## LOCAL GOVERNMENT AND REGENERATION COMMITTEE

## PUBLIC SECTOR REFORM AND LOCAL GOVERNMENT

## SUBMISSION FROM HIGHLAND COUNCIL

The Highland Council welcomes the opportunity to respond to the Committee's enquiry.  The response set out below was approved at the meeting of the Highland Council on 9th February 2012.

**Public services reform and local government: overall remit for the inquiry**
**To examine, reflect on and report on the current situation in relation to public sector reform as it affects local government in Scotland and its delivery partners.**

Response: There needs to be clarity on whether the scope of the inquiry is for public sector reform or public services reform; both terms are used in the remit.  The latter widens scope and includes those organisations providing public services from either the private or third sectors.  Including these sectors would be useful given the inquiry's interest in partnerships, outcomes, performance measurement, benchmarking and new ways of delivering services. These apply to all those providing public services, whether or not in the public sector.

The remit focuses on examining the current situation, but the questions tend to focus on how to change current arrangements.

**Objectives for the three short inquiries**

**Strand 1 – Partnerships and outcomes**
**To examine the on-going development of community planning partnerships and the community planning process and assess how these could be built upon to support outcome-based approaches to service planning and delivery in local areas.**

**Key questions for this strand of the inquiry:**

**1.     How could councils better integrate their partners into the process? How could the degree of commitment to the process amongst other community planning partners be improved? How can any legislative or administrative barriers that make partnership working more difficult be overcome?**

Response: Engagement for partners sometimes can be difficult to resource if they cover more than one geographic Community Planning Partnership (CPP).  Most public bodies operate in geographies which are not co-terminus. For Councils the challenge is to ensure the right partners at the right level are involved in the appropriate forums for policy development and review and for agreeing joint action and resources.  Those attending partnership forums need to have enough delegated authority to contribute appropriately.  Gaining commitment to the partnership process is currently voluntary and negotiated, with no formal means of redress if one partner

feels another is not contributing appropriately or performing effectively. This is enabled because each partner has different reporting and performance accountabilities and separate organisational governance arrangements.

There are legislative barriers to partnership governance that can hamper the proper scrutiny of partnership performance.

In Highland attempts at partnership and joint governance have been made through the use of joint committees for some services; but these have had to operate as synchronised meetings of Councillors and Health Board members. This has been used for joint governance and scrutiny of children's' services and for adults with community care needs. The third sector has been represented on these joint committees although on a slightly different basis and with changes over time.

While Section 57 of the Local Government (Scotland) Act 1973 confirms that a Joint Committee can include persons who are not Members of the appointing Authority, at least two thirds of the members appointed to any such Committee must be Members of that Authority. This does not enable equal weight to joint committees in terms of membership (if that is required) Similarly, while elected members can serve in a decision making capacity as members of other organisations, their duties are to that organisation and are separate and distinct to their duties to the Council so they cannot always represent Council views on other organisations' boards.

In the move to the integration of services for children and for adults with care and support needs in Highland with effect from 1.4.12, revised governance arrangements are being developed. Further information on these can be provided to the Committee if required.

A review (including legislative review) of governance arrangements around the achievement of outcomes would be beneficial, especially if this can widen the scrutiny that local elected members can bring to ensuring good public services locally. An opportunity exists to try out new partnership governance in this way through new pathfinder arrangements for community safety, in support of the transition to a single police service and single fire and rescue service for Scotland. Highland Council has made an application to be a pathfinder.

The introduction of the Single Outcome Agreement (SOA) has helped to focus all partners on the national outcomes to achieve together. Improvement in performance across the partnership, as reported through SOA annual performance reports, can be seen but at an incremental level. The Christie Commission reported that incremental improvement was no longer sufficient and that a step change is required to achieve the outcomes required given the restrictions on public spending.

In responding to the Christie Commission in 2011, Highland Council proposed that structural reform would improve democratic representation and accountability for public service performance and expenditure. Structural reform should not be ruled out as means of improving community planning effectiveness, particularly in terms of preventing negative outcomes for people and communities and in supporting the further integration of front line services. The proposals made in the earlier response remain relevant for this Committee's inquiry and include:

- Reviewing the number of local authorities and the number of Councillors;
- Reviewing the number of Health Boards;
- Integrating the Scottish Ambulance Service into Health Boards;
- Integrating health and social care services (this is being developed with NHS Highland for children's services and for adults with health and social care needs, using a single lead agency model);
- Transferring the responsibilities to local authorities for economic development (with a joint regional board for governance over strategic functions) as an alternative to centralising economic development functions;
- Reviewing the geography and accountability for the Criminal Justice Authority (currently not aligned to community planning partnerships);
- Reverting Regional Transport Authorities to being strong voluntary partnerships (and covering the Highlands and Islands for Highland Council's interest);
- Reviewing land and environmental bodies to improve local accountability, to be more accessible to customers and located closer to customers;
- Developing a single external scrutiny body to accompany a reduction in individual agency external scrutiny and a move to external scrutiny of partnerships and their achievement of outcomes;
- Reviewing the purpose and functions of Community Councils;
- Re-visiting non-devolved areas.


**2.     How can local authorities and their partners move further towards real, integrated working?**

Response: The value of doing this must first be recognised, involving putting the needs of the person or community before the needs of the organisation. Critical reflection and honest self-assessment with partners about how services are responding to need should identify where further integration can deliver benefits This could be supported (or if necessary driven) by appropriate Government and external scrutiny and by sharing lessons learned from the experience of integration across the country.  Strong leadership is also required within all organisations to ensure an agreed vision and agenda for change which is consistently and strongly communicated to all employees and stakeholders to ensure the necessary change is achieved.

Allowing local solutions and models to be tried out should be supported rather than having a standard approach across the country given the different operating contexts that exist. The status quo should not be supported by Government.

**3.     What steps would facilitate the sharing of budgets in pursuit of shared outcomes?**

Response: Steps to facilitate sharing of budgets include:

- focus on the people receiving services;
- clarity on the outcomes to be achieved by partners – on what needs to be done;

- clarity on total resources available or needed for particular services and communities across partners (there are currently different systems in use across partners);
- an assessment of how sharing resources could bring benefits;
- an assessment of which partner may be better placed to deliver the service if more than one is currently involved;
- having the right shared governance arrangement to be accountable and transparent for the spending of public funds;
- jointly assessing and managing risks to sharing budgets;
- having an approach to manage the losses (real or perceived) in organisations arising from sharing resources; and
- the provision of change funds from the Scottish Government which are there to provide an additional resource to deliver the 'prevention agenda' while allowing demand led services to be maintained, at least in the short/medium term.

**4.     How can the partners further improve on the progress that has been made and overcome the remaining challenges on engaging communities and voluntary sector organisations in the process?**

Response: The Committee might want to specify the remaining challenges it feels exist on engaging communities and voluntary sector organisations.

Community engagement, partnership working and leadership are assessed as part of the Audits of Best Value and Community Planning (Best Value 2 (BV2)) audit process for local authorities. Improvement actions will arise from that audit if weaknesses are identified. Good practice in this area could be shared either from Best Value 2 audits on community planning or through the Improvement Service.  An assessment of partnership performance is not conducted however across the CPP. The external scrutiny of partnership performance, including community engagement and the contribution of voluntary sector organisations should be developed; however this would need to avoid duplicating current external scrutiny of individual partners.

A range of methods for engagement are used in Highland, with good practice found through the BV2 audit, and voluntary organisations are represented in community planning arrangements as well as in public service delivery. An area for particular development with the third sector is around support for CPPs in building capacity in communities and with some people in particular circumstances to be able to do more to achieve positive outcomes for themselves.

**5.     How can the community planning arrangements be adapted and developed to promote outcomes-based and preventative approaches?**

Response: CPPs could do this through the evolution of the SOA process and from their learning from particular policy approaches including Getting it Right for Every Child. The move to integration of services for children and for adults with care and support needs in Highland are both examples of promoting outcomes-based and preventative approaches. This needs to be considered in the relevant partnership forums of the CPP.  A key challenge comes in shifting more resource into

preventative services while demand for other services continues and budgets are not increasing in real terms. As noted above Change Funds can play a valuable role.

**6. How is the work of delivery on SOA outcomes managed, coordinated and driven through the various community partnership structures and agreements? How could Single Outcome Agreements be improved to deliver on community planning targets?**

**7. What is the purpose of a Single Outcome Agreement in assisting the delivery of improved outcomes? How are local Single Outcome Agreements developed, and how do they relate to national priorities?**

Response: The purpose of the SOA is to show how CPPs will contribute to the achievement of the national outcomes set by the Government, but interpreted for the local operating context. The format of SOAs relates entirely to the national priorities. In Highland the SOA was developed in the CPP, with performance measures reviewed annually and reported to the Scottish Government. Although there are guidance, SOA performance templates and a menu of local indicators to use, the content across CPPs varies and there has been limited feedback from Government on performance; although Government Directors have a place on every CPP and feedback is now improving. For Highland the SOA content is comprehensive. The CPP is currently reviewing the SOA for 2012 to take into account the Government's priorities for economic growth and to focus more on preventative approaches.

The work of the SOA is managed and coordinated through different partnership forums and structures for e.g. community safety and public protection, the environment, the economy, for children's' services and for adults with care and support needs. A CPP Performance Board (comprising Chief Officers and chairs / political leaders) provides direction for the SOA and considers performance against it along with reviewing and challenging partnership arrangements to support it. Any change in direction, resources or working arrangements requires approval within individual partner organisations, given their different accountabilities and governance arrangements.

We understand that community planning is to be subject to a detailed reviewed in 2012 by the Scottish Government in association with Cosla and SOLACE.

**8. How could local authorities and other public bodies contribute more to influencing and improving outcomes in their area?**

**9. How can arrangements, processes and accountability be improved?**

Response: It should be recognised that achievement of local outcomes will be influenced by national policy, socio-economic changes more widely and international events. Local CPPs operate within the opportunities and constraints these provide.

CPPs should be able to critically reflect on how the partnership is performing against the outcomes it has set. An honesty and acceptance of where things are not working, as well as recognising successes, has enabled change and a move to more integration of services in Highland for children and for adults with care and support needs.

The extent to which CPPs contribute to national outcomes requires better external scrutiny; although this would require a change in focus and resourcing of the current regime for external and Government scrutiny of public services, especially for Council services which continue to experience high levels of external scrutiny.

See the response to question 1 above regarding the improvements to joint accountability and governance. See the response to question 4 above regarding people and communities being supported to achieve outcomes for themselves.

**Strand 2 – Benchmarking and performance measurement**

**To examine the development of work that has taken place over the last two years in relation to the development of benchmarking and comparative performance data and cost measurement and assess how it can contribute to the performance of local authorities in Scotland.**

**Key questions for this strand of the inquiry:**

**1. What are the main challenges (cultural, technical, geographical or other) in developing performance measurement and benchmarking systems for local authorities across Scotland?**

Response: Challenges might be:
- agreeing what to measure especially if the measures are to be used in every local authority where operating contexts and relevance varies;
- the sources of data to use (especially where national surveys are relied upon but the sample size is insufficient to be valid in small or northern local authorities);
- how best to verify performance data gathered (different collection and checking processes);
- how the performance information is analysed and used (comparisons across all 32 local authorities may not be helpful without understanding their operating context and policy choices).

It should be noted that local authorities are audited in their approach to performance measurement, management and public reporting. This forms a part of the Annual reports produced by Audit Scotland and as a key area for enquiry in Best Value 2 audits.

**2. To what extent has the work undertaken over the last two years by the Improvement Service, SOLACE and others contributed to developing a common approach to benchmarking across Scotland's local authorities?**

Response: The SOLACE project is aimed at understanding costs and efficiency better. Helpfully the SOLACE benchmarking project is considering 'families' of local authorities for comparison which should take local context into account better and be more meaningful in terms of identifying where improvement might be needed. Benchmarking has existed for some time through Audit Scotland's SPI process, where all Councils are compared against a core set of indicators and these are reported to the public. Other approaches to benchmarking are supportive too; for

example through professional associations and through self-assessment frameworks. Highland Council has adopted the Public Service Improvement Framework, supported by the Improvement Service, and that includes scoring how well performance is measured in terms of benchmarking, prompting its use more widely.

**3.     What technical or other resources are needed to continue and complete the development of recent work on benchmarking?**

Response: Local authorities will need to review their corporate performance frameworks to integrate the SOLACE benchmarking indicators. In Highland we will also amend our customer surveys to make sure we can supplement or improve on the data provided for particular SOLACE indicators which rely on national surveys (our sample size is better). The use of better local data should be encouraged. It should be noted however that the SOLACE project is focused on costs and efficiency and does not attempt to measure outcomes.

**4.     To what extent can the developing work on benchmarking be extended across community planning partnerships? How can data derived from benchmarking influence the future direction of community planning and the contents of future SOAs?**

Response: Benchmarking CPP performance can provide one way of understanding relative performance and highlight areas for improvement for a CPP, if considered sensibly and against CPPs operating in similar contexts. However, the SOLACE benchmarking indicators focus on local authority unit costs and customer satisfaction and partner bodies may already have something similar, for example comparing unit costs and satisfaction across different Police services and Health Boards. Comparing costs for back office services across partnerships may help develop a business case for more shared services and to measure any savings made from shared services put in place and similarly for any planning around integration of front-line services.

A practical difficulty may arise in trying to apply the SOLACE benchmarking indicators to partners or to the partnership as a whole and that relates to how indicators are defined and data are disaggregated. For example in the Highland CPP there was an attempt to understand the rate of sickness absence of staff in public services. Comparison across partners and understanding the scale was not possible because for some organisations the data was not available at the CPP geography and the way in which absence is counted varied across the partnership.

Considerable work has been done since 2008 on developing outcome indicators to support CPPs and their SOAs leading to the production of a menu of local outcome indicators for each CPP to consider. Further refinement and support to use and improve these indicators should also help CPPs understand where improvement should be prioritised.

In Highland we have found that the majority of performance indicators in the SOA relate to Council performance (accounting for 124 indicators out of 181 in total for nine partners). This reflects partly the breadth of services provided by the Council; although the imbalance has been noted in the CPP.

**5. How can the development of benchmarking help improve the performance of local authorities in Scotland?**

Response: Benchmarking is one way of considering where performance is strong and where it needs to improve based on comparing performance with others, if it is applied sensibly. It should encourage seeking out best practice as a way of identifying improvements.  It is not a new practice however given the history of SPIs, encouragement by professional associations, the focus on improvement through Best Value requirements and as supported through self-evaluation frameworks such as the Public Service Improvement Framework which seeks evidence of benchmarking in place. External scrutiny bodies also use the approach based on comparator authorities.

**6. Should the Scottish Government have a role in providing national impetus to the development of benchmarking and performance measurement?**

Response: It is difficult to see how this might add value to the processes described above, i.e.; external scrutiny role, support from the Improvement Service (especially in robust self-assessment), SOLACE benchmarking, and professional association requirements.  The Government already supports the development of local outcome indicators and has designed a national performance framework and local authorities can refer to these for their performance measurement. One area of further support may be in the provision of data to local authorities from the Government where the data relies on national data sets.  This would be a more efficient process than each Council seeking the information separately.  It should be noted that local authorities will have local priorities set by its members and Council and performance frameworks need to reflect those priorities.  Not all performance is appropriate to be gauged at a national level or compared across all local authorities, for example where the performance relates to local priorities.

**Strand 3 – Developing new ways of delivering services**

**To examine progress in relation to the development of shared services and other innovative ways of achieving economies of scale and harnessing the strengths and skills of key public sector partners to deliver the best possible quality services in local areas.**

**Key questions for this strand of the inquiry:**

**1. How can cultural and organisational change be promoted to ensure that local authorities and community planning partners are able to work together to develop the kind of integrated services that are aspired to by local communities?**

Response: Partners need to agree what needs to change and why and then have a change plan in place to make it happen and see that through. This requires effective local political and officer leadership. If the need for change is not clear then structural reform could assist or the Government could provide clearer direction and set out its expectations explicitly.

The experience in Highland is that in many service areas there is a natural default among staff and members to involve partners in service change and design.

Maturity in partnership working is needed, along with effective leadership and robust self-evaluation, to see where further change or integration is required.

Understanding different organisational cultures could be supported by more shared workforce development and co-location across public services. Skills in collaborative working should be developed across the public service workforce.

**2.     How can the tensions between shared services creating savings through potential reductions in the number of staff involved and the economic impact brought about by any resulting job losses be resolved?**

Response: There needs to be an acceptance that one driver for shared services is reduced cost and that will potentially lead to reductions in staff numbers.  Reducing the workforce requires proper management and support for staff affected.  Another driver is an improvement in the service delivery.

The economic impact of reducing public spending and the public sector jobs has been quantified for the Highland CPP.  It has gathered evidence that around half of all employment in the region is supported by public spending (directly and indirectly); so reductions in spending will have a disproportionate impact on local employment compared to Scotland as a whole. Further information can be provided to the Committee if required.

Reductions in public spending need to be understood in terms of the local socio-economic impact and one way of mitigating against negative impacts is to locate services, including shared services, where they can support local economies and communities at risk. This is especially the case for ICT enabled back-office services.

In its response to the Scottish Government's Consultation on Police and Fire Reform the Council has sought assurance that opportunities to base national services in the region should be considered, providing for example human resources and finance support from the Highlands for the new national forces.   The Council also supports the need for a fair distribution of front-line services for remote, rural and island communities.

**3.     How can any legislative or institutional barriers to developing shared and innovative service delivery models to their full potential be overcome?**

Response: Local partners should find local solutions to these issues and be able to seek Government support where that is required. If CPPs are not seeking to develop shared and innovative service delivery models the Government should provide clearer direction on this expectation.

In Highland this has been considered for the integration of services for children and for adults with health and care needs.  More information on the model being designed can be made available to the Committee if required.

**4.     Is there scope for further national shared services along the lines of the shared recruitment portal for local authorities, 'myjobscotland'?**

Response: Myjobscotland has been successful in delivering efficiency savings across the public sector and presents a model that can be developed further.  The

current project to develop a portal for statutory notices required for planning, licencing and highways presents a further significant opportunity to reduce costs for local authorities while improving the effectiveness of service delivery to communities and businesses. Government support to change legislation is required to ensure the benefits are fully realised.

Other examples of technology driven change include e-planning which has modernised the planning application process and enabled councils to reduce the cost and time involved in administering applications. Other opportunities for similar regulatory services such as Building Standards and Licencing should be developed using common technology platforms and processes across all local authorities to realise economies of scale from procurement and development of ICT solutions and the reduction in cost of administration of applications.

The work currently being undertaken to develop a National Broadband Plan and National Public Sector ICT Strategy has significant potential to create and encourage more collaboration in the design, procurement and deployment of technology with the potential to share across multiple public sector organisations.  The development of common ICT platforms will also enable collaboration and shared service delivery across organisational boundaries.  The development, through the Improvement Service, of the Customer First Initiative is a good example which has developed a CRM solution which is now used by the majority of local authorities in Scotland. There is potential to do this around other core systems running, for example, financial services, Human Resources and Payroll.

**5. What can be learned from elsewhere, for example from initiatives such as the Nottingham Early Intervention City or the Birmingham total place pilot?**

Response: The Council and NHS Highland are developing integrated services based on learning from earlier partnership working and are aware of the benefits of early intervention.  The pilots mentioned in England involved a useful approach in identifying people making a disproportionate demand on a range of public services and attempting to find a more effective and integrated response for them and for the public purse.

**6. How can innovative delivery methods for services and collaborative arrangements (as mentioned, for example, in the Christie Commission report) help to improve outcomes and tackle embedded social problems focused in defined geographical areas?**

Response: Outcomes cannot be achieved by one organisation working on its own; all relevant organisations need to be involved along with the service user or community affected. Without such collaboration there is a danger that efforts are duplicated and wasteful, less effective and costly. The arguments around demand failure show clearly that current working methods and investment are not addressing inequalities in particular communities. In Highland there is evidence not only that the gap in life expectancy between poorer and more affluent communities is growing but also that life expectancy is decreasing over time in some areas of concentrated multiple deprivation. This issue, and how best to tackle it, is currently under review in the Highland CPP and it is recognised that the CPP needs to move to an approach based on prevention and to refocus budgets and service delivery to achieve early intervention.

**7.      What scope is there for developing ways of delivering services, such as the personalisation of care, in order to mitigate the effects of shrinking resources while also promoting improved standards of care?**

Response: More people are choosing to receive services away from traditional, group- and buildings-based services such as day care centre services that are expensive to staff and to run.  There is an opportunity to work with individuals to identify what resources are already available to them and to build around these to provide a planned package of care which is carefully personalised to meet their needs.  The aim is always to maximise potential and to assist the individual to live a life that is as independent as possible, making adjustments to individuals' care packages as needs reduce or grow.  A reablement approach ensures that intensive services are targeted to those who require them in order to regain their ability after illness or a fall.

Increasing numbers of people are now opting to manage their own care and indeed the Scottish Government will introduce legislation during 2012 which do more to promote Self Directed Support.  National research and experience has shown that a personalised approach is able to make best use of available resources, enabling these to go further; also that financial savings can be made.

**Highland Council**
**February 2012**