprehensive range of needs-based and regulatory services in Scotland, which is a major strength in meeting community priorities and engaging with citizens.

- 3.2 Since the establishment of the Scottish Parliament in 1999, Councils have worked successfully and constructively with the Scottish Government to scope and implement public policy. They have been particularly good at working with partners in the wider public and voluntary sectors to develop locally relevant ways of delivering national priorities - most recently through **Single Outcome Agreements (SOA's)**. Although this approach can be made still more effective, SOLACE Scotland believes that SOA's should remain a cornerstone of any reform agenda in the public sector.
- 3.3 Councils have a track record of excellent change management and have delivered an impressive range of financial efficiencies in recent years. **Programmes of rolling reform and public service transformation and innovation are commonplace** and most Councils are delivering significant savings as local government strives to come to terms with major funding reductions. In the arena of shared services, councils have been making the running and there are many successful examples now in place (see Appendix 3). More are being planned, and while **the shared service approach is no panacea it will remain relevant as an important tool in reforming public services.**
- 3.4 SOLACE Scotland would therefore like to highlight, that there is now a body of skill and expertise on reform of public services in Scottish councils that should be used to meet the current challenges facing our public services. This resource should be harnessed and not fragmented or lost through any changes to Scotland's public service landscape that the Commission may advocate. There is also scope for more strategic direction from the Scottish Government in this area about key priorities such as future ICT strategy in the public sector and also in overcoming any legal impediments, providing specialist advice, and giving positive consideration to the introduction of any necessary statutory instrument or other legislation to enable new practice to go ahead.
- 3.5 Councils have a key role in economic and community development. Increasingly, through **community planning and active citizenship strategies**, local authorities are bringing together the different parts of the public, private and third sectors to plan and deliver public services in local areas. Partnership working is instinctive in local government, and the interface between councillors, public servants and citizens is maturing and becoming more meaningful and effective across Scotland through the community planning process. Councils recognise the importance of both representative and participative democracy. The direct accountability and responsiveness to citizens evident in the best community planning partnerships is a particular strength which should be built upon.

- 3.6 Local authorities in 2011 are far more than straightforward providers or commissioners of public services. Councils are the organisations that communities turn to in times of need or distress. There is a level of expectation of support that has been borne out of experience and has been generated by the success of Councils as multi-disciplinary organisations that can adapt and react quickly, moving resources to respond to significant events or incidents in the best interests of their communities. This expectation extends to the wider public and private sectors, as well as to the media.
- 3.7 Councils also lead, represent and influence the well-being of local communities and citizens. They are the main catalyst for public service integration at the local level. **Robust, properly resourced and democratically elected councils are and must remain a key feature of Scottish public life.** To be fully effective in this role, it is important that local authorities retain control of key strategic functions. There will be little that a Council can achieve for its citizens and communities if it is scaled back to the point of only delivering operational services.

4.0 Public Service Reform: Getting it Right

Joined up, coherent public services

- 4.1 One of the most important issues to be addressed in reforming Scotland's public services is a **need to achieve greater simplicity through improved integration and coordination than exists at present.** The public sector landscape is unduly cluttered and considerable resources – managerial and political – are tied up in making a complex system work. It is unlikely that attempts to reform individual services such as Police or Fire & Rescue Services or to develop structural solutions to single policy issues such as care for elderly and vulnerable people will achieve this. A more holistic and outcome based approach to public service reform is essential if the major mismatch between demand and available resources is to be successfully tackled. There is no evidence supporting the view that simplistic exercises in redrawing boundaries – organisational or geographical - will achieve the necessary cost savings, meet demand or improve outcomes to the public. Experience is that structural reforms are costly, time consuming and fail to deliver anticipated benefits.
- 4.2 In the current situation, the risk associated with structural reform needs to be considered with particular care. The scale of expenditure reductions we now face and the expectation that these will endure over a prolonged period of time, present a unique context for potential reform. No previous restructuring of public services has taken place at the same time as a major exercise in cost cutting and service transformation. By themselves, these constitute an unprecedented challenge for leaders, managers and employees. The current reductions in staffing throughout

the public sector have already reduced the availability of key skills and experience in many organisations. This has already placed additional demands on those remaining to manage structural changes within organisations. We need to prepare employees across the public sector and equip them with the skills required for the future – such as influencing and achieving consensus so that they are well equipped and able to work across the public sector. We also need to consider and plan for staff and skills requirements across public sector organisations better, so that any new structures do not commence their lives bereft of essential skills, knowledge and experience.

- 4.3 To impose structural change on top of this without effective local planning and management would run a serious risk that the very people required to meet this challenge will find themselves diverted from the task by having to contend with unproductive activity associated with organisational change. This would pose a real threat to public services in Scotland - and to public confidence in them.

Outcome focus

- 4.4 Single Outcome Agreements and a shared understanding of priorities between the Scottish Government and local councils are in principle positive developments. They should be retained. There is, however, a need to evolve and refine the approach. Although progress has been made in moving to an outcome approach across all levels of government, there is now a need for a political change to move away from the input targets that characterise much of the management of performance of public bodies at present. In addition, SOA's should become increasingly related to contemporary data profiles of the social, economic and environmental conditions of local areas and their communities. This will allow increasingly scarce resources to be more accurately targeted at needs.
- 4.5 Improvements can also be made in the setting of national policy aims - which should be reflected in a clearer statement of **shared** priorities between national government, local government and community planning partners. These priorities should be clearly articulated around outcomes for citizens and communities. This approach will help clarify the different roles and levels of governance in Scotland and help embed the principle of **subsidiarity** within policy and priority setting.
- 4.6 Local outcomes are best agreed through **collaborative approaches** with local communities. Single Outcome Agreements have provided an enhanced opportunity to engage service users, build active citizenship and develop realistic expectations of what can be achieved by public services.
- 4.7 Local outcomes should also allow for variation in local service delivery reflecting local needs and democratic decisions. Such an approach could also consider the setting of national minimum standards for key

services to prevent inexplicable variation across Scotland. SOLACE Scotland has played a leading role in developing a 'menu' of local outcome indicators to support this process.

Strengthening Community Planning

- 4.8 Community Planning brings together the different parts of the public, private and third sectors to plan and deliver public services in local areas. Community planning should be strengthened to improve the ability of community planning partnerships to lead the kind of change that will be necessary to respond to the financial and demographic pressures we face. The voluntary arrangements between partners which exist through current community planning partnerships could be enhanced by **extending the power to advance well being within the Local Government in Scotland Act (2003) to all public service providers**, providing a legal requirement for all public bodies delivering local public services to participate in community planning. This would provide a statutory basis to extend the outcome-based approach through enhanced assessments of local area needs and integrated delivery of locally-designed solutions.
- 4.9 A consistent approach to delivering outcome focussed public services requires a consolidation of governance regimes across agencies. SOLACE Scotland believes that the **duty of best value should be extended to cover all public services**. An improved definition of best value - as a duty of continuous improvement measured in terms of outcomes for both areas and people receiving public services would also be welcomed. Such a change would require an updating of statutory guidance on best value and community planning.

Accountability and Scrutiny

- 4.10 More clearly embedding the principle of subsidiarity through public service reform requires changes to the existing accountability framework. SOLACE Scotland believes that **enhancing democratic accountability** will strengthen the governance of public services within local geographies and that a great strength of local democratic accountability is its responsiveness to community needs and aspirations. The default position for local democratic accountability is and should continue to be local government.
- 4.11 Building greater community engagement with public services is challenging, but it is also essential. If citizens are to accept the need for reprioritisation of the services that they use, then it is vital that politicians (and public sector managers) work with them constructively to explore the choices and options which exist, together with their implications. As local elected representatives, councillors are in a strong position to help lead this policy debate, in partnership with the Scottish Government and the Scottish Parliament. Through the community planning process,

councils are similarly well placed to take forward and implement any revised service arrangements.

- 4.12 Despite efforts to streamline external scrutiny, there are still too many bodies auditing and inspecting public services. This leads to a partial and fragmented form of scrutiny that does not recognise, and indeed inhibits, the holistic approach that is essential to effective service delivery. The reform of external audit and inspection needs to be accelerated and further consideration given to **the development of a single external scrutiny body for all public services**. Such a body would be well placed to advise the Scottish Parliament on the resource implications of proposed new scrutiny burdens. Too much scrutiny has been added to public services over the last two decades with insufficient understanding of the resource implications or interactions of them. The challenge for public bodies will be that this needs to be accompanied by better self-assessment and performance reporting by public bodies themselves.
- 4.13 Improvements are also required to the national performance management framework for Local Government as set through Statutory Performance Indicators. These should focus on the achievement of measurable outcomes and the effectiveness of partnership working. This can be built on the foundation of improvements already made, such as the Accounts Commission's reduction in the number of SPI's in its recent Directions. Core SPI's should be reviewed and refocused so that they are more closely related to areas where minimum national standards may be applied. These would be supplemented by local indicators drawn from Outcome Agreements and other sources to provide a rounded picture of performance in terms that are meaningful to local people.

Improving Financial Accountability

- 4.14 Attention needs to be given to the **sustainable resourcing** of public services in Scotland.
- 4.15 SOLACE Scotland would welcome a public debate about the future financing of public services. This should address the challenges of increasing the proportion of income from **local taxation**. At present, Council Tax represents less than 20% of net council expenditure. In a European context, this contrasts sharply with most other nations, where locally determined taxation typically constitutes between 40-60% of expenditure. Reform should also be an opportunity to consider the scope for better alignment between taxation and decision-making in relation to the development of property and land. At present, local authorities derive no fiscal benefit from planning policies that promote residential and commercial development in their area. Better incentivisation for Councils in this context could be a powerful driver for economic growth in Scotland.

- 4.16 SOLACE Scotland also recognises that **some policies, particularly those based on universal entitlement, may not be affordable in the future.** Innovative solutions need to be explored to prepare for these changes now rather than later.
- 4.17 While public services are dealing pragmatically with the outcome of the spending review and the 1 year budget settlement from the Scottish Government, longer term budgeting needs to be re-established and consideration should be given to a legislative requirement for the Scottish Government to publish a 3 year budget for all public services. The financial model developed by the Strategic Funding Review Group highlights the funding issues facing local government. This model should be extended to all public services in Scotland.
- 4.18 The spreading of available budgets across different organisations delivering aspects of the same broad policy outcome can be wasteful and may not deliver best value. There is a need to improve organisational structures and processes to achieve greater alignment around communities of interest where this can be achieved within a locally democratically accountable governance framework. In doing so there is a potential for rationalisation of plans and structures, joint information sharing, shared premises, shared management arrangements and increasing pre-budget planning on a partnership basis. There is a case for using financial mechanisms such as the recently announced health and social care Change Fund to increase choice and access to public services and promote the harmonisation and pooling of local public services budgets. Several Councils have also taken steps to devolve expenditure decisions closer to communities, an approach which can be developed further.
- 4.19 A genuine approach to strategic commissioning is one way of strengthening the mixed economy approach to public service delivery. Such an approach should look beyond the narrow confines of reorganisation. It is not simply about purchasing services from external providers or transferring responsibility for delivery between different public services. A strategic approach to commissioning and procurement should involve local partners planning the nature, range and quality of services based on agreed outcomes and following an assessment of the future needs of clients or service users.

Evidence based policy and service delivery

- 4.20 The successful implementation of an outcome focussed approach to public services needs **good data and information to improve decision making**, reduce the likelihood of wasteful expenditure and improve the evaluation and learning of which approaches are effective.

- 4.21 Of particular importance is the production of comparative information on the efficiency and effectiveness of service provision by different organisations. At a time when resources are reducing in real terms, it is essential to ensure that best value is secured for every public pound of expenditure. A significant amount of data is generated within the public sector and more use should be made of this to support benchmarking of outcomes, performance and use of resources. The SOLACE Scotland benchmarking project is one example of how improved information and knowledge can lead to better decision making and greater productivity and assist in holding public service providers to account.
- 4.22 For many years, public services have been delivered by a mixed economy involving councils, other public agencies, businesses and the voluntary sector. This is a strength, with innovative practice and best value emerging from collaborative working and new models of service delivery. It is now important to take stock of what has been achieved, learn from best practice and import this into the future landscape of public services in Scotland.

5.0 How Do We Get There?

- 5.1 Last year, SOLACE Scotland pointed out that considerable efforts to reform public services were already under way in Scottish Councils. These include major shared services programmes, joint civil contingencies work, lead authority service provision, various public-private partnership models and a collaborative procurement operation involving all 32 councils. Importantly, joint and integrated working between the NHS and councils has also continued to evolve and improve. This reform activity is now delivering financial savings and enhanced community outcomes across Scotland and it is critical that it continues apace while evidence is gathered and fully debated on the future role and nature of Scottish public services. Some examples of this successful practice are provided in Appendix 3 and SOLACE Scotland would be willing to provide further detailed evidence in this area if the Commission required it.
- 5.2 In its call for evidence, the Commission recognises the importance of taking a medium to long term view when making recommendations for public sector reform in Scotland. This is to be welcomed - and the Commission should encourage and support politicians to work jointly across party lines to build a **broad consensus** on the future of public services in Scotland. There is a very real need to engage meaningfully with citizens and communities to help set realistic and clear priorities for public services, and to manage expectations about what these services can and cannot deliver. This takes time, but is important if citizens are to retain confidence in the public sector. We would echo the call made by the IBRG for strategic, sustained political leadership over at least two

parliaments as an important element of any successful programme to transform Scotland's public services.

5.3 The extent of the funding deficit facing Scotland does however require early action locally and nationally. A key practical measure that could be implemented nationally and that would enable local authorities to share services and cut costs would be to **grant a Power of General Competence to Councils**. At a more local level in addition to accelerating existing change and efficiency plans, SOLACE Scotland would advocate a “**rolling reform**” approach based on the principles and the approach set out in this paper. This could involve the phased implementation of policy and structural changes, based on sound business cases, and set in the context of a clear, consensual national strategy for Scotland's public services, alongside locally led initiatives for service improvement. A “rolling reform” programme could be governed or managed in a way that reflected the consensual approach – involving parliamentary political parties, local government, professionals and stakeholders. There are several advantages of tackling reform in this way:

- The opportunity to focus available public resources on the needs and aspirations of a particular community of interest (i.e. the ‘total place’ approach), rather than on specific organisations and their functions.
- The opportunity to learn quickly from experience and carry forward good practice, including demonstrable savings.
- The economic and social costs of implementation can be managed over time.
- The ability to recognise that “one size doesn't fit all”, and develop different public service models in different parts of Scotland.

5.4 SOLACE Scotland has concerns, however, regarding the piecemeal approach to reform that has been adopted by the major political parties. Separate and unconnected reviews of key public services, such as Police and Fire & Rescue, do not do justice to the complex interdependencies between these and other services in support of safer communities for our citizens. In addition, a top-down and purely structural review, without serious consideration of the purpose and functions of major public services, is unlikely to result in better outcomes or even more efficient service delivery. Lessons need to be learned from previous structural changes which were conducted on these lines. It is also essential, in our view, that full recognition is given to the serious risks posed by superimposing such a structure-led reform on top of the major changes to service design and delivery that will be necessary in the next few years to cope with the growing gap between increased demand and reduced resources.

- 5.5 We believe that more progress can be made, and more sustainable solutions implemented, by building on the positive developments we have sought to highlight in this paper. A continued and strengthened focus on outcomes, enhanced partnership working and better integration of systems, processes and funding is essential. Underpinned by a statutory duty of best value for the entire public sector, this approach would be much more likely to provide responsive, relevant and effective public services in Scotland which are valued by its citizens.

SOLACE (Scotland)
March 2011



SOLACE (Scotland) Strategy Paper
The Future of Public Services in Scotland

22 February 2010

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THE FUTURE OF PUBLIC SERVICES IN SCOTLAND

1. PURPOSE

- 1.1 The purpose of this paper is to set out SOLACE (Scotland)'s position on the future of public services in Scotland and to propose a strategy of rolling reform built on consensus about the future of public services.
- 1.2 We believe form should follow function. Our proposed strategy for Scotland is to deal with the short term financial issues in pragmatic ways, developing the progress already made in community planning and public sector reform, while building a consensus amongst all stakeholders about the role and nature of public services.

2. SUMMARY

- 2.1 Rapidly rising demand for services and unprecedented pressures on public finances means the UK will have to find new ways of delivering public services. SOLACE UK/CIPFA recently published 'After the Downturn'⁽¹⁾, a report that highlighted pressures on UK public finances, set out possible scenarios, and explored options for reforming public services.
- 2.2 SOLACE (Scotland) is committed to exploring how Scottish public services, including local government, can meet the challenges ahead. The SOLACE/CIPFA report gives a realistic view of the challenges facing the public sector and offers a sensible approach to meeting them at UK level. We endorse both the analysis and recommendations of the report. This paper offers a Scottish perspective and proposes a distinct strategy that reflects our different circumstances. The five sections are;-
 - ◆ The Political and Financial Context
 - ◆ The Role of Local Government
 - ◆ Outline Strategy for Reforming Public Services in Scotland
 - ◆ Issues and Principles for Public Sector Reform, and
 - ◆ Conclusions
- 2.3 Recent public debate in Scotland has focused on structural reform of public services and sharing of back office functions. Neither will produce a quick budget fix. Experience shows that major structural reforms are very costly and time consuming. Back office functions comprise less than 15% of total costs so even major savings will not deliver the size of cost reductions required. The report recently published by the Local Government & Communities Committee of the Scottish Parliament ⁽²⁾ on Local Government Finance provides a comprehensive review of the current issues facing councils. It also highlights the need for a strategic debate about the future of councils and their services. We see the need for the debate to cover all public services.

- 2.4 We propose a strategy for Scotland with two key elements to meet the challenges of the next decade. In the short to medium term, we need to deal pragmatically with the issues of the next Spending Review, including accelerating the reforms already started. SOLACE (Scotland) will commission guidance on this theme for local authority Chief Executives, for publication in 2010.
- 2.5 We also need a thorough and comprehensive debate about the provision of public services in Scotland to build a consensus for a sustainable future. The debate needs to be about more than the number of councils and other public bodies in Scotland. Structural reform may form part of the longer-term approach to bridging the gap between resources and demand, but the debate should focus on ensuring that public services are configured in the best possible way to deliver improved outcomes for local communities more cost effectively.

3. POLITICAL AND FINANCIAL CONTEXT

- 3.1 'After the Downturn' ⁽¹⁾ notes that "The major political parties have acknowledged that public spending cuts are unavoidable. It is clear that the forthcoming General Election will be fought in large part on how spending reductions should be achieved and where they should fall."
- 3.2 The report analyses two scenarios for UK public spending in the three years after the 2010 Election. The first, envisages a 7.5% real terms cut, with similar cuts in the next three years. The second, envisages 15% real terms cut with possibly less severe cuts in the next three years.
- 3.3 The impact of such cuts in Scotland will depend largely on the workings of the Barnett Formula. Based on analysis by the Institute of Fiscal Studies, The Centre for Public Policy for Regions has estimated that there will be an 8.5% real terms cut in the Scottish Budget between 2009-10 and 2013-14.
- 3.4 Given the wide range of variables that underpin this figure, we consulted with CoSLA and CIPFA in September 2009 and agreed that councils should start preparing on a planning assumption of a 12% real terms reduction in spending over the next Spending Review period.
- 3.5 There remains considerable uncertainty about the validity of all the above estimates. In Scotland, two further elections in 2011 and 2012 add greater uncertainty as new Administrations deal with the financial crisis, for example by changing the Barnett Formula.
- 3.6 At the same time, local government is experiencing cost pressures, including increasing expectations and demand across the range of its services. Social care, in particular, faces increasing complexity of demand, for example specialist service provision for children and adults with severe learning disabilities and the increasing elderly population. There is also increasing demand for social housing, and rising numbers of placements for looked after

children. The recession has accelerated many of these pre-existing patterns of demand.

3.7 Other cost pressures impacting on local government:-

- ◆ Growing regulatory burdens
- ◆ Above-inflationary rises in, for example, food and energy costs
- ◆ Climate change and environmental issues – e.g. increased landfill tax, the Carbon Reduction Commitment, and
- ◆ Increased need for flood prevention measures

3.8 This combination of declining finances and rising pressures from demand, regulations and costs, presents unprecedented challenges for Scotland's public services. This raises questions about the historic and future roles of public services in general, and of local government in particular.

4. The Role of Local Government

4.1 Local government is one element – albeit a key one – in the UK public sector. The range of services provided by the public sector has grown significantly over the years. What exists today can be characterised as an advanced welfare state, with a wide array of public services funded by taxation and delivered via a complex set of agencies, including local authorities.

4.2 Within the public sector, local government has historically been distinct from other forms of service delivery because of its democratic base, and the public accountability that flows from that. Local authorities therefore do more than provide and commission high-quality services: they serve, represent and lead local communities.

4.3 Local authorities provide a wide and increasing range of services, prioritised to meet the needs of local communities. Many are focused on addressing the main challenges facing Scotland: poverty, sustainable economic growth, early years interventions, demographic challenges and health inequalities. They are delivered in a joined-up way, tailored to the needs of communities.

4.4 Local authorities also have a significant economic role, acting as major local employers and drivers of economic development. They provide a regulatory function, encompassing, for example, licensing, environmental health, planning and trading standards. They also have a significant role in shaping local and regional third sector provision through their commissioning activities.

4.5 Increasingly, through Community Planning Partnerships, local authorities bring together the different parts of the public, private, voluntary and community sectors, to plan the provision of public services in local areas. This place-shaping role influences quality of life for individuals and communities alike.

4.6 In summary, local authorities are far more than straightforward service providers; they lead, represent and influence the well-being of local communities. We are convinced of the importance of a robust, democratically-elected local government, as a key component of the public sector in Scotland and the UK.

5. OUTLINE STRATEGY FOR REFORMING PUBLIC SERVICES IN SCOTLAND

5.1 SOLACE UK proposes a debate around three radical options that would lead to significant reforms in public services to meet the challenges of financial constraints and rising demand. They are not mutually exclusive and we believe they provide a basis for open debate about the role and nature of public services.

5.2 The three options are;-

- (i) Review and redefine the relationship between the individual and the State, specifically encouraging people to do more for themselves.
- (ii) Devolve more decisions to local bodies with minimal oversight, i.e. trusting councils and others to make judgements for their local communities. This should help rebuild local accountability.
- (iii) Better horizontal collaboration across Government and public services. The aim would be to achieve 'whole system efficiency'.

Different combinations of these options would be appropriate in different localities and differential application would be essential to recognise the diversity of local factors and circumstances in Scotland.

5.3 In Scotland, we see the need for an approach which reflects our particular circumstances such as;-

- ◆ 3 years of elections from 2010
- ◆ Distinct political, legal and administrative structures
- ◆ Different financial arrangements, both for central and local government
- ◆ The investment in Community Planning to date
- ◆ The diversity of our small country in terms of geography, history, culture, environment and economic conditions.

5.4 We acknowledge that there is a general view that Scotland has too many public bodies. As yet, however, there is no clear consensus on how to address this issue. The current structures may not be ideal for Scottish public services, but a simplistic exercise in redrawing boundaries will neither realise the required cost savings, nor result in a system of public service delivery that can meet projected levels of demand.

- 5.5 We see the need for a wider debate about the future shape of public service delivery in Scotland, not simply the number of councils or other bodies. That debate needs to be predicated on the basis that reform is not a simple budget solution: rather, it is about ensuring that public services are configured in the best possible way to improve outcomes for local communities.
- 5.6 We recognise that public service reform is not a short-term fix, and cannot, in itself, bridge the gap between demand and resources. We also would argue that significant structural reform of Scottish public services cannot happen quickly. Past experience has shown the need to take time over any major structural changes in our public services. Accordingly, we see the need for a strategy to meet the short term constraints while building a consensus on the role and nature of public services in Scotland post recession.
- 5.7 Accordingly we propose a strategy of evolution – or rolling reform – that builds on the reforms already started and allows the lessons from them to inform the debate about the long-term shape of public services in Scotland. This requires two distinct elements.

Element 1 – Accelerating and Extending Current Reforms

- 5.8 Given the imminent financial pressures, we propose that Scottish public spending should be managed in a pragmatic way, dealing with immediate pressures and accepting such reductions as can be achieved with least damage to front line services. The next section sets out areas and ideas for managing that process.
- 5.9 The Scottish Government and Parliament should agree to a programme of rolling reform of public services, including a presumption against any ‘freestanding’ major restructuring of Scottish Public Bodies. Any major change proposals should emerge from the process of reform already in train and only proceed where:-
- ◆ there is a clear consensus that they are appropriate,
 - ◆ there is a strong business case, and
 - ◆ they can demonstrate they will not compromise any proposals in another area.

This approach would allow changes already being considered, such as the Clyde Valley Council shared services project, to proceed.

- 5.10 Committing to such an approach will create space and provide evidence for the separate, wider ranging debate on the future role and nature of Scottish public services.

The next section (6) offers ideas and issues that should be covered in that debate.

Element 2 – Building a Consensus on the Future of Public Services in Scotland

- 5.11 We think this is the right time to review the role and nature of public services in Scotland, in a comprehensive way. The review should look beyond the immediate issues of financial constraint, rising demands and expectations on services, and regulatory burdens. It must also recognise the growing rate of change in attitudes, technologies and expectations in the second decade of the 21st Century and beyond. It can be informed by the evidence and experience of the rolling programme of public sector reform.
- 5.12 Some of the questions that need to be addressed are;-
- ◆ The strategic options raised in ‘After the Downturn’ ⁽¹⁾
 - ◆ The issues covered in the report by the Local Government & Communities Committee⁽²⁾, which we would highlight
 - ◆ The role of the public sector beyond 2015
 - ◆ What services should be delivered directly in different areas
 - ◆ The appropriate balance between public and private sectors in terms of GDP
 - ◆ Appropriate and proportionate accountability for each sector of the economy
 - ◆ Appropriate behaviours in public life and private/voluntary sectors, and
 - ◆ Incentive systems to encourage those behaviours
- 5.13 Other stakeholders will raise other issues and questions, and few if any will have a simple answer. The process of review and debate should be geared to building consensus on what is desirable and achievable across all public services.
- 5.14 We propose that a tri-partite Group from the Scottish Parliament, Scottish Government, and CoSLA should lead the debate. We will provide both support and advice as appropriate and would expect that other professional bodies would also be involved.
- 5.15 The outcome of the Scottish Debate, including any recommendations, should be to identify areas of agreement on reform that can be taken forward with consensus in the Scottish Parliament, and areas of disagreement that can be put to the electorate at the appropriate time.

6. ISSUES AND PRINCIPLES FOR IMPLEMENTING THE STRATEGY

- 6.1 At this stage we think it inappropriate to offer detailed ideas on either the nature of, or process for, implementing the strategy. We recognise that many others need to be engaged if it is to develop to reality. Equally, there are some general principles that we think are ‘self-evident’ i.e. they need to be considered in taking forward discussions with all relevant parties.

- 6.2 First, the debate should be wide ranging, covering all aspects of public services, not just administrative boundaries or structures. Second, judgements, comparisons and recommendations should be evidence based. Third, the views and conclusions of the strategic group overseeing the debate should be reached by consensus.

Issues

- 6.3. Local authorities will need to develop a range of innovative responses to manage through the next Spending Review. We intend to publish fuller guidance on this theme in 2010 covering the following issues:-

- ◆ Efficiencies
- ◆ Intelligence
- ◆ Transformational Leadership and Excellent Management
- ◆ Shared Services
- ◆ Citizen Focus
- ◆ Pay Strategy
- ◆ Charging Strategy
- ◆ Review of National Policies Against Outcomes
- ◆ Policy Connectivity
- ◆ Scrutiny
- ◆ Valuing Employees

Efficiencies

- 6.4 Local authorities have established efficiency regimes and have made great progress in driving efficiencies over recent years: between 2005-06 and 2008-09, Scottish local government delivered cashable efficiencies of £726.9m, against a target of £501.7m. This process needs to continue and cover all public bodies.
- 6.5 Efficiencies alone will not deliver the level of savings required. There will also need to be decisions on relative priority between services to be provided by the public purse, encompassing the whole of the Scottish public sector. These decisions will ultimately require to be made by politicians. To inform such decisions we are already working with our partners to develop meaningful benchmarking as recommended by the Local Government & Communities Committee⁽²⁾.

Intelligence

- 6.6 Developing more robust benchmarks of efficiency and productivity will be central to delivering efficiencies. Local authorities need to benchmark their costs and productivity against the best in class to ensure that the greatest possible efficiencies are being achieved. We are working with our partners to develop such measures.

Transformational Leadership and Excellent Management

- 6.7 The challenges facing councils and the rest of the Scottish public sector over the next few years will require highly skilled, visionary leadership from senior officers/officials as well as politicians. Good practice in partnership working and positive organisational behaviour will be important factors in successfully managing change.

Shared services

- 6.8 Local government has already achieved considerable success in driving and delivering Shared Services: Scotland Excel, and the myjobscotland recruitment portal are both successful examples of national aggregation within local government. There are also numerous examples of local, cross-sectoral integration, which are not always badged as 'shared services': e.g. CHCPs.
- 6.9 But shared services will not provide all the answers to efficiencies and should not be seen as an end in themselves. They have played a limited role to date in the efficiency savings delivered by local government in recent years, and the up-front costs can be significant.
- 6.10 Equally, the pace of change on the Shared Services agenda needs to increase. We recognise a number of areas where shared services could provide further efficiencies, either by working across Councils or by working locally with partner organisations. We are committed to working with our partners in Police, Fire and Health to develop and implement Shared Services solutions between sectors at the local level.

Citizen focus

- 6.11 The changing context for Scottish public services means that public bodies need to engage service users in the debate. Managing public expectations about levels of service will be fundamental to addressing the challenge of reduced funding. The public need to be empowered to be part of the solution, rather than just the recipient of services.

Pay strategy

- 6.12 Pay restraint is an essential part of protecting services and jobs. There is a need for an agreed forward pay (including pensions) strategy across the whole of the public sector. Engagement with staff and Trade Unions will be central to this.

Charging strategy

- 6.13 The debate needs to consider the balance between charging for services and funding them from taxation. There may be scope to meet the cost of some services by charging those who use them rather than through a levy on all taxpayers.

Review of national policies Against Outcomes

- 6.14 Many national policies continue to be defined by input and output commitments. We would emphasise the importance of expressing policy priorities in outcome terms, and would call for national policies to be reviewed within this context.

Policy Connectivity

- 6.15 The distribution of public service funding between different public bodies must acknowledge the connectivity between the range of public services: e.g. the balance between funding hospitals and funding care for the elderly.

Scrutiny

- 6.16 Strategies to manage through the next Spending Review must encompass the scrutiny landscape as well as the service delivery landscape. Despite efforts to streamline it, the scrutiny landscape remains too crowded. Giving councils more freedom and flexibility is crucial if they are to meet the financial challenges ahead.

Valuing Employees

- 6.17 Services need to be delivered by competent, motivated and innovative staff - irrespective of how they are delivered in the future.

Principles for public service reform

- 6.18 We believe in the old adages 'Form Follows Function' and Structures follow Strategy. Therefore, any proposals for structural reform of Scottish public services must be predicated on a robust case and a clear set of fundamental principles including:-

- ◆ Democracy
- ◆ Accountability
- ◆ Localism
- ◆ Outcome Focus
- ◆ Financing
- ◆ Evidence

Democracy

- 6.19 The democratic nature of local government is of inherent value in the delivery of public services. Local democratic oversight should be central to the delivery of local services.

Accountability

- 6.20 A related principle is that of accountability; another defining characteristic of local government. Communities should be able to hold service deliverers to account.

Localism

- 6.21 Any structural reform proposals should be based on local needs, geography, population, and the shape of other public service structures and functions. We must build on the investments already made by all public bodies in Community Planning.

Outcome Focus

- 6.22 Any review should be predicated on improving service delivery to local communities. Proposals for reform should be outcome-focused, and governance should not be a barrier to reform of public services.

Financing

- 6.23 Any review should explore the financing of local services, in particular the balance between the proportion of revenue raised locally through taxation and that received through central sources. Accountability, local fiscal autonomy and central direction are key issues here.

Evidence

- 6.24 Past experience attests to the fact that re-structuring is expensive, disruptive and invariably does not realise the cost savings anticipated. Restructuring can make it difficult to distinguish between service cuts and real cost savings. It is self-evident that any proposals for structural reform of Scottish public services must have a strong business case and be underpinned by robust evidence.

7. CONCLUSIONS

- 7.1 This paper sets out our views on the current issues facing public services, especially in Scotland, and proposals for dealing with them Our main conclusions are;-
- ◆ There is a need for a wide-ranging debate on reform of public services in the UK and Scotland. This needs to cover all parts of the public sector and recognise the diversity of Scotland's communities.
 - ◆ The distinctive role of local authorities, as elected and accountable public bodies, needs to be recognised in this debate.
 - ◆ The debate should cover all aspects, not just structures, of public services including functions, governance, finance, and models of delivery.

- ◆ Any strategy for public sector reform needs to provide a means of dealing both with immediate financial pressures and with longer term aspirations to achieve sustainable public services at affordable levels in Scotland.
- ◆ While greater efficiency will be a necessary component of such a strategy, it will not be sufficient and other measures will be required, including a review of policy priorities.
- ◆ Public service reform should be based on a clear and agreed set of principles if it is to be sustainable.

SOLACE (Scotland)
10 February 2010

Source (1): [After the Downturn – managing a significant and sustained adjustment in public sector funding - CIPFA/SOLACE Paper published December 2009](#)

Source (2): [Report on Local Government Finance Inquiry; Local Government & Communities Committee of Scottish Parliament; SPP Paper 377](#)



**SOLACE Scotland's Submission to
The Independent Budget Review Group**

12 April 2010

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KEY MESSAGES

SOLACE Scotland welcomes the establishment of the Independent Review Group and is very pleased to submit evidence to it. The following are the key messages contained in the submission. They are based on and, to some degree, develop the views & proposals set out in our strategy paper 'The Future of Public Services in Scotland'¹.

- Scottish public spending should be managed in a pragmatic way, dealing with major pressures and accepting such reductions as can be achieved with least damage to front line services.
- There should be a wide ranging debate on the future of public services in Scotland as proposed in our strategy paper. It should be led by the Scottish government, Scottish Parliament, and Cosla and should review the role of all public bodies against an agreed set of criteria.
- All the key stakeholders and agencies should confirm that they accept the National Performance Framework of the current Scottish Government especially the overarching aim of achieving long term sustainable economic growth. Consensus on such an overarching aim is vital to enable more detailed analysis and debate on spending priorities.
- All major public sector organisations funded by the Scottish Government should set out the key spending pressures and related issues affecting their sector to enable Government and stakeholders to plan possible outcomes from the Spending Review.
- In determining spending priorities, the focus should be on maximising the impact/benefits of the available funding rather than what spending should be cut. This will ensure funds are allocated in a way which brings most benefit to the Scottish Public
- Government, at all levels, should move away from input targets and focus on the outcomes to be achieved. Through the Single Outcome Agreement process, Community Planning partners should specify what they will deliver collectively towards the national priorities. Maximum freedom should be given to these partnerships to determine their local priorities within the national framework. This is particularly essential where input measures are currently stipulated as the level of service e.g. class sizes.
- Significant efficiencies have been delivered by local government in recent years but the expected funding gap will not be filled by efficiencies alone. Many reductions will require investment and Government needs to create capacity to invest in ongoing efficiencies through the provision

of adequate funding for the Improvement Service and the creation of a central Transformational Budget.

- There should be recognition that some policies, especially those based on universality such as Free Personal Care may not be affordable in the future.
- The Scottish Government/Parliament should maximise preparations in advance of the UK Spending Review announcement to enable them to take relatively speedy decisions on the allocation of the Scottish Block to ensure that public sector bodies be advised of these decisions as early as possible. For example, a decision on the split of the budget at the highest level (Health, Local Government, and other public bodies) need not await the publication of detailed spending plans.
- There should be a pay freeze across the public sector in 2011/12 and possibly 2012/13, depending on the severity of the settlement. This will give public bodies some breathing space as they assimilate to the new landscape.
- The Scottish Government/Parliament should significantly reduce the costs of Regulatory and Inspection Bodies by a meaningful amount. They should also consider means of changing attitudes/behaviours at all levels of scrutiny to make them consistent with new approaches e.g. a statutory duty to have regard to cost implications of recommendations.
- The Review Body should suggest to political parties that they should carefully consider whether to include input targets in their manifestos for the next Scottish election, as this may ultimately inhibit best use of resources.

BACKGROUND

Since the Chancellor of the Exchequer announced the effects of the recession on the national finances in his budget in April, 2009, SOLACE Scotland has been very proactive in helping Councils prepare for the reduction in public funding that will follow after the General Election. In particular we

- Published a strategy paper on The Future of Public Services in Scotland A copy of this submission and the supporting document, After the Downturnⁱⁱ, are attached.
- Commissioned research through the Centre for Public Policy for Regions on the likely effects on the Scottish Parliament budget which ultimately resulted in COSLA recommending to councils that they plan for a real terms reduction in funding of 12% between 2011/12 and 2013/14

Organised various training sessions for our members to consider some of the issues in more depth

- Have initiated a review of Benchmarking activity covering all the key functions of Councils.

No one in the public sector has delivered cuts in funding on the scale that is likely to occur. Accordingly we have no past experience on which to draw. It is also likely that severe expenditure constraints will apply for the rest of the decade (and beyond) and decisions taken now will require to be sustainable over that period and not be of a one off nature that will exacerbate service delivery in future years.

THE FUTURE OF PUBLIC SERVICES IN SCOTLAND

In February, SOLACE Scotland published a strategy paper *The Future of Public Services in Scotland*. We produced it to stimulate debate on how Scotland should prepare for the new era of austerity that is about to dawn. Some commentators have argued that the financial crisis can be solved through redrawing the boundaries of local authorities and shared services. Our paper set out cogent reasons why redrawing council boundaries would not deal with the imminent financial problems, and might even make matters worse. We are supportive of joint working both within and across sectors for the gains in both efficiency and effectiveness that can be realised. Such changes require careful planning and, whatever the potential of initiatives to generate savings, they are unlikely to deliver major savings over the next spending review period.

For the next spending review period, we propose that Scottish public spending should be managed in a pragmatic way, dealing with major pressures and delivering reductions with least damage to frontline services. The scale of the reductions required over the next few years will not be met by efficiency savings alone and difficult decisions will be needed on other ways to reduce spending. Concurrently, and looking further ahead, we recommend there should be a wide ranging debate on the future of public services in Scotland reviewing the role of all public bodies against an agreed set of criteria.

We would ask the review body to consider carefully the points we raise in our strategy paper and, if they agree, reinforce them through their own recommendations.

ISSUES POTENTIALLY FALLING WITHIN THE SCOPE OF THE REVIEW

In Section 5 of your document, **Individual Call for Contributions**, you detail various issues potentially within the scope of your review. We would endorse this list as a good basis for proceeding.

SOLACE Scotland, along with Directors of Finance, is working with the Scottish Government and COSLA to develop a position on these issues for local government. This is a considerable undertaking and will take another few months to finalise. Solace Scotland would recommend that a similar exercise be done for all organisations receiving funding from the Scottish Government and

that it should be completed by late summer to enable the Scottish Government, along with appropriate stakeholders to start detailed planning around possible outcomes from the next Spending Review.

DETERMINING NATIONAL PRIORITIES

The National Strategic Framework has been developed over the last few years and this should be used by Government, Parliament and key delivery agents as the basis of determining national priorities. The focus should be on the priorities for the available funding rather than what we should cut. It is easy to cut budgets; it is a lot harder to ensure that the available budget, which will still be huge, is prioritised and spent wisely for the benefit of the Scottish public. If everything is a priority, then nothing will be a priority (as evidenced in the SE Budget Review 'Choices for a Purpose'ⁱⁱⁱ – May 2007).

Most of the priorities set out in the National Strategic Framework are well understood by all the political parties. We think it is time for all parties to accept the strategic aspirations of the National Framework and work together to build a consensus on priorities for the next Spending Review. That still leaves scope for meaningful political debate on the detailed implementation of the National Framework, while signalling to all public bodies a consistent overarching set of aspirations on which budgets can be planned. Solace Scotland would argue that the aim of long term sustainable growth is central and arguably beyond politics. For local government, there are likewise a number of issues where consensus is building that they must be delivered in the next spending period and include the following:

- Curriculum for Excellence
- Care of the Elderly
- Child Protection
- Early Years
- Climate Change

To enable these themes to be embedded in all budgets, the Government should move away from input targets and focus on the outcomes it hopes to achieve from budgets. Through the Single Outcome Agreement process, Community Planning partners should specify what they will deliver collectively towards the national priorities. Maximum freedom should be given to these partnerships to determine their local priorities within the national framework. This is particularly essential where input measures are currently stipulated as the level of service e.g. class sizes. It is important that planning is done at a community planning level and that agencies do not approach this on a silo basis. If that were to be the case, it could result in cost shunting between the different bodies or a breakdown in working relationships as different partners pursue conflicting agendas or try to maintain their own service priorities. The public should be at the centre of this process.

In determining priorities through the National Strategic Framework, the Government should be aware of the interconnection between different spending initiatives. The SE Budget Review highlighted a number of examples and argued that greater attention should be given to the 'consequential impacts' of spending decisions. For example, if the Government protected hospitals but did not protect care of the elderly to the same level, we would end up with hospitals with a large number of elderly people in them whose needs could be dealt with more appropriately in the community. Likewise if police numbers were protected but not the youth diversionary activities carried by local authorities, we would end up with a lot of police time taken up with youth calls. Managing the process through Single Outcome Agreements will help avoid most of these pitfalls.

EFFICIENCIES

Governments at all levels hope that most of the gap in funding can be closed through efficiencies. While local authorities are maximising this option, it has to be realised that it will not be sufficient to close the gap on its own. In a recent report by the Auditor General for Scotland and the Accounts Commission titled *Improving Public Sector Efficiency*^{iv}, the Auditor General stated

“while there is recognition across the Scottish public sector that there are serious financial challenges ahead, making efficiency savings will become increasingly difficult. Public bodies’ budgets will come under increasing pressure because less funding is available at the same time as demand for some services is increasing. Also, given the high proportion of fixed or committed costs in most budgets, it is not clear whether the public sector can continue to deliver two per cent efficiency savings on a cumulative basis beyond 2011 without redesigning services.”

Local Authorities have been assiduously pursuing efficiencies for the last couple of decades and all the obvious opportunities for cost reduction have been taken. The type of efficiencies that Councils need to pursue now take time to identify and implement. Many also require up front investment before they can be realised. While there will be a big temptation for the Government to deal with the “here and now” in the next spending round we strongly suggest that the Government creates capacity to invest in ongoing efficiencies through continuing to fund adequately the Local Government Improvement Service and the central Transformational Budget for Councils and other partners to access.

Part of the redesign of services will involve policy decisions by members of the Scottish Parliament and will include:

- Universal v targeted provision
- Charging users for services that are currently free or heavily subsidised
- Delivering more through the voluntary sector

TIMESCALES FOR PREPARING 2011/12 BUDGET

It is still unclear when a new UK government will announce spending totals for the next spending review in sufficient detail that will enable a reasonable calculation of the total amount of the Scottish Block. It is highly possible that this figure will not be known until October 2010. It is only then that the Scottish Government/Parliament can consider the detailed distribution between the various sectors, although it could take high level decisions on relative share of the block before the Spending Review is complete. Local authorities cannot start detailed budget preparation for 2011/12 onwards until they have a reasonable knowledge of their total grant and the national priorities that they are required to deliver. They must also decide how much of their budget will be passed onto other bodies who receive funding from councils. These include police and fire joint boards, voluntary organisations and a whole myriad of others. All of these bodies will require sufficient time to reprioritise their own spending to reflect reduced levels of funding. It should also be appreciated that employee costs are the largest part of the cost of all these Bodies. If we are to avoid large scale uncertainty from employees funded from the state sector, early decisions are essential.

While the Scottish Government/Parliament will have huge decisions to make in how they allocate the available resources over all the competing bodies, they both have to appreciate that implementing their decisions will require even more time and effort by those affected. Accordingly, the Scottish Government/Parliament must do as much work beforehand as possible to expedite decision making and impose a very strict timetable on making final decisions.

CAPITAL INVESTMENT

Treasury planning figures indicate that the most severe reductions in expenditure will occur in capital investment. This is a well-established feature of economic recessions, and is a prominent aspect of the current political debate, particularly in Scotland.

There appears little prospect of further capital acceleration being approved by the UK Government. In any event, this could only be a temporary measure while reduced public expenditure is set to persist for at least 5 years, probably longer. We suggest that consideration could be given to a partial solution by making more use of the borrowing powers of local authorities. Levels of investment could be increased (or reductions mitigated) by transferring revenue resources to local government in return for use of these to support further borrowing. This would, of course, require clear policy choices and prioritisation by the Scottish Government across the whole of the public sector.

PAY RESTRAINT

Whatever the level of settlement, it will require quite a bit of soul searching. It is easy to cut budgets nominally, it is much more difficult to get the optimum value from the resultant figures, particularly when such a high proportion of public spending relates to staff costs due to the nature of public services.

Accordingly, we would recommend that there should be a pay freeze across the public sector in 2011/12 and possibly 2012/13, depending on the severity of the settlement. This will give public bodies some breathing space as they assimilate to the new landscape.

Consideration may also have to be given to other aspects of the public sector paybill. For example, many organisations have pay grades which provide for incremental progress on an annual basis, over and above any inflationary pay award. This increases costs by tens of millions of pounds each year. We would question whether this is sustainable in the new economic climate.

REGULATION AND INSPECTION

The Crerar Report signposted the future direction for regulation and inspection and was fully supported by Solace Scotland. While much work is being done in moving to the principles outlined in that report, service deliverers feel it to be over elaborate. While Inspection and Regulatory Bodies are reducing their contact time with local authorities, their inspections are becoming much more specialised and detailed, thus requiring an ever increasing response from services. As long as these bodies maintain their current staffing levels, behaviours and attitudes, it is difficult to see how the burden on local authorities will be meaningfully reduced.

Accordingly, Solace Scotland would recommend that that the Scottish Government/Parliament should significantly reduce the costs of Regulatory and Inspection Bodies by a meaningful amount and consider ways of ensuring the attitudes and behaviours at all levels in scrutiny bodies are consistent with the post Crerar approach. One approach might be creating a statutory duty on scrutiny bodies to have regard to the cost implications of their proposals/recommendations.

BENCHMARKING AND COST COMPARISON

SOLACE Scotland is undertaking a review of benchmarking activity across local government. We anticipate that this will identify much scope for improvement. Robust and regular benchmarking of costs and performance would be a valuable tool in driving down expenditure with minimum impact on service quality. It would be extremely helpful if the Review Panel were to support this work and advocate its extension throughout the Scottish public sector.

A potential adjunct to this is the scope for cost comparisons between Scotland and the rest of the UK. The recent report by CPPR indicated that unit costs for public services in Scotland are significantly higher than in England but did not

develop their analysis to a meaningful level. Further work in this area could be fruitful, but would need to be properly resourced to ensure comparisons are valid.

POLITICAL PARTY MANIFESTOS

While clearly not within the remit of the Review Body, we would hope that it could suggest to political parties that they should carefully consider whether to include input targets in their manifestos for the next Scottish election, as this may ultimately inhibit best use of resources.

CONCLUSION

SOLACE Scotland believes that the financial reduction facing the local government will result in a significant fall in council spending and have an adverse effect on service delivery. The focus needs to be on the agreement of outcomes at a Community Planning level to ensure that the services provided to the public provide best value for the available resources. The key messages section at the beginning of the submission explains these views and contains recommendations geared to ensuring that constrained revenues are directed at agreed spending priorities.

SOLACE Scotland
April 2010

Appendix 3: Evidence of Good Practice

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Scotland Excel (National Centre for Procurement Expertise)

Scotland Excel is the Centre of Procurement Expertise for the local government sector in Scotland. Established in April 2008, its remit is to work collaboratively with members and suppliers to raise procurement standards, secure best value for customers and to improve the efficiency and effectiveness of public sector procurement in Scotland.

Funded by all 32 local authorities, Scotland Excel is one of the largest public sector shared service organisations in Scotland. Working in partnership with Scotland Excel, local authorities develop and participate in collaborative procurement contracts which offer cost savings and other benefits when used to purchase many of the goods and services required to deliver public services.

A total of 37 collaborative contracts with an estimated annual value of c. £168m and a mean average saving potential of c. 8% have been implemented to date. These contracts cover a wide range of commodities used by services across local authorities including roads, maintenance, transport, catering, cleaning and corporate services departments, as well as schools, libraries and leisure venues. In 2011, Scotland Excel will develop a number of strategic contracts in high spend areas such as social care and construction.

Scotland Excel also champions best practice in public sector procurement and takes an active role in representing the local government sector within wider landscape of procurement reform. All 32 local authority procurement teams are participating in a range of initiatives to improve procurement performance and establish procurement as a valued partner of service delivery.

In addition, Scotland Excel is a recognised leader in training and development provision across the public sector. To date, c. 850 delegates from more than 60 public sector organisations have taken part in Scotland Excel's learning and development programme which offers a range of learning models including training seminars, master-class workshops and fast-track professional qualification courses.

Supporting Families: A Study of a Family with Complex Needs – Perth and Kinross

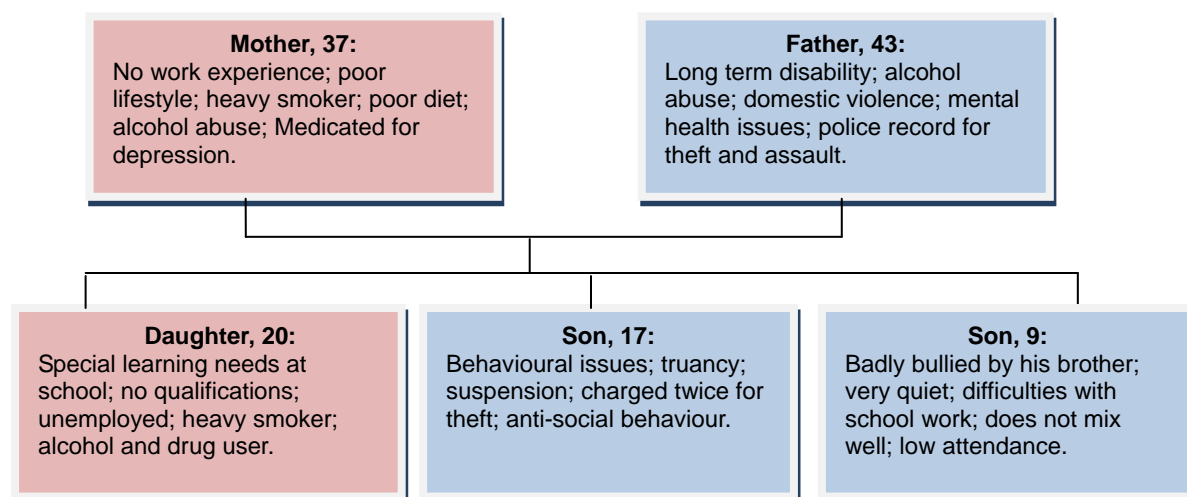
Our total family approach

In Perth and Kinross our partners work together in a way which supports the delivery of solutions rather than focusing on delivering services. This involves working across organisational and professional boundaries to put in place interventions specific to local people's needs. We understand that families with multiple or complex needs are often in receipt of support from a range of providers, from both the statutory and voluntary sectors and can at times find this confusing or overwhelming. This case study looks at the progress that has been made in developing integrated approaches to early intervention and co-ordinated support for families with complex needs through

our 'Equally Well' test site. The family introduced below represents those families which public agencies deal with that have multiple interconnected problems and have to engage with many services.

Family scenario

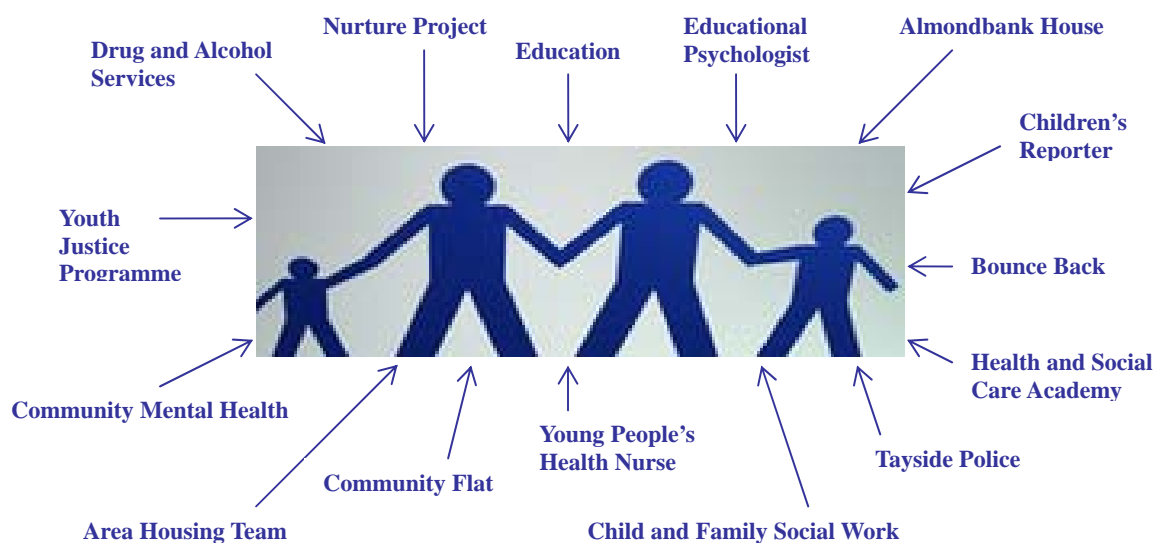
The family below is well known to local services due to their circumstances, including drug misuse, domestic abuse, mental health problems and child protection issues. The mother and father have lived together unmarried for the past 9 years. The youngest son is the son of the mother and father. The daughter and older son are the mother's children from a previous relationship. This is an example of a typical family that has a variety of complex needs requiring a large number of interventions from the public sector.



Targeted support for vulnerable families

The family faces many of the complex problems that the national project Equally Well aims to address and is currently being piloted in Perth and Kinross. It has been difficult for local public services to engage with the parents of the family and the family was being considered for possible eviction from local authority housing.

The Equally Well project has introduced the central role of lead worker who assumes primary responsibility for coordinating the interventions of statutory services and supporting individuals and families to participate in this process. The impact of the role of the lead worker has been significant and appropriate services and support have now been identified and accessed in a meaningful way for the family. The Services engaged include:



At present the mother has received her initial assessment through the drug and alcohol service and is waiting to begin a detoxification programme. She has had a formal psychiatric assessment from the local Community Mental Health Team and her housing situation is being reviewed. Her youngest child is being seen by the specialist Young People's Service to address any issues and offer advice and support. The lead worker concept has benefited this client greatly due to the ability to co-ordinate care and support with little bureaucracy and time constraints.

Other initiatives aimed at supporting families with complex needs have benefited the family, including the Nurture Project. Nurture groups aim to bridge the gap between home and classroom learning environments to support vulnerable children with social, emotional and behavioural development needs. This is carried out by providing the children with a safe base within the school and building trusting relationships with reliable adults. The nurture group offers friendship and support for parents, as well as assurance that they will be respected and valued and that their child will be helped. Interagency involvement for children in the Nurture Group is an effective way of supporting both the children and the staff. Liaison and joint working with allied health professionals, social workers and education professionals are key components to successfully meeting the children's needs. The impact of the project on the family has been very positive. The youngest child's ability to relate with other children has improved and he has increased attendance at school.

Further targeted support has been made available to the family through Almondbank House, Perth. This facility offers intensive family support, residential and respite care, educational provision for primary pupils requiring additional support and dedicated child protection facilities to vulnerable children and their families. In other Councils, such provision is generally delivered from a number of centres but Almondbank House was purpose designed in 2008 to provide all these facilities under one roof. Working together we are delivering a wide range of services from Almondbank House, with the Community Support / Residential - Social Work Early Years Team, Primary Behaviour Support, Barnardo's and Hopscotch (who work with children affected by parental substance misuse). Parent to Parent, Children First and other visiting specialists, such as psychologists, will shortly have a base at Almondbank.

A shared administrative support team is permanently based there. It also provides an up-to-date interview suite for children undergoing joint Police / Social Work Child Protection investigations, and case conference facilities.

Prevention and early intervention

In Perth and Kinross partners work together to effectively anticipate problems and take action in the consensus that prevention is demonstrably better than cure. Our focus is turning to early intervention and providing services specifically designed to promote wellbeing. Bounce Back is an example of an initiative where the focus is on helping adults, children, families and schools to develop a stronger sense of wellbeing and to be more resilient, confident and successful.

Through the programme, staff learn to help their pupils develop resilient attitudes and behaviour to the challenges they face in terms of confidence and wellbeing. This is especially important for vulnerable children such as in this family who have complex needs and face a variety of challenges on a daily basis. It is a comprehensive programme that is designed to be carried out throughout primary school up to S2 with key concepts being revisited at different ages. Bounce Back includes many cross-curricular links and emphasises active and cooperative learning. Pupils learn the life skills of resilience while pursuing many other aspects of the curriculum.

Working with young offenders is another example of where a service that concentrates on preventative work can support young offenders like the older son. This can be both pre-sentence as part of a structured programme and where the offender was subsequently sentenced to a period of statutory supervision. Interventions can support a flexible pre- and post- sentence disposal developed in response to difficulties many younger offenders experience in complying with the terms of traditional probation orders. A previous 'Right Track' scheme which was fully operational in Perth and Kinross for over 18 months was successful with 90% of young people who were subject to 'Right Track' support satisfactorily completing their sentence. Criminal activity significantly reduced during periods when young people were subject to Right Track support and there is clear evidence of changes in their thinking concerning the 'normality' of criminal behaviour. Evaluation of the project so far has indicated significant improvements in personal and behavioural areas such as substance misuse, education/employability, lifestyle/ life skills, attitude to offending, and thinking and behaviour.

Empowering families to take forward their own solutions

We work with families to help build resilience and independence, recognising their capacity and resourcefulness and what they can do for themselves. Supporting individuals to get back into employment helps increase their confidence and motivation and empowers them to improve their situation. For example, we have put in place a community flat to engage with families suspicious of working with public services. Whilst run by the Council's Children and Family Services, other agencies including health visitors, education and community learning use it as a base to engage with potential service users and benefit from the relationships built up in the

community by the core staff. Individual education packages are provided for young people as an initial step in supporting them back into school. Advice and guidance, parental discussion groups, healthy living initiatives and the opportunity to acquire new skills, are all available at the community flat. The flat is seen by families as a community resource building community spirit, and the activities have helped to build confidence and self-esteem. Better relationships have been established with public services, especially schools and social work.

The Health and Social Care Academy is another example of an initiative that empowers people to improve their circumstances. The Academy provides a pre-employment introduction to health and social care work for people who are experiencing long term unemployment and would consider working in this field. It is a partnership involving NHS Tayside, Perth & Kinross Council, Perth College, Job Centre Plus, and Skills Development Scotland. Around 70% of the students who attend the Health and Social Care Academy have gone on to gain and sustain employment. The daughter (20 years old) came to the academy with a history of attendance at different employment schemes and long term unemployment since leaving school. Her personal goal was to gain employment in a care setting. She had applied for many jobs in this area, but did not have any experience or qualifications to help her move on. She successfully completed the full pre-employment programme and achieved work-orientated qualifications to support her in achieving her goal. The daughter also completed a series of placements to extend her learning. Her achievements were recognised at a graduation ceremony held at Perth College and she has been employed for over a year as a member of staff in Care at Home Services.

Social Care and Health - East Renfrewshire

East Renfrewshire Council and NHS Greater Glasgow and Clyde took the decision to create a fully integrated Community Health and Care Partnership in 2005. The CHCP has a single Director accountable to both the Chief Executive of the Council and to the Chief Executive of NHS Greater Glasgow and Clyde. The Director is on the Council's Corporate Management Team and the Senior Management Team of the NHS Board.

There is a Management Team responsible for integrated services for children and families, community care services and criminal justice. Senior Managers can be employed by either the Council or the NHS. The entire Social Work Department is managed within the CHCP as well as the majority of community health services. They also are responsible for the prescribing budgets for local GPs and for the contracts with local GPs, dentists and pharmacists.

There are a number of advantages to this arrangement, although clearly it is not without its challenges. The advantages however, it is felt, significantly outweigh the challenges:

- Care pathways are developed from a customer/patient perspective not along organisational boundaries. For example, there is one senior manager responsible for older people services – from home care to district nursing to older people’s mental health services.
- Close relationships with local voluntary organisations and community groups – essential for developing community capacity and networks of support.
- Close relationships with other Council Departments – essential for truly collaborative working to promote health and wellbeing in its widest sense.
- No dislocation between children and families services and adult community care – particularly important when working with vulnerable families.
- Developing strong relationships with primary care enabling us to cluster services around this “universal” provision – the family doctor.
- Significant savings in management / accommodation and back - office costs.

Community Safety - Fife

In March 2007, in a pioneering initiative, Fife Community Safety Partnership brought together a range of services in shared offices at the **Safer Communities Centre** in Kingdom House, Saltire Centre, Glenrothes.

The Centre enables staff to work together on a day-to-day basis, undertaking joint visits and providing a ‘one stop’ service on many community safety issues. This has enhanced the capacity of partner agencies to reduce crime and promote community safety across Fife, as demonstrated by a range of positive outcomes.

The Centre accommodates over 90 staff from the following teams including:

- Partnership & Policy
- Community Analysts
- Safer Neighbourhoods (Operations)
- Fife Fire & Rescue Service
- Fife Cares Home Safety and Home Security Service
- Housing Investigation
- Night-time Noise
- Alcohol & Drug Partnership

Partnership staff co-ordinate the delivery of community safety outcomes in Fife’s Community Plan and have delivered a range of successful initiatives, including:

- Europe’s most extensive town centre CCTV system
- The award winning *A Mixed Fife - A Richer Life* anti-racism campaign
- The extensive *Fife Cares* programme, providing free home safety and security equipment to vulnerable residents across Fife
- The joint agency *Safer Neighbourhoods Team* to tackle antisocial behaviour

Co-location promotes more effective case management and information sharing and ensures that partner agencies have access to up to date information so they can provide quick and effective responses to community safety problems across Fife.

A good example is Victim Support Fife who has direct access to Police systems and colleagues from various teams including the Housing Investigation Team and Night Time Noise Team. This has enabled Victim Support staff to improve referral waiting times from two weeks to less than 48 hours.

Government Ministers and partnerships throughout Scotland have visited the Centre – all keen to promote a similar approach.

Development of Strategic Waste Management Approach (Clyde Valley Shared Services)

Following the initial publication of the Clyde Valley Review, North Lanarkshire Council was appointed Lead Authority for the delivery of the Waste Management element which addresses shared use of new waste treatment and disposal facilities; joint arrangements for recycling, including standardisation of individual authority practices, where feasible, to make best use of existing or developing plants; and engagement with the Scottish Government on the potential funding of a Clyde Valley wide solution. This is an area where there is potential for significant savings – particularly due to the impact of landfill tax which will rise to £80 per tonne for active waste by 2014.

Following analysis of options a recommendation has recently been made to participating Councils that all future major waste procurement activities should be brought under the umbrella of a Clyde Valley Municipal Waste Treatment and Disposal Entity. The first stage analysis estimated that up to £21M in cost avoidance could be achieved across the Clyde Valley by 2017-18 as a consequence of moving to a single delivery body for waste treatment and disposal through economies of scale and opportunities for bulk purchasing. The next stage will be the development of a detailed business case which will examine the potential benefits of the establishment of the Entity and the creation of a single waste strategy for the Clyde Valley. It will also include a further detailed examination of the potential benefits of including waste collection services in the scope of the new delivery entity.

Initial savings of up to £6M pa (10% of current collection costs) have already been identified resulting from route optimisation, changes to working patterns and charging for services.

In addition it has been found that there would be further benefit in moving to a single performance and management accounting format to allow benchmarking and direct business management.

Analysis of options related to Trade Waste activities; the potential to optimise the performance and costs of Household Waste Recycling Centres (HWRC) and consideration of associated waste streams such as WEEE, Street Sweepings, Abandoned Vehicles, etc will also be undertaken.

The approach is similar to one which has been operational for some time near Manchester and has been proven to work – the Greater Manchester Waste Strategy. This had objectives to achieve the landfill directive targets for biodegradable waste and achieve 33% recycling/composting by 2010 and 50% by 2020. The initial target was achieved in 2008/9.

Ayrshire Economic Partnership

The Ayrshire Economic Partnership's underlying aim is to deliver positive benefits to the Ayrshire & Arran area. They are a collaboration of business leaders, and senior representatives of the three Ayrshire Local Authorities, Ayrshire Chamber of Commerce and Industry and Scottish Enterprise. Their aim is to provide strategic direction for the sustainable economic performance of Ayrshire and Arran, by supporting key industry sectors. They have recently agreed a Statement of Commitment which capitalises on the attractive rural, coastal and urban environments, world class golf courses and sailing, the renowned culture and heritage of the area and high quality food, drink and hospitality. The purpose of the Statement is to grow the tourism sector and ensure that through collaborative work it makes an increasing contribution to the economy and communities throughout Ayrshire. The strength of the partnership its focus on collaborative working across local authorities and the private sector with a common focus.

Children's Services (SOLACE Portfolio Holders providing evidence)

In 2009, the Association of Directors of Social Work (ADSW), the police Violence Reduction Unit (VRU) and YMCA pooled best practice knowledge to develop a hybrid model of best statutory and community engagement practice to target very vulnerable young people who are involved in offending. The model combines a Danish-based, multi-agency, statutory referral group approach with effective Scottish YMCA community engagement methods. The potential for re-engaging ordinary residents with more challenging young people is being tested, creating life changing relationships through skill sharing and long-term mentoring. Appropriate support for mentors is ensured through strong connections with locally based professionals at the multi-agency referral group. Best use of resources is sought through identifying the likelihood of future offending and violent behaviour using a unique assessment, designed in partnership by professionals and academics. Whilst underpinned by expertise, this tool is time efficient, unobtrusive and simple to complete.

Three two-year pilots, called 'Plus 1', are in process across Scotland, supported by the steering group and funded by the local authority, the VRU and the Scottish Government. Funding covers only one Youth Work post in each area and also the research costs (both 'practice' and 'value for money' is being evaluated independently). Each pilot area has successfully engaged and trained between 15 and 20 local people to deliver mentoring relationships. The interim report indicates a significant improvement in offending behaviour, willingness to co-operate, improved relationships and involvement in positive community activities. In one area, no further offending has taken place by the young people involved. At an organisational level, there has been an osmosis of strategic and practice knowledge between the statutory and third sector. The project received peer recognition through the Scottish Mentoring Network, winning the award for the 'Most Exciting Project' in 2010. A full evaluation will be available in May 2011 and will also consider whether the methods used have relevance across the different service groups, thereby informing the wider 'transformation of services' agenda.

East Dunbartonshire's Delivering for Children and Young People Partnership (DCYPP).

DCYPP was established by merging the former children and young people's planning group and Child Protection Committee (CPC) and has now been formalised as one of five Themed Partnerships reporting to the Community Planning Partnership Board. The partners involved include Council services such as Education, Social Work and Housing, working alongside colleagues from Health, Police and Scottish Children's Reporter Administration.

Over the years, partners have worked together to develop new services such as parenting programmes, family support, family learning and health promoting schools; and to reconfigure existing services, for example, school nursing. Working together has involved joint self-evaluation, identifying local needs, agreeing shared priorities and developing and resourcing joint plans, in response.

This partnership approach has extended to improving the integration of practice processes, based on the principles of Getting It Right for Every Child, and extending to the breadth of our work with children, young people and their families, including child protection.

Source (1): [The Future of Public Services in Scotland – SOLACE \(Scotland\) strategy paper published February 2010.](#)

Source (2): [After the Downturn – CIPFA/SOLACE Paper published December 2009.](#)

Source (3): [Choices for a Purpose – Report of the SE Budget Review Group published May 2007.](#)

Source (4): [Improving Public Sector Efficiency – Report by the Auditor General for Scotland and the Accounts Commission published February 2010.](#)