



LOCAL GOVERNMENT AND REGENERATION COMMITTEE

AGENDA

9th Meeting, 2013 (Session 4)

Wednesday 20 March 2013

The Committee will meet at 10.00 am in Committee Room 5.

1. **Public services reform and local government: strand 3 - developing new ways of delivering services:** The Committee will take evidence from—

Ronnie Hinds, Past Chair, Society of Local Authority Chief Executives;

Mark McAteer, Director of Governance and Performance Management, Improvement Service.

Not before 10.45 am

2. **Public services reform and local government: strand 3 - developing new ways of delivering services:** The Committee will take evidence from—

Colin Mair, Chief Executive, and Mark McAteer, Director of Governance and Performance Management, Improvement Service;

Ian Crichton, Chief Executive, NHS National Services Scotland;

Dorothy Cowie, Director, and Hugh Carr, Head of Strategic Procurement, Scotland Excel.

3. **Public services reform and local government: strand 3 - developing new ways of delivering services (in private):** The Committee will consider the evidence received.

LGR/S4/13/9/A

David Cullum
Clerk to the Local Government and Regeneration Committee
Room T3.60
The Scottish Parliament
Edinburgh
Tel: 0131 348 5223
Email: david.cullum@scottish.parliament.uk

The papers for this meeting are as follows—

Agenda Item 1

Briefing from COSLA LGR/S4/13/9/1

[Local Government Benchmarking Framework](#)

Submission from the Improvement Service LGR/S4/13/9/2

PRIVATE PAPER LGR/S4/13/9/3 (P)

PRIVATE PAPER LGR/S4/13/9/4 (P)

Agenda Item 2

Submission from the Improvement Service LGR/S4/13/9/5

Submission from NHS National Services Scotland LGR/S4/13/9/6

Submission from Scotland Excel LGR/S4/13/9/7

connections

MEMBER BRIEFING

ISSUE 01 | 05/03/2013

Benchmarking for Improvement in Local Government

A new benchmarking project for local government in Scotland will be launched on 7 March 2013. The purpose is to help councils understand their performance and how other comparable authorities achieve their results. In a sense, each indicator is a question rather than an answer—it does not explain everything about councils and their performance, but helps to start the discussion about how services compare. This briefing is intended to provide elected members across Scotland with further background about the project, and why it is important.

Key messages

- Benchmarking will help us deliver even better local services for local communities.
- This radical, new approach will help us shift the focus onto efficiency, effectiveness and outcomes – away from processes and meaningless league tables.
- The Scottish local government family is taking ownership of the improvement agenda with this approach – demonstrating our ability and strong resolve to work together in new and innovative ways.
- Our councils represent diverse communities – there are huge variations in geography, population, levels of deprivation and community needs. That means the benchmarking data needs to be read in the round rather taking a simplistic view of one dimension such as cost.
- Benchmarking has an important contribution to make to public service reform, with the potential to help deliver better services for less money and to drive up outcomes for communities and individuals through comparison of best practice across Scotland.
- The benchmarking data will be launched at the COSLA Conference and will help councils identify where there is variation in service delivery, understand why this occurs, and learn from best practice so we can change and improve.
- The launch is just the start – over the coming months the project will look closely at the outcomes in our communities, share and build on best practice together, and look at comparisons across comparable social and geographical characteristics to embed the practice of benchmarking as a tool to drive improvement.



COSLA
Verity House
19 Haymarket Yards
Edinburgh EH12 5BH

Contact us
e: connections@cosla.gov.uk
t: 0131 474 9200
f: 0131 474 9292

The Local Government Benchmarking Project

Councils are absolutely committed to improving services and outcomes for their communities. All want to know that they are delivering effectively for their communities, and if others have made performance improvements, they want to know about these and understand how to emulate them. To do that, they also know that they need to understand their own performance, and how that compares with others.

Benchmarking is not a new concept, and for many years, services have shared formal and informal data about their performance and processes. Regardless of whatever particular definition is used, the process generally includes the following core elements:

- **Benchmarking is about understanding how a service or organisation performs in comparison to others;**
- **Benchmarking is a systematic process that needs to be planned, resourced and carried out with a degree of rigour;**
- **Benchmarking is a learning process to understand current performance levels, how well others perform in the same service area, and why some services or organisations achieve better performance results;**
- **Benchmarking should support change and improvement based upon knowledge about best practice.**

Getting the most out of that approach requires good systems, useful data, and a strong learning and sharing approach. This has always been technically challenging because it means ensuring that all organisations make comparisons on a like for like basis. To help, SOLACE (The Society of Local Authority Chief Executives) has worked with the Improvement Service and councils to develop a new benchmarking framework for Scottish Local Government.

The project has helped councils rally around a consistent set of indicators, collected in a consistent way, and compared with councils that have similar profiles and issues. Importantly, the project is also owned and initiated by councils themselves- meaning that councils are taking control of the information that is important to them.

The project is based on 55 indicators across major service areas. Each can be collected on a comparable basis across all 32 councils and has been chosen because it is:

- **Relevant to services and to councils;**
- **Unambiguous and clearly understood;**
- **Underpinned by timely data;**
- **Accessible with clear guidelines on its application;**
- **Statistically and methodologically robust;**
- **Consistently applied across services and councils;**
- **Cost effective to collect.**

Over the last two years SOLACE has been working to finalise the indicators and develop information systems to support and develop them over time. The full list of indicators can be viewed at:

www.improvementservice.org.uk



COSLA
Verity House
19 Haymarket Yards
Edinburgh EH12 5BH

Contact us
e: connections@cosla.gov.uk
t: 0131 474 9200
f: 0131 474 9292

Why is this project important?

The Scottish Local Government Benchmarking project shows that local government is taking control of its own improvement.

Council Leaders have endorsed the approach and have been very clear that having a local government led benchmarking framework is the right thing to do and that they take performance, one of the four pillars of public sector reform, very seriously.

That significant commitment means that the whole of local government has committed to drive change through benchmarking and to develop the framework over time. It has also meant that local government has been able to make the case for scaling back other management information that is less useful. COSLA has long argued for a more proportionate, risk based approach to performance and inspection. Yet most councils can still cite examples of performance indicators that they are required to collect but that in reality tell them very little about their performance. From 2013/14, the new benchmarking framework is already set to replace the Statutory Performance Indicators (SPIs) that councils were previously required to collect, with further rationalisation expected over time.

What does the data tell us?

Collecting the information is just the first stage in this journey. The real value of the project comes from drilling into that data to establish why there are differences in performance. This can be a complicated task, as performance is not as straightforward as simply ranking councils.

Local democratic choice and local context are important factors to take into account. The policies and priorities that a council makes, the expectations of local communities, and their social and economic context will all make potentially significant differences to the data. For example, if the children who attend local schools come from a deprived background then this will generate issues and demands on the service which will differ to those experienced in other areas where children may come from more affluent communities.

Variation on a specific measure can therefore happen, not because services are better or worse, but because councils may be seeking to achieve something different for their communities, or face different challenges. Therefore, while benchmarking can improve comparisons across areas, that does not replace the legitimate policy choices that a council makes.

Benchmarking data also has to be read in the round. Simply focusing on spend alone does not explain performance levels and outcomes. This means understanding the spend within major service areas and the context that those services operate within. Raw benchmarking data on its own does not answer all the questions but it will help councils begin to explore these issues and learn from good practice.

Where can I find the benchmarking information?

The benchmarking information will be launched at the COSLA and Improvement Service Conference and will be publicly available online from 7 March 2013 at www.improvementservice.org.uk.

There is an active interest in benchmarking information amongst elected members and parliamentarians, the media, and communities themselves. The project recognises that making performance information public is therefore important, but is doing so in ways that avoid misleading 'league tables'.



COSLA
Verity House
19 Haymarket Yards
Edinburgh EH12 5BH

Contact us
e: connections@cosla.gov.uk
t: 0131 474 9200
f: 0131 474 9292

Although councils are already experienced in dealing with these issues, a specific programme of engagement is therefore underway to encourage people to use the benchmarking data with the same sensitivity and accuracy as councils have used to gather the information. That process includes engagement with politicians and the media at national level.

The benchmarking website has also been specifically designed to support that process by:

- **Making it clear to non-specialists what each indicator helps explain and what it does not;**
- **Avoiding misleading 'league tables' and explaining why, at a high level, variation in council performance can occur for perfectly legitimate reasons;**
- **Ensuring that the presentation of the benchmarking results is standardised and effective;**
- **Helping manage key messages nationally and locally.**

Next Steps

Everyone with an interest in Scottish local government has a role to play in creating a culture in Scotland that recognises the significant efforts all councils make to improve, which is honest about where further improvement is needed, but that supports that improvement in a constructive way.

You can browse the benchmarking information at www.improvementservice.org.uk from 7 March. Many councils will also be undertaking some local analysis and reporting of key messages for their area.

The project will continue to progress during 2013. One of the key developments will be to explore benchmarking 'families'. This approach will help to make more accurate comparisons based on variables such as socio economic profile, geography, deprivation and other factors. COSLA will also call on the Scottish Government and Parliament to review and scale back other performance reporting requirements that do not add value.

Finally, benchmarking between councils is important, but the ambition is not to stop there. Across Scotland, there is agreement that public services need to focus on outcomes and reduce demand. These issues present new challenges for the types of information we need, and over time the objective is therefore to extend the project across community planning partnerships to reflect the integrated working that is taking place. This will be a complicated process, but it is the right path to take if we are to focus on the difference that public services make to communities, not simply the financial or other inputs and outputs that they achieve.

Further Information

For further information about the project, visit www.improvementservice.org.uk. You can also contact your council's policy and performance team to find out how the benchmarking project is being developed in your council.

For more information about the benchmarking project and its data, contact Mark McAteer (mark.mcateer@improvementservice.org.uk or 01506 775558).

Alternatively, please contact Adam Stewart (adam@cosla.gov.uk or 0131 474 9275) for further information about COSLA's approach to public service reform in Scotland.



COSLA
Verity House
19 Haymarket Yards
Edinburgh EH12 5BH

Contact us
e: connections@cosla.gov.uk
t: 0131 474 9200
f: 0131 474 9292

Local Government and Regeneration Committee

9th Meeting, 2013 (Session 4), Wednesday, 20 March 2013

2013 Scottish Local Government Benchmarking Overview Report

Introduction

Background and Purpose

1. This is the first overview report for the Scottish Local Government Benchmarking Framework. Scotland's councils have worked together to report standard information on the services they provide to local communities across Scotland. This information covers how much councils spend on particular services and, where possible, service performance. The key point is that all the information provided is in a standard and therefore comparable form.
2. This has taken a considerable amount of time and effort as councils do not have common structures or service configurations: each council has the structure and service arrangements it thinks most appropriate and cost effective in local circumstances. Equally, all councils already report their spending and performance locally but within locally developed and agreed frameworks. To ensure comparability across councils, it has been necessary to develop standard service definitions, and standard classifications for spending and performance. This remains a work in progress but the information now available is standard and comparable to a high degree of accuracy. (See appendix 1 for a full listing of the service categories and indicators within the framework).
3. The core purpose of the exercise is benchmarking: making comparisons on spending and performance between similar councils so that councils can identify strengths and weaknesses, learn from councils who seem to be doing better and improve their local performance. That definition of purpose makes three core points:
 - (i) It is important to compare like with like.
 - (ii) The focus is on variations in spending and performance that Councils can directly control.
 - (iii) The aim is improvement and more cost effective services across Scotland.
4. The first point is obvious but critical. For example, if the focus is on spending per pupil in primary education, rural and island councils have to maintain a large number of very small schools because they provide for small but highly diffuse populations. This is expensive. Urban councils have fewer but larger schools because they serve large, highly concentrated populations. Comparing cost per pupil between Glasgow and Orkney is, therefore, not comparing like with like.

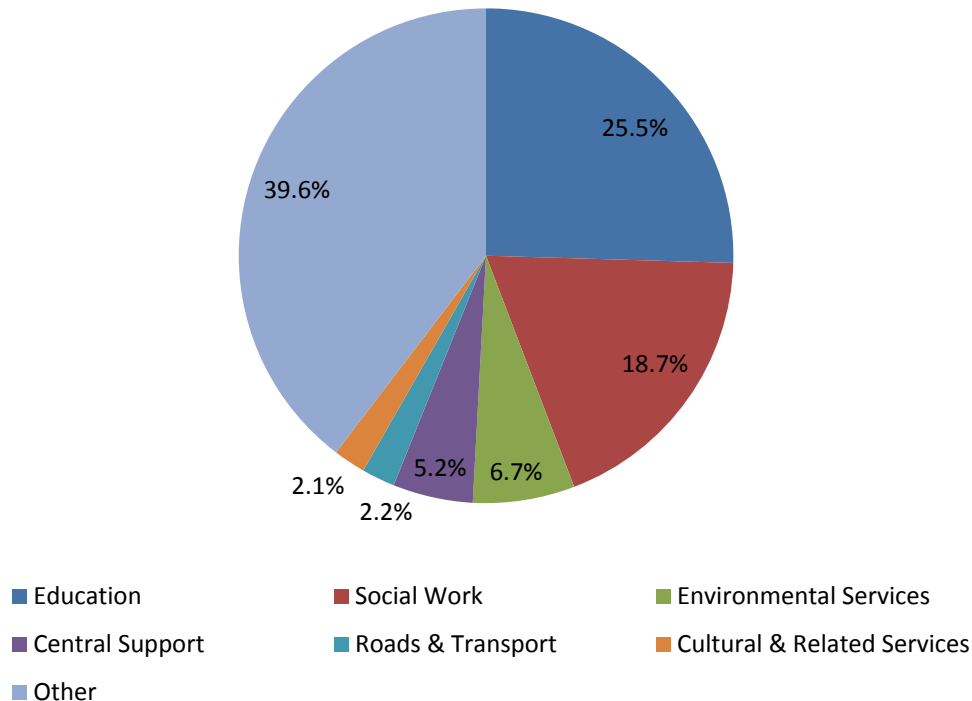
5. Equally, some councils have more pupils from a background of severe deprivation and disadvantage than others and Scottish and International analysis shows that these pupils tend to achieve less well at school. This relationship holds even where disadvantaged pupils attend the same school as more affluent pupils who are achieving highly. Comparing pupil achievement between councils with high levels of deprivation and councils with low levels of deprivation needs to take account of the difference between them.
6. This links to the second point: focusing on variation in spending and performance that councils can and should control. One way of doing this is to group councils in terms of factors they cannot directly control (e.g. population sparsity or multiple deprivation) and making comparisons within these groups rather than between them. For example, grouping the island councils together to compare costs per pupil in education takes account of the uncontrollable factor, and means that differences are more likely to be caused by factors councils can and should control. The same applies to pupil achievement in areas of high deprivation.
7. Grouping this way is, in essence, a way of ensuring the “comparing like with like” principle. Groups can be created around a wide range of uncontrollable factors: size of Council, population distribution, population demographics, levels of deprivation, etc. The aim is to maximise the chances of shared learning and improvement by making the most relevant comparisons of cost and performance. Different groups would be relevant for different service areas as the factors affecting cost and performance are different.
8. These proper concerns with “comparing like with like” need linked to the third point: improving the cost effectiveness and impact of local services by comparing with and learning from others. The core idea here is learning from “best in class”. Grouping councils can help to define the relevant “class” for making comparisons but it is important that they are not used so restrictively as to exclude useful learning and improvement. For example, if we group councils into four groups based on levels of multiple deprivation, then comparisons can be made within these groups. However, for educational achievement, some councils with low overall levels of multiple deprivation are achieving very good results with pupils from very deprived backgrounds. Although not statistically comparable with the circumstances of councils with overall high levels of multiple deprivation, there may be important improvement points to be captured by pursuing the comparison.
9. The point of comparing like with like is that this is more likely to lead to useful learning and improvement. However, that should not be a straitjacket or an excuse: if comparing between groups as well as within them is useful, it should be done. Where comparing across the whole of Scotland is useful, it should be done. The benchmarking framework reported here lends itself to any type of comparison councils, or citizens, wish to make. What it does not support is a crude “league table” approach: it would be as misleading to assess the performance of Councils with high levels of deprivation without taking account of that as it would be to explore the performance of Island councils without noting they are island groups with very distinctive population distribution.

10. One final point is important. Variations between councils will quite properly reflect the different priorities different councils have arrived at with and for the communities they serve. Council are elected democratic authorities that may quite legitimately have different priorities. Using standard measures of cost and performance in no sense implies councils should be standard: they should reflect the different needs and interests of the different communities they serve.
11. The purpose, therefore, is to create a framework that supports evidence based comparisons and, through that, shared learning and improvement. The indicators in the benchmarking framework are very high level indicators and focus questions of why variations in cost and performance are occurring between similar Councils. They do not supply answers. That happens when councils engage with each other to “drill down” and explore why these variations are happening. That provides the platform for learning and improvement. The framework is being made public to allow all interested parties to contribute to that process.

Benchmarking Framework

12. The framework is based on seven service groupings which cover the major services provided to the public, and the support services necessary to do that. Table 1 gives the service categories and the distribution of council spending between them for each of the two years covered by this report. The data covered by this report represents about 60% of the total spending of local government. The ‘other’ category in the diagram below represents those services not included within the benchmarking framework at this stage.

Proportion of Gross Revenue Expenditure by Service 2011-12



13. As can be seen, services to children (education, child protection and child care) and social work and social care to adults account for 44% of all local government spend. Despite some perceptions, the cost of corporate administration and the costs of democracy together account for around 5% of total spending.
14. To develop precise indicators of cost and performance for comparison between councils, these broad service categories are often divided into more specific sub-categories. For example, children's services divide into: preschool education; primary education; secondary education and child care and protection. A full list of service categories and indicators is attached (**See Appendix 1**).
15. For each category, standard indicators of spend and, where possible, performance have been developed. Spending has been standardised by expressing it as spending per standard unit (e.g. spending per pupil; spending per kilometre or road maintained; spending per residence for waste collection, etc.). These indicators have been standardised by application of rigorous protocols and provide a reliable basis for comparison between councils. Indicators of performance have proven to be more difficult.

16. For some services, well accepted measures of performance exist (e.g. pupil attainment at standard grade or higher level for secondary education). For others, no standard measures of performance are currently available (e.g. children's educational attainment at the end of primary school). For others again, performance is defined against policy requirements (e.g. percentage of older people with intensive needs receiving care at home). Finally, in some cases, community satisfaction with the service is used as the performance measure in the absence of other measures.
17. This reinforces the point that the benchmarking framework is a "work in progress". Developing standard measures of performance is expensive and time consuming, particularly if a new evidence base is necessary and, at this stage, the framework has sought to use what was available. In some cases, that is satisfactory: in others, further development is necessary. To minimise cost and duplication of effort, development work will be shared with inspectorates and regulatory bodies, who also require councils to collect prescribed information, to agree a core framework of performance measures that should be collected on an annual basis.

The Purpose of this Report

18. All of the information generated by the benchmarking framework has been placed in a dedicated website. It contains "dashboards" for each council showing movement on indicators across the two years covered, and a comparison with the Scottish average for all indicators. It contains all Scotland data for every listed indicator, and the development programme for strengthening the framework across the next year.
19. This report is an overview report and does not seek to replicate the depth and detail of the website. The focus is on:
 - (i) Trends across Scotland for the service groupings and key indicators covered by the framework for 2010/11 and 2011/12.
 - (ii) Factors shaping these trends across Scotland including physical geography, population distribution, size of Council and the impact of deprivation.
 - (iii) Identifying areas where variation is not related to extraneous factors and that councils can explore in more detail as part of their improvement and development.

Overall Pattern for all Indicators across Scotland

20. Only two years of standardised data are currently available within the benchmarking framework, and that is insufficient to establish trends in a meaningful way. However, Table 2 below summarises the average year on year variation for each indicator across Scotland. Details for individual councils can be accessed in the "Councils" section of the website.

Change between 2010-11 and 2011-12 Scotland Level

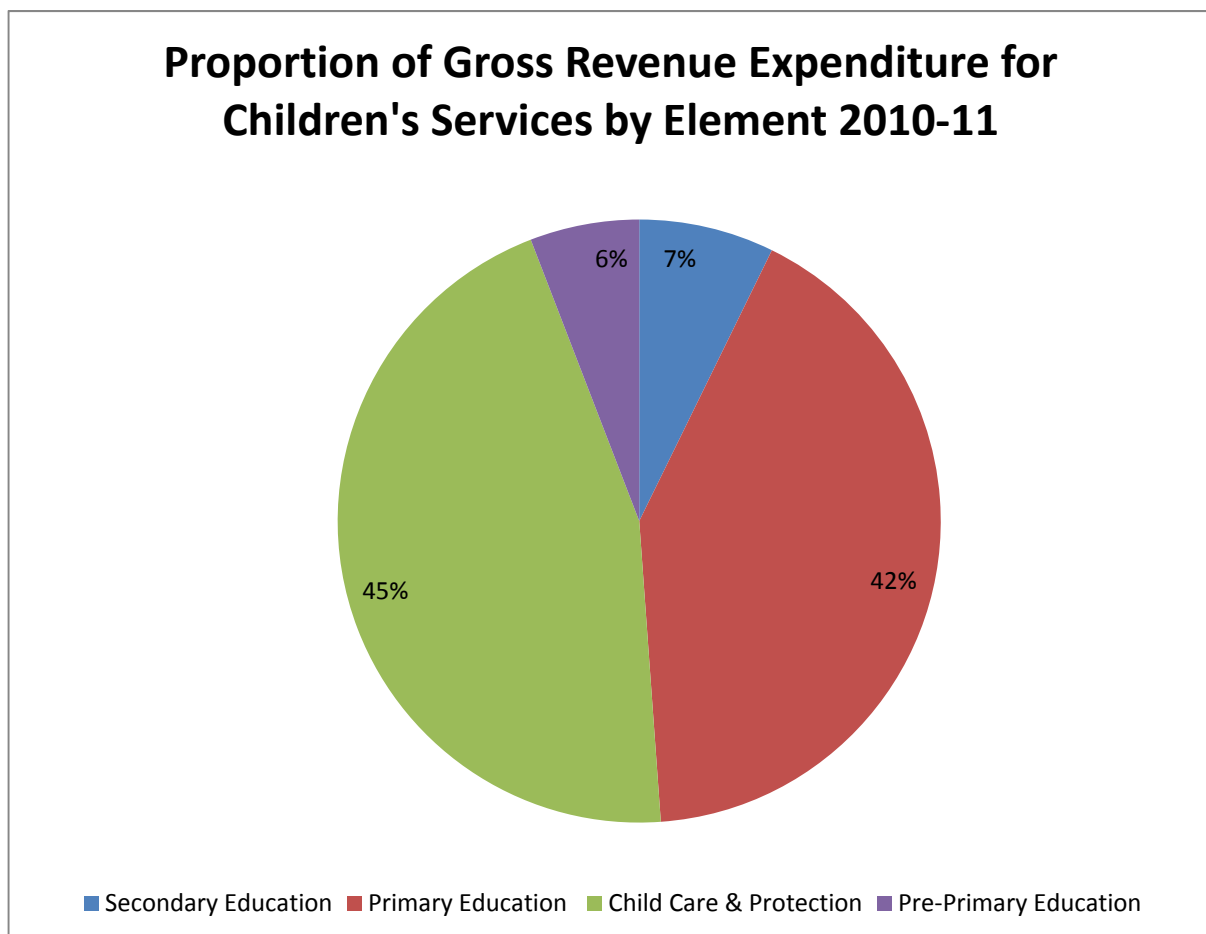
Data	Indicator Description	Scotland Level			
		2010-11	2011-12	change in value	change in value
Children's Services	CHN1 Cost per Primary school Pupil	4,868	4,792	-76	-1.6
	CHN2 Cost per Secondary School Pupil	6,433	6,321	-112	-1.7
	CHN3 Cost per Pre-School Education Place	3,360	3,091	-269	-8.0
	CHN 4 Percentage of Secondary Pupils in S4 achieving 5 or more Awards at Level 5	36	37	1	2.8
	CHN5 Percentage of Secondary Pupils in S6 achieving 5 or more Awards at Level 6	23	25	2	8.7
	CHN6 Percentage of Pupils Living in the 20% most Deprived Areas Gaining 5+ Awards at Level 5	16	18	2	12.5
	CHN7 Percentage of Pupils Living in the 20% most Deprived Areas Gaining 5+ Awards at Level 6	8	9	1	12.5
	CHN8a The Gross Cost of "Children Looked After" in Residential Based Services per Child per Week	3,012	N/A		
	CHN8b The Gross Cost of "Children Looked After" in a Community Setting per Child per Week	190.3	N/A		
	CHN9 Balance of Care for 'Looked After Children': % of Children being Looked After in the Community	90.9	N/A		
	CHN10 Percentage of Adults Satisfied with Local Schools	83.1	N/A		
Corporate Services	CHN11 Proportion of Pupils Entering Positive Destinations	88.9	89.9	1.0	1.1
	CORP 1 Support Services as a % of Total Gross Expenditure	4.6	4.8	0.20	4.3
	CORP 2 Cost of Democratic Core per 1,000 population	33,475	31,469	-2,006	-6.0
	CORP3a The Percentage of the Highest Paid 2% Employees Who are Women	39.5	41.2	1.7	4.3
	CORP3b The Percentage of the Highest Paid 5% Employees Who are Women	46.3	48.5	2.2	4.8
	CORP4 The Cost per Dwelling of Collecting Council Tax	13.8	13.2	-0.7	-4.8
	CORP5a The number of complaints of domestic noise received during the year settled without the need for	900	864	-36	-4.0
	CORP5b1 The number of complaints of domestic noise received during the year requiring attendance on site and not dealt with under Part V of the Antisocial Behaviour (Scotland) (Domestic Noise) Average time (hours) between time of complaint and attendance on site, for those requiring attendance on site	143	134	-8	-5.8
	CORP5b2 (Domestic Noise) Average time (hours) between time of complaint and attendance on site, for those dealt with under the ASB Act 2004	46.2	30.5	-15.7	-34.0
	CORP5b3 Sickiness Absence Days per Employee	0.58	0.59	0.00	0.7
	CORP6 Percentage of Income due from Council Tax Received by the End of the Year	9.8	9.3	-0.5	-5.1
Social Work Services	CORP7 Percentage of Invoices Sampled that were Paid Within 30 days	94.7	95.1	0.4	0.4
	CORP8 Home Care Costs per Hour for people Aged 65 or over	89.5	90.2	0.7	0.8
	SW1 Self Directed Support Spend on People Aged 18 or Over as a % of Total Social Work Spend on Adults	20.54	19.77	-0.77	-3.7
	SW2 Percentage of people aged 65 or Over with Intensive Needs Receiving Care at Home	1.6	3.1	1.5	96.8
	SW3 Percentage of Adults satisfied with social care or social work services	33.1	33.3	0.2	0.6
Culture & Leisure Services	SW4 Percentage of Adults satisfied with social care or social work services	62.1	N/A		
	C&L1 Gross cost per attendance at Sports facilities	4.66	4.18	-0.48	-10.3
	C&L2 Cost Per Library Visit	3.61	3.43	-0.17	-4.8
	C&L3 Cost of Museums per Visit	4.85	3.81	-1.04	-21.5
	C&L4 Cost of Parks& Open Spaces per 1,000 Population	36,448	34,237	-2,211	-6.1
	C&L5a Percentage of Adults Satisfied with Libraries	83.5	N/A		
	C&L5b Percentage of Adults Satisfied with Parks and Open Spaces	83.1	N/A		
	C&L5c Percentage of Adults Satisfied with Museums and Galleries	75.5	N/A		
Environmental Services	C&L5d Percentage of Adults Satisfied with Leisure Facilities	74.6	N/A		
	ENV1 Gross Cost of Waste Collection per Premise	84.34	81.06	-3.28	-3.9
	ENV2 Gross Cost per Waste Disposal per Premise	100.64	105.40	4.76	4.7
	ENV3a Net Cost of Street Cleaning per 1,000 Population	19,852	19,380	-472	-2.4
	ENV3b Street Cleanliness Index	74	75	1	1.4
	ENV4a Cost of Maintenance per Kilometre of Roads	7,291	6,211	-1,080	-14.8
	ENV4b Percentage of A Class roads that should be considered for maintenance treatment	30.2	30.5	0.3	1.0
	ENV4c Percentage of B Class roads that should be considered for maintenance treatment	35.9	36.3	0.4	1.1
	ENV4d Percentage of C Class roads that should be considered for maintenance treatment	35.2	36.0	0.8	2.3
	ENV5 Cost of trading standards and environmental health per 1,000 population	24,335	23,117	-1,219	-5.0
	ENV6 Percentage of total waste arising that is recycled	no comparison between years possible due to indicator definition change			
Housing Services	ENV7a Percentage of adults satisfied with refuse collection	80.9	N/A		
	ENV7b Percentage of adults satisfied with street cleaning	73.3	N/A		
	HSN1 Current tenants' arrears as a percentage of net rent due	5.9	6.1	0.2	3.4
	HSN2 Percentage of rent due in the year that was lost due to voids	1.3	1.3	0.0	0.0
	HSN3 Percentage of council dwellings meeting Scottish Housing Standards	53.6	66.1	12.5	23.3
CORP ASSET 1 CORP ASSET 2	HSN4 Percentage of repairs completed within target times	93.3	93.6	0.3	0.3
	HSN5 Percentage of council dwellings that are energy efficient	74.9	81.2	6.3	8.4
	CORP ASSET 1 Proportion of operational buildings that are suitable for their current use	73.7	74.8	1.1	1.5
	CORP ASSET 2 Proportion of internal floor area of operational buildings in satisfactory condition	81.3	82.7	1.4	1.7

21. As can be seen, the average year on year movement on cost indicators is almost uniformly down, and the average year on year movement on performance indicators is uniformly up. For example, the gross cost per pupil in schools is less on average in 2011/12 than it was in 2010/11, and the average performance of pupils in S4 and S5 improved across the two years. However, this broad trend across indicators should not be overstated. In a number of service areas, there is no good standard measure of performance so the possible impact of cost reduction on service quality and impact is not captured at present. More generally, standard measures of service experience and satisfaction with services are still weak within the framework. Note that the table understates the reduction in real cost here as all figures are expressed in cash terms and take no account of inflation across the two years.

Major Service Areas: Trends and Variations

Children's Services

22. The major elements of children's services, and the percentage of total children's services spend on each one, are given in the chart below.



23. As can be seen, primary and secondary school provision are the major spend areas, over 87% of children's services total spend, with pre-school education and child care and protection accounting for around 13% of total spending on children. Each element is looked at in turn below.

Preschool Provision for Children

24. For preschool educational provision for children ("nursery school"), spending has been standardised as total spend per preschool place (**See Appendix 2 CHN 3 Graph**). As can be seen, there is very substantial variation between councils (from £2,105 per place to £4,769 per place) and between the two years reported. There is no systematic connection with the different scale, population distribution. Councils with higher levels of deprivation do tend to spend more than those with lower levels of deprivation. The majority of the variation seems more likely to reflect specific decisions about the nature and quality of the service provided.
25. Factors such as the age, experience and grade of staff deployed, and the cost of facilities, may be part of an explanation as these are major cost components. The number of hours/ sessions per week offered to children, and the age from which they are offered is also likely to be an important cost factor. A problem at present is that there is no standard measure of the impact of preschool education on children's development in place that would allow costs to be linked to results. This is a development priority for the forthcoming year.

Primary and Secondary School Spending

26. The pattern of spend on primary and secondary schooling is standardised as "total spend per pupil". The data shows a very distinctive pattern across Scotland, with the Island councils spending significantly more than others (**See Appendix 2 CHN 1 and CHN 2 Graphs**). For example, including the Islands, the range per pupil in 2011/12 is from £4,121 to £8,765 for primary schools and from £5,346 - £12,826 for secondary schools. Excluding the Islands, the range per pupil for primary comes down to £4,121 to £5,820, and for secondary it comes down to £5,278 to £7,678. The distinctive physical geography and population distribution of the Islands councils results in a distinctive spending pattern.
27. That said there are still substantial variations between the Islands councils themselves, and between the mainland councils, particularly for secondary education. Variations have been examined in terms of scale of council, population distribution and levels of deprivation, but none explain the variation that exists. This suggests the variation is most likely to be associated with inheritance and policy choices at local level.
28. Around 60% of the cost per pupil are teaching staff costs, and a further 20% are operating costs of which the biggest element is the provision of school facilities themselves. This makes it likely that variation between councils is highly

influenced by the age and salary costs of the teaching workforce, and the number and cost of the school buildings they provide. As a substantial proportion of the school estate has been renewed in the last 15 years using PPP/PFI vehicles, annual contract costs are likely to be a significant factor. Note also that the current moratorium on school closures and policy commitment to reducing pupil/teacher ratios make it unlikely that costs could be rapidly reduced.

29. At present, it is impossible to explore variation in spending against variation in pupil performance in primary schools because there are no standard assessments of all children in P7. Primary schools provide information to secondary schools on pupil aptitude and achievement, but this is not in a standardised and comparable form. However, the continued participation by children in S4 and S5 in public examinations allows exploration of performance at secondary level and this is likely to reflect the impact of earlier education at Primary level.

Secondary School Performance

30. Performance at secondary level is measured by three indicators within the benchmarking framework: percentage of pupils achieving 5+ SQA level 5 qualifications (Standard Grade A – C equivalent); percentage of pupils gaining 5+ SQA level 6 qualifications (Higher A – C level) and the post school destinations of pupils. On the level 5 and 6 qualifications indicators, very substantial variations can be identified (**See Appendix 2 CHN 4 and CHN 5 Graphs**). The range is from 26% to 67% for 5+ at level 5 and from 16% to 53% for 5+ at level 6. It should be noted that 5+ awards at SQA level 6 is a demanding criterion.
31. A clear relationship exists between multiple deprivation and educational attainment within and between councils. Within councils, the average performance of pupils from the 20% most deprived areas is well below the average for other pupils (**See Appendix 2 CHN 6 and CHN 7 Graphs**). Between councils, achievement on SQA levels 5 and 6 varies systematically with the overall level of deprivation in the council area.
32. Two points that need further exploration can be seen in these charts. First, councils with very low levels of overall deprivation are often achieving exceptional results with pupils from deprived areas. However, when the overall level of deprivation is factored in, a clear link exists between higher levels of deprivation and lower educational achievement. Second, if councils are grouped into four groups based on their overall levels of deprivation, clear differences emerge within groups as well as between them. These findings suggest substantial opportunities for shared learning and improvement.
33. An improving trend can be seen in the SQA level 5 and level 6 data across the two years. The total percentage gaining 5 awards at level 5 and level 6 increases, and the percentage for children from deprived areas achieving that level of award also increases. This trend can be tracked back across the last 10

years, with the performance of children from the most deprived backgrounds having improved by 17% across the period since 2002. The “equality gap” between the most and least disadvantaged pupils has narrowed by much less because all pupils have improved their performance across the period.

34. The data for “positive destinations” after school (participation in FE, HE, training/apprenticeships, or employment) are much more even and very positive. The average for positive destinations is 90% across councils, with a range from 85.4% to 95.5% in 2011/12. No strong statistical link exists with deprivation, urban/rural context, or scale of authority. This raises questions about the utility of a single aggregate measure of positive destinations (**See Appendix 2 CHN11 Graph**).
35. If “positive destinations” is broken down into its component parts, more interesting trends can be identified. The balance of participation in colleges and universities more or less reverses between councils with higher levels of deprivation and councils with lower levels of deprivation (**See Appendix 2 CHN 11 Graph**). There is a clear link between deprivation and lower participation in higher education across Scotland. (The participation rate is still high: Glasgow, with the highest level of deprivation in Scotland, still has over 30% of all its pupils going to University). The percentage of pupils moving directly into unemployment is higher for councils with higher levels of deprivation although the relationship is not statistically significant.
36. The final point to note is that measuring performance at council level provides only a very high level indicator. Pupils are educated in particular schools, and different pupils in the same schools come from different backgrounds. Glasgow’s 30% university participants may disproportionately come from a limited number of schools, and the participation rate from some of those schools may be above 50% or 60%. The pupils in these schools may disproportionately come from the less deprived areas in the city, and may be very similar to their peers in more affluent council areas. The high level indicators here pose questions: they do not answer them.

Looked After Children

37. As well as providing education services to all children, councils have a duty to provide care, protection and supervision to children who need it. The data reported here relates to children who are under formal arrangements for care, protection and supervision, typically decided by a Children’s Hearing, or a court in exceptional circumstances. This may be because of family breakdown or risk, the child’s behaviour or particular identified needs of the child.
38. There are three indicators in the benchmarking framework for “looked after children”: the weekly cost per “looked after” child in a community setting; the weekly cost per child in a community setting; and the percentage of all “looked after” children in a community setting.

Cost of “looked after” Children’s Service

39. The average gross weekly cost per child of community and residential placements shows very wide variation (**See Appendix 2 CHN8a and CHN8b Graph**). The range is from £48 to £446 for community placements, and between £1,401 and £12,615 for residential placements. No clear relationship could be found between cost variation and urban/rural context; scale of council or deprivation. The key factors explaining variation may be: the specific decisions of Children's Hearings; the complexity of the needs and circumstances of the particular children being looked after; local availability of placements; and the policy choices and service models adopted by councils. The decline in cost per placement across the two years should also be seen in that way: it is not necessarily improved efficiency.

The Balance of Care

40. The overwhelming majority of children are looked after in community settings: 91% on average across Scotland (**See Appendix 2 CHN 9 Graph**). The range is relatively narrow: from 78% to 96% looked after in the community. There is a clustering of rural and Island councils at the bottom of the range, possibly indicating the greater difficulty of organising community provision for high need cases in those contexts. Clearly the role of the Children's Hearing is also important in understanding this pattern as they decide the provision necessary for particular children.

Social Work

Home Care Services

41. Council spend on Home Care Services has been standardised around home care costs per hour for each council. The average spend per hour in 2011/12 was £19.77 per hour with the range in spending per hour going from £8.00 per hour to £30.00 (**See Appendix 2 SW 1 Graph**).
42. The variation in cost per hour was explored against levels of deprivation, population distribution (urban/rural) and size of council, but no systematic relationships were identified. The large urban councils exhibit higher costs as do the smaller rural and islands councils. Factors influencing variation in cost per hour may include the adoption of "living wage" policies by some councils, the degree to which services are directly delivered by councils themselves or outsourced to private or voluntary providers, and the need to pay for unproductive travel time and costs in remote rural and island councils.

Self Directed Support Spend

43. Self directed support is a national initiative to give users of care the opportunity to control and direct their own care. This indicator measures the percentage of total care spend for adults directed by the user, rather than the council. The range is from 0.4% to 18%, with an average of 3.1% (**See Appendix 2 SW 2 Graph**). Variation is not systematically related to population distribution, deprivation or size of council. Factors influencing variation are likely to include

the demand amongst clients for self directed support, the arrangements within councils for self directed support, and some councils waiting until new legislative change is implemented.

44. This is an evolving initiative, and is subject to legislative change, but the proportion of spend allocated to self directed support more than doubled on average between 2010/11 and 2011/12.

Adults 65+ with Intensive Needs Receiving Care at Home

45. Enabling older people with intensive care needs to be cared for at home, rather than in an institutional setting, is a national policy priority. This indicator measures the percentage of all older people assessed as having intensive care needs who are cared for at home. The range across Scotland is substantial (12.2% - 51.3%): the average is 33.3% (**See Appendix 2 SW 3 Graph**). There is no statistically significant relationship with population distribution, deprivation or size of council. There is no substantial year on year shift on this indicator across the two years.
46. Factors that may explain variation between councils include the complexity of the needs of clients within the intensive need category; variation in the availability of institutional care between councils, and variation in care management criteria between councils. Note that this indicator is not a measure of cost: it may be more expensive to provide intensive care at home than in an institutional setting.

Culture and Leisure

47. Councils provide sports facilities, libraries, museums, parks and open spaces for communities across Scotland. For sports facilities (swimming pools, indoor and outdoor sports facilities) the gross cost per visit ranged from £1.41 to £10.23, with an average of £4.18 (**See Appendix 2 C & L 1 Graph**). Although there is no statistically significant relationship with population distribution across Scotland, rural and island council spending is on average higher than that of urban and suburban councils. This reflects the higher cost of providing good quality facilities to small, diffuse populations with low population catchments. There is a reduction in the cost per visit across the two years.
48. This indicator takes no account of the income generated by sports facilities and the net costs, taking account of income, would be significantly lower than the gross cost. Unfortunately, no standard way of calculating net cost could be achieved in the timescale for preparing this data. This is a priority for development next year.
49. For library services, again the indicator measures the cost per visit to a library. In 2011/12, this ranged from £1.41 to £7.29, with an average of £3.43 (**See Appendix 2 C & L2 Graph**). Again there is a rural effect with costs in rural and islands councils on average being higher than for non-rural councils. This

reflects the fixed costs of providing a reasonable service in the rural context for a smaller number of potential users.

50. For museums, cost per visit ranged from 24p to £24.35, with an average of £3.81 (**See Appendix 2 C & L 3 Graph**). In 2011/12, and the trend across for Scotland for the two years, was for costs to reduce by 21.5%. This indicator is highly leveraged by numbers of visitors, and very high costs per visit reflect low visitor flows. It measures visitor attractiveness: not efficiency of provision.
51. For parks and open spaces, the indicator measures cost per 1,000 of the population. Note this is a measure of spend, not a measure of unit cost. There is very substantial variation between councils, from £4,640 to £58,725, with an average of £34,237 but this reflects inheritance, and the relative need for parks and open spaces in urban and rural Scotland (**See Appendix 2 C & L 4 Graph**). Semi-rural/suburban councils have the highest spend, lacking the economies of scale of concentrated parkland in urban areas, but having higher need for parks than rural authorities. There is no measure available for use of park and open spaces.

Environmental Services

52. Environmental services contain two major areas of spend: domestic and commercial waste collection and disposal, and the maintenance of the local roads network. These are examined in turn below.
53. For waste collection, the indicator measures the gross cost of collection per premise and exhibits substantial variation: from £50 to £185 per premise in 2011/12, with an average of £81 (**See Appendix 2 ENV 1 Graph**). There is a clear link with population distribution: urban councils with concentrated populations have a lower cost per premise than rural and island councils dealing with more diffuse populations. There is still substantial variation within the urban and the rural groupings that should be explored. The degree to which multiple collections from each premise are necessary to support sorting and separation of waste at source may be a factor.
54. For waste disposal, the indicator measures gross cost of waste disposal per premise and again there is substantial variation: from £52 to £279 per premise, with an average of £105 (**See Appendix 2 ENV 2 Graph**). There is a much less pronounced rural effect, partly levered by very high costs in two island councils, but it is not statistically significant. A major factor here may be method of disposal: recycling costs more but generates income which is not taken account of by this indicator, and is environmentally far more substantive than landfill or incineration. For collection the average cost per premise reduced across the two years but for disposal there was a slight increase.
55. For roads maintenance, the key indicator adopted was total maintenance cost per kilometre of road maintained. The range for this indicator was from £2,351 to £18,018 per kilometre, with an average of £6,211 in 2011/12 (**See Appendix 2 ENV 3a Graph**). There is a very strong urban/rural difference, with the average for urban councils being around three times more than the median for

rural councils. As there is no significant variation in the underlying structural condition of rural and urban roads, the key factor is likely to be the impact of very much higher traffic volumes in the urban context. That said there is still substantial variation within both the urban and rural categories, as well as between them, and this needs detailed exploration.

Support Services

56. Councils provide a wide range of direct services to the public and these are supported by a range of internal services: Finance; IT; Legal; Procurement; Administrative and Policy services. Councils are also democratically elected local governments and resources are committed to maintaining the democratic decision making and scrutiny processes of the council, and to supporting elected councillors. The key indicator here is support services as a percentage of total gross expenditure. "Support services" includes all the cost of corporate and democratic support, and all support for front line services, i.e. all the "overhead" costs of the council.
57. In 2011/12, support services as a percentage of total expenditure ranged from 2.7% to 7.8%, with an average of 4.8%. This average is up by 0.2% on 2010/10 in cash terms, but down by 1.80% in real terms (**see Appendix 2 CORP 1 Graph**). The variation was explored in terms of size of council as small councils with lower overall expenditure are likely to have a higher percentage of total expenditure denoted to corporate and democratic support. No strong relationship was found with the urban/rural nature of councils, but there is some relationship with size especially for smaller councils. These variations need explored in terms of organisation and practice. This indicator is a departure from previous measurement practice, and the possibility of recording error is being pursued.

Conclusions

58. The trends reviewed above do show that some variation in cost and performance is due to external factors that councils cannot directly control: population distribution and deprivation being the most important. However, two points should be emphasised:
- (i) If councils are grouped and differentiated by these external factors, there is still substantial variation within groups, as well as between them. That variation is not explained by external factors.
 - (ii) In no case does an external factor explain more than 50% of the variation between councils on any indicator. Local policy choice, organisation and practice remain very important.
59. The purpose of the framework is to support councils in identifying where they vary from other similar councils, and where they might learn from other councils. For that to be the case, the indicators have to be relevant and useful in highlighting opportunities for improvement. The benchmarking framework itself needs improved to make sure that it is as useful as it could be. This initial

iteration of the framework was built on using information already available, rather than developing a new evidence base. This has strengths, but it has also resulted in three limitations that need addressing.

60. First, there are still major areas of provision where spending cannot be linked to performance. The most evident are primary education; provision for looked after children; adult social care; and waste collection and disposal. A focus on costs alone, unrelated to outcomes, is unhelpful and may encourage cost reduction rather than cost effectiveness. The development programme for next year will address these issues.
61. Second, where costs are addressed, the framework measures gross cost even where an offsetting income stream is generated. This is misleading with respect to sports and leisure services, social care, recycling within waste disposal, etc. Accepting there are complexities in establishing net costs and offsetting income, the framework is less useful if that is not achieved. Again, this will be improved in the next iteration.
62. Finally, customer/user satisfaction data is included in the framework at present, derived from the Scottish Household Survey (SHS). The sample for this survey is designed to be representative of Scotland as a whole, and is not representative at the level of any particular council (the sample for Scotland for one year is 10,000 and therefore the sample size for the average council would only be 300). The SHS results presented here use two years worth of data for each value because of the small sample size. Individual councils undertake service user and residents surveys but do not use a standard survey instrument. The development plan of next year will include working with councils to develop a standard survey template for measuring satisfaction.

Appendix 1: Full List of Indicators and Service Categories

Children's Services

CHN 1	Cost per Primary School Pupil
CHN 2	Cost per Secondary School Pupil
CHN 3	Cost per Pre-School Education Registration
CHN 4	Percentage of Secondary School Pupils in S4 Achieving 5 or More Awards at Level 5
CHN 5	Percentage of Secondary School Pupils in S6 Achieving 5 or More Awards at Level 6
CHN 6	Percentage of Pupils in S4 Living in the 20% Most Deprived Areas Achieving 5 or More Awards at Level 5
CHN 7	Percentage of Pupils in S6 Living in the 20% Most Deprived Areas Achieving 5 or More Awards at Level 6
CHN 8a	The Gross Cost of "Children Looked After" in Residential Based Services per Child per Week
CHN 8b	The Gross Cost of "Children Looked After" in a Community Setting per Child per Week
CHN 9	Balance of Care for looked after children: % of children being looked after in the Community
CHN10	Percentage of Adults Satisfied with Local Schools
CHN11	Proportion of Pupils Entering Positive Destinations

Corporate Services

CORP 1	Support services as a Percentage of Total Gross expenditure
CORP 2	Cost of Democratic Core per 1,000 population
CORP 3a	The percentage of the highest paid 2 % of employees who are women
CORP 3b	The percentage of the highest paid 5 % of employees who are women
CORP 4	The cost per dwelling of collecting Council Tax
CORP 5a	The number of complaints of domestic noise received during the year settled without the need for attendance on site
CORP 5b1	The number of complaints of domestic noise received during the year requiring attendance on site and not dealt with under part V of the Antisocial Behavior (ASB) Act
CORP 5b2	Average time (hours) between time of complaint and attendance on site, for those requiring attendance on site
CORP 5c3	Average time (hours) between time of complaint and attendance on site, for those dealt with under the ASB Act
CORP 6	Sickness Absence Days per Employee
CORP 7	Cost of collecting council tax per dwelling
CORP8	Percentage of invoices sampled that were paid within 30 days

Social Work Services

- SW1 Older Persons (Over65) Home Care Costs per Hour
- SW2 Self Directed Support spend on adults 18+ as& of total social work spend on adults 18+
- SW3 Percentage of people 65+ with intensive needs receiving care at home
- SW4 Percentage of Adults satisfied with social care or social work services

Culture & Leisure Services

- C&L1 Gross cost per attendance at Sports facilities
- C&L2 Cost Per Library Visit
- C&L3 Cost of Parks& Open Spaces per 1,000 Populations
- C&L5a Percentage of adults satisfied with libraries
- C&L5b Percentage of adults satisfied with parks and open spaces
- C&L5c Percentage of adults satisfied with museums and galleries
- C&L5d Percentage of adults satisfied with leisure facilities

Environmental Services

- ENV 1 Gross cost of Waste collection per premise
- ENV2 Gross cost per Waste disposal per premise
- ENV 3a Net cost of street cleaning per 1,000 population
- ENV 3b Street Cleanliness Index
- ENV 4a Cost of maintenance per kilometer of roads
- ENV 4b Percentage of A class roads that should be considered for maintenance treatment
- ENV 4c Percentage of B class roads that should be considered for maintenance treatment
- ENV 4d Percentage of C class roads that should be considered for maintenance treatment
- ENV 5 Cost of trading standards and environmental health per 1,000 population
- ENV 6 The Percentage of total waste arising that is recycled
- ENV 7a Percentage of adults satisfied with refuse collection

ENV 7b Percentage of adults satisfied with street cleaning

Housing Services

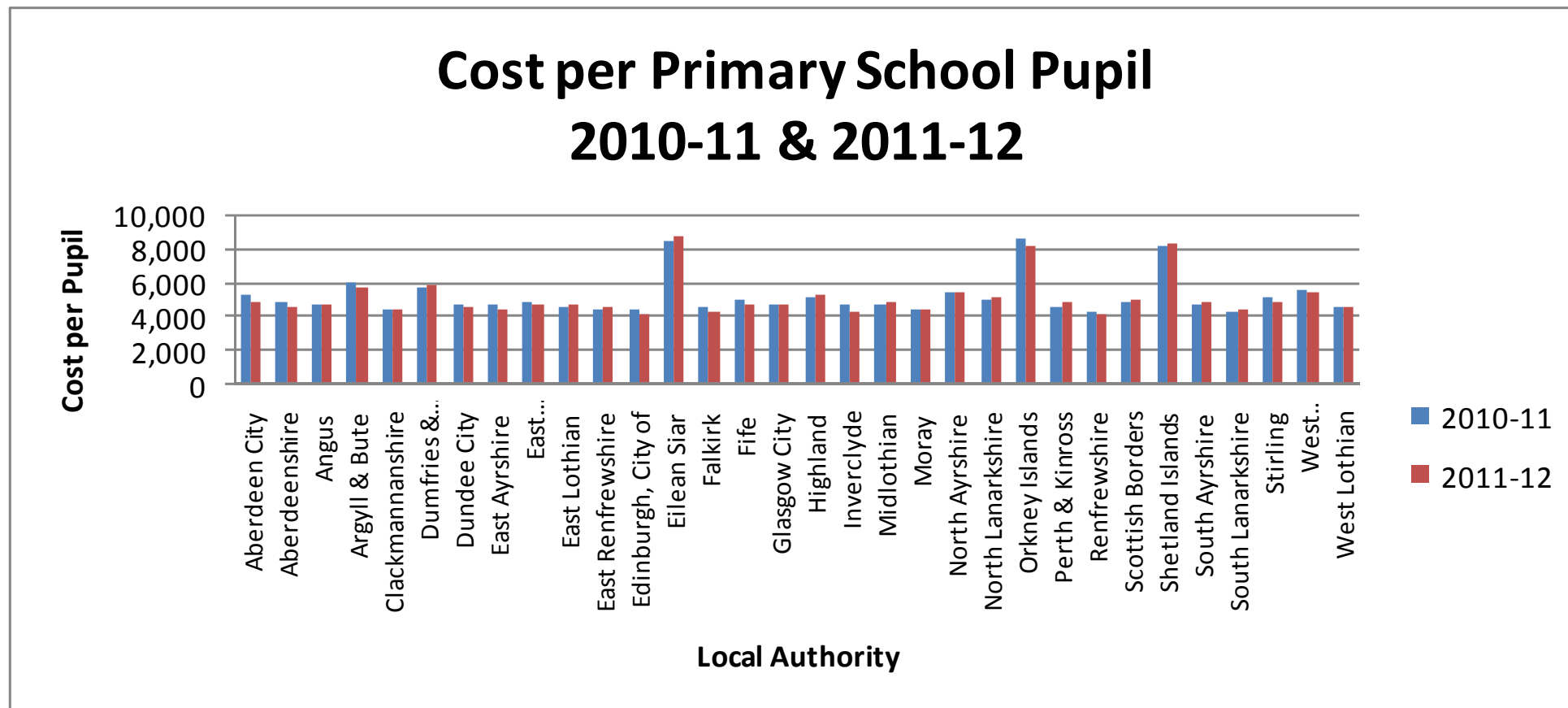
HSN 1 Current tenants' arrears as a percentage of net rent due
HSN2 Percentage of rent due in the year that was lost due to voids
HSN 3 Percentage of dwellings meeting Scottish Housing Quality Standards
HSN 4 Percentage of repairs completed within target times
HSN 5 Percentage of council dwellings that are energy efficient

Corporate Assets

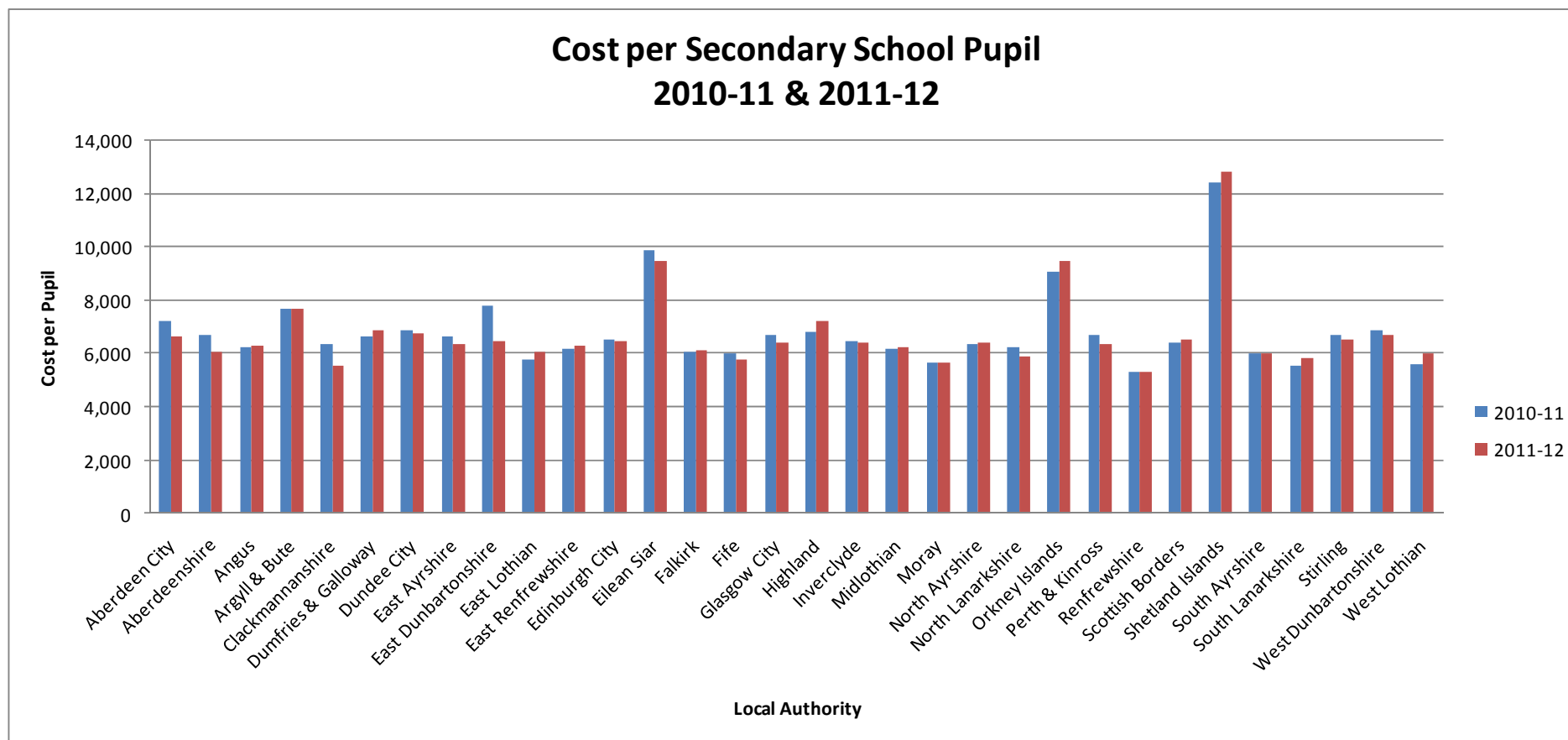
CORP
ASSET 1 Proportion of operational buildings that are suitable for their current use
CORP
ASSET 2 Proportion of internal floor area of operational buildings in satisfactory condition

Appendix 2 Supporting Charts:

CHN 1



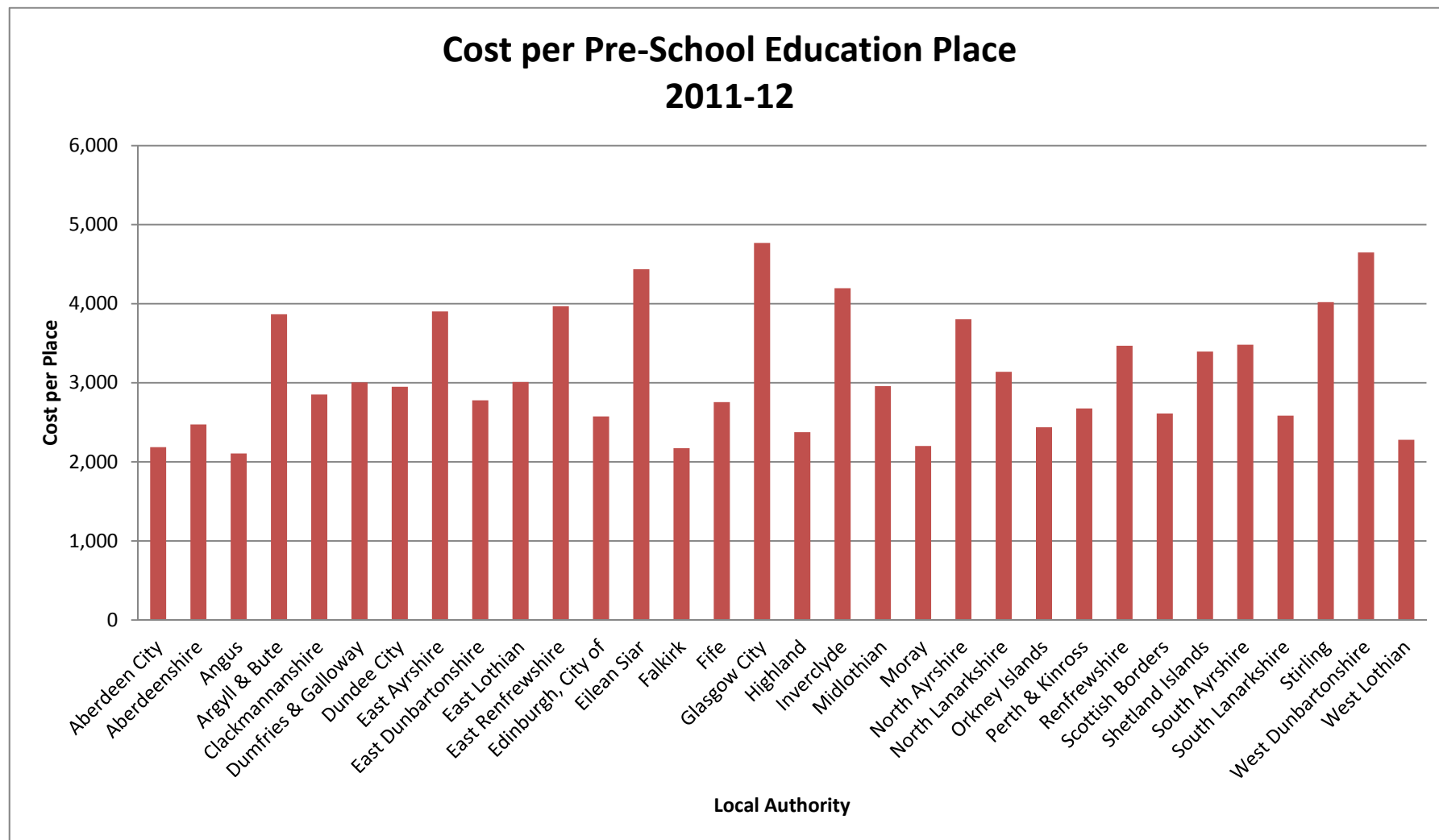
CHN 2



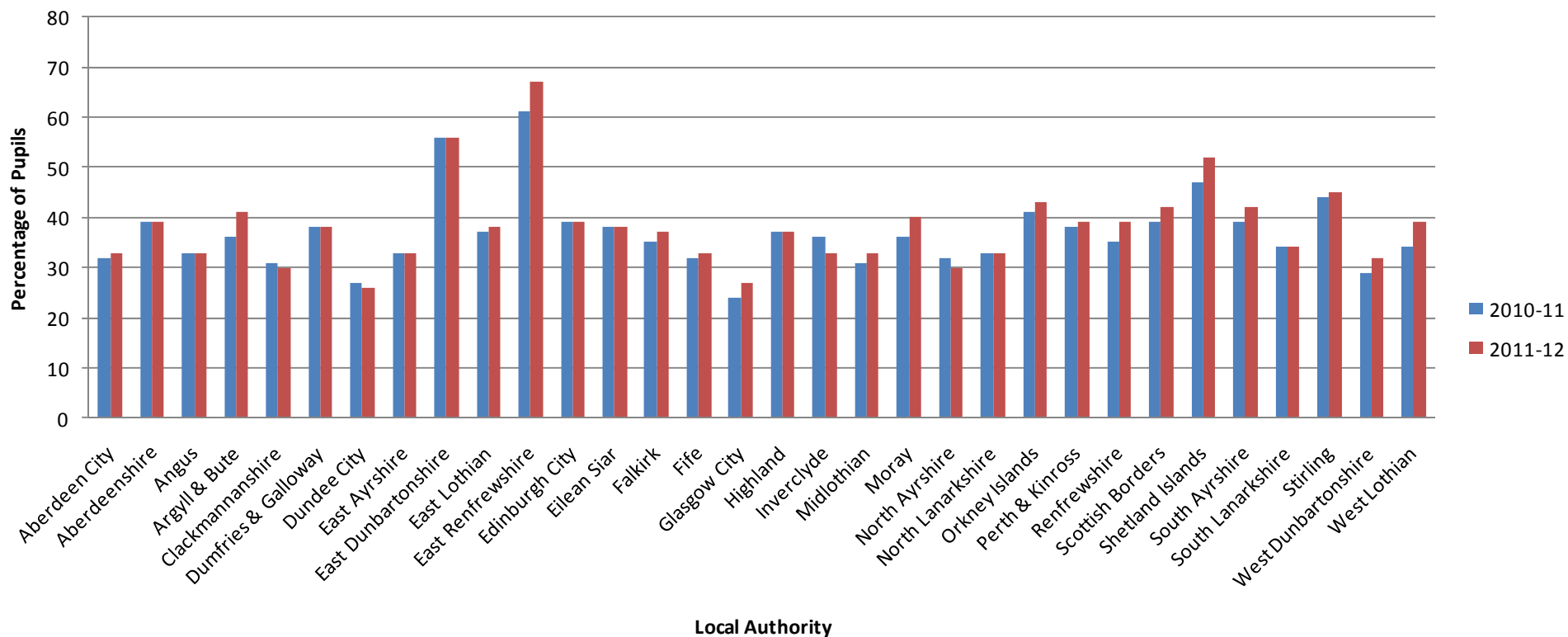
**Agenda Item 1
20 March 2013**

LGR/S4/13/9/2

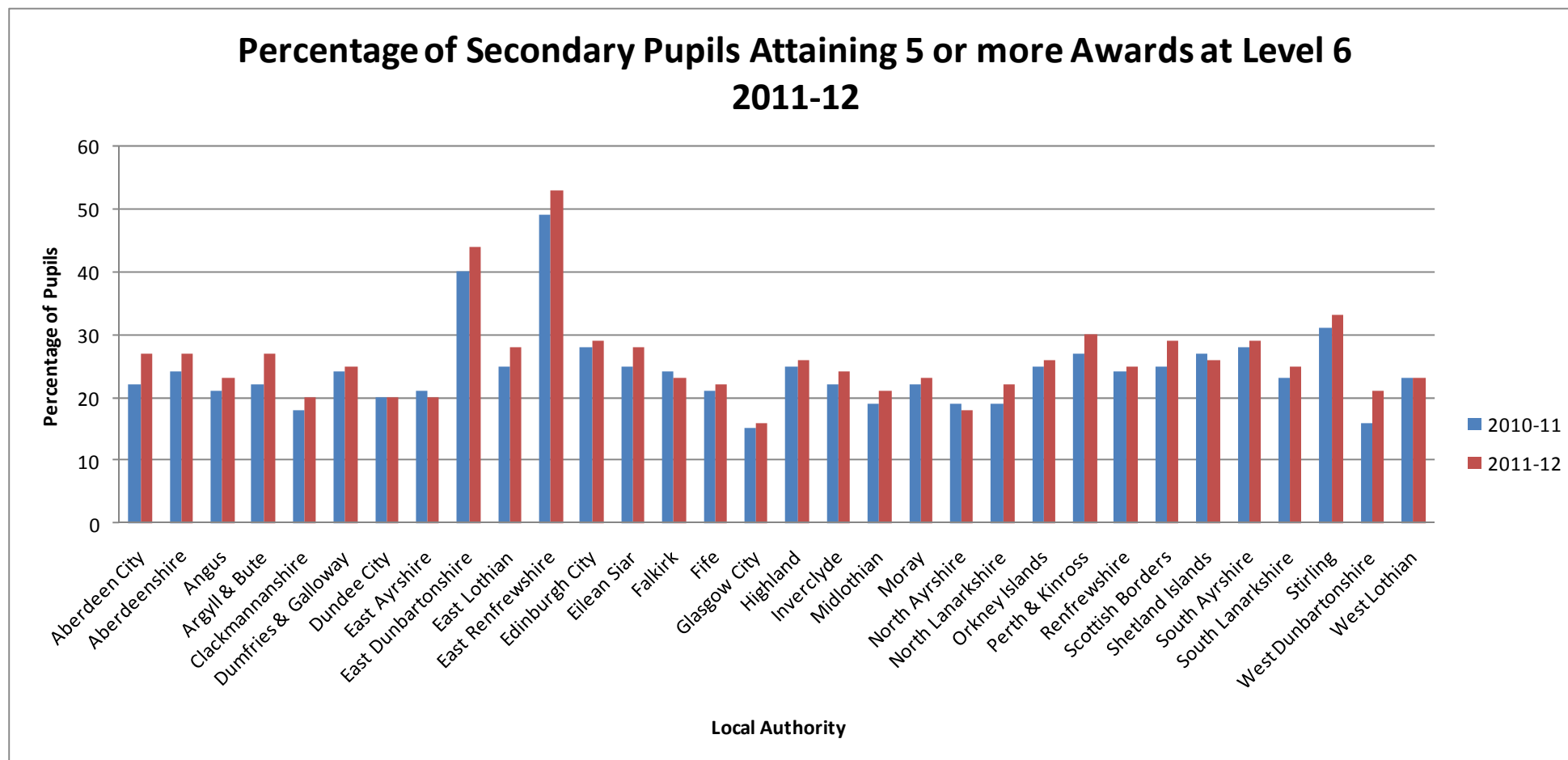
CHN 3



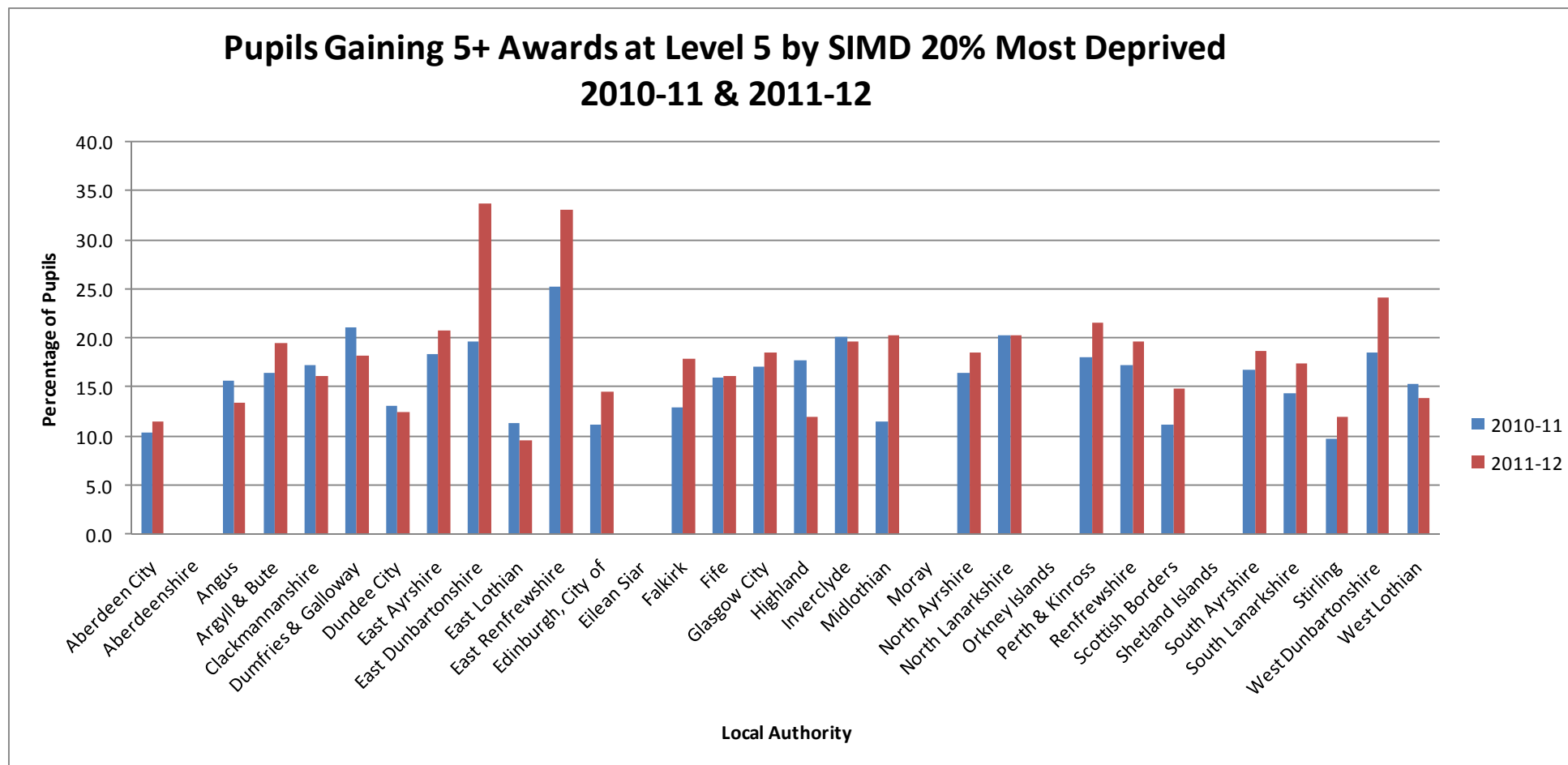
Percentage of Pupils in Year 4 of Secondary School Achieving 5 or More Awards at Level 5 2010-11 & 2011-12



CHN 5

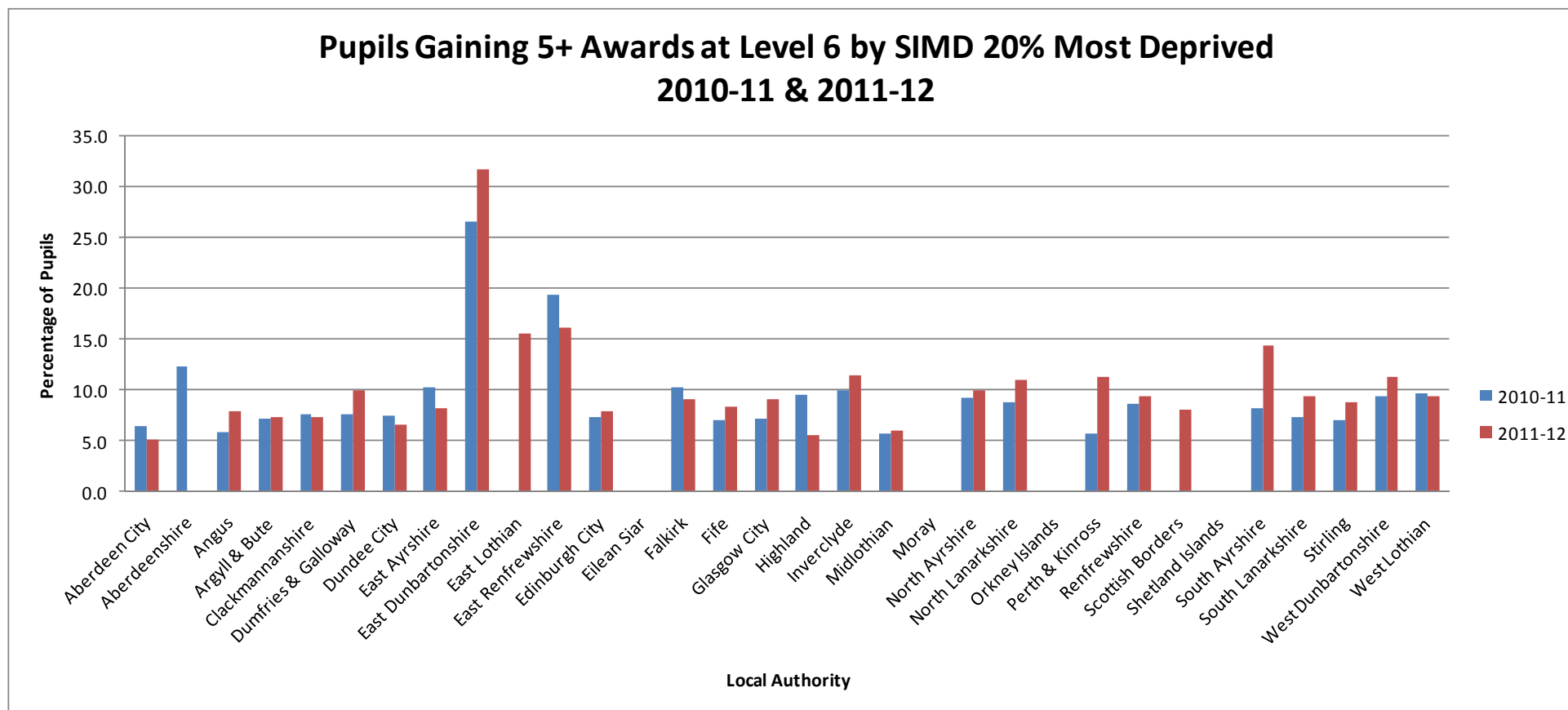


CHN 6



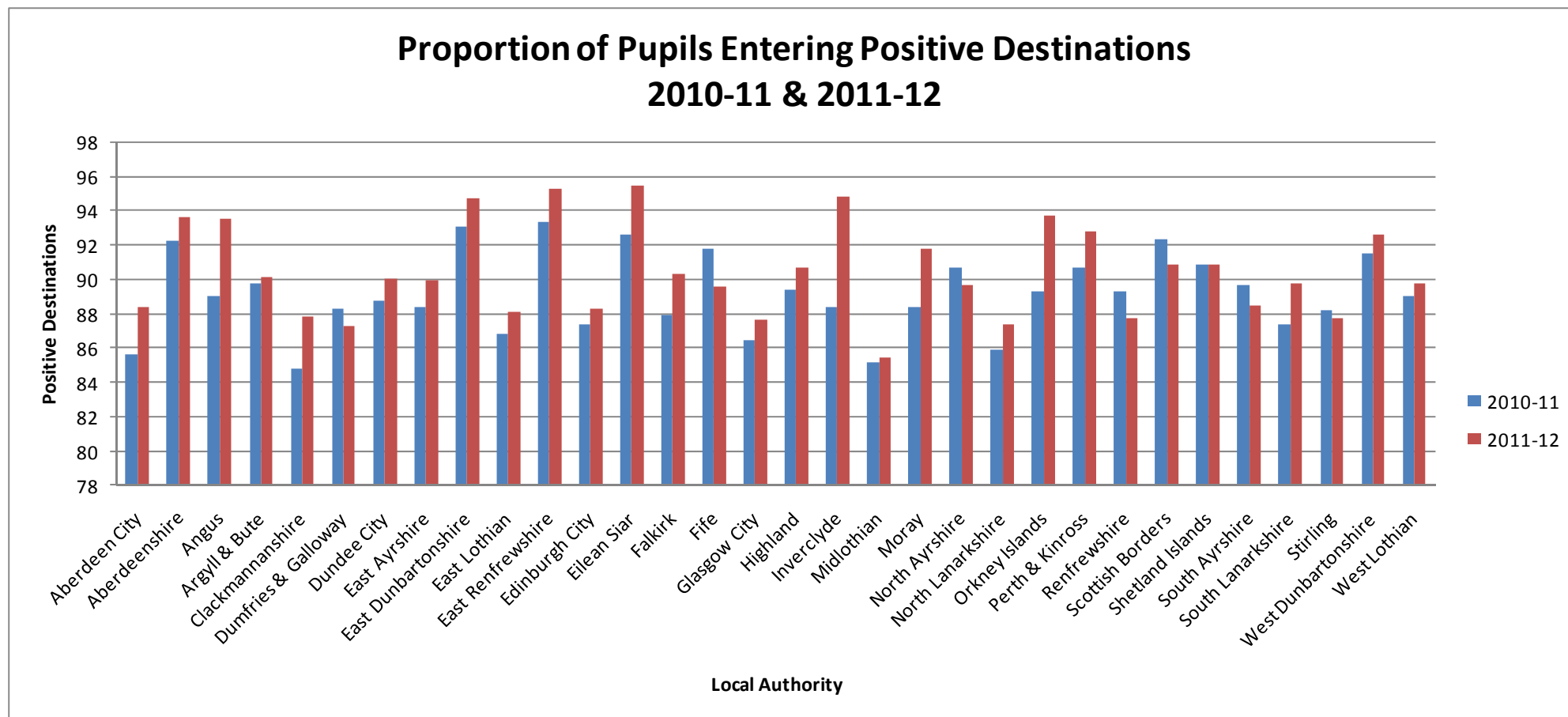
Please note: that the councils above where no data is present is either because they have no children in their area from the lower socio economic category or the numbers of children in this category are so small that to protect confidentiality no data is returned against that council.

CHN 7

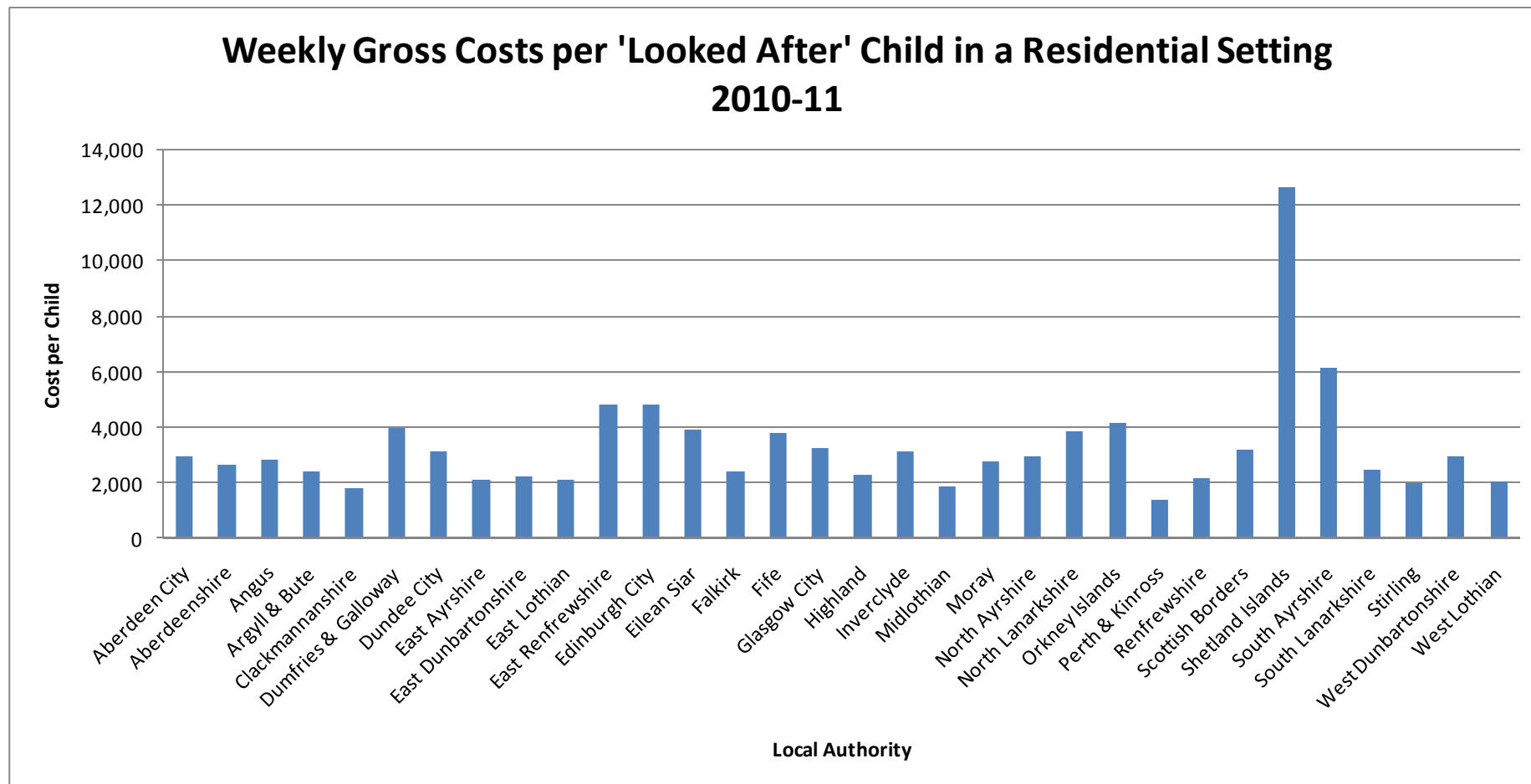


Please note: that the councils above where no data is present is either because they have no children in their area from the lower socio economic category or the numbers of children in this category are so small that to protect confidentiality no data is returned against that council.

CHN 11

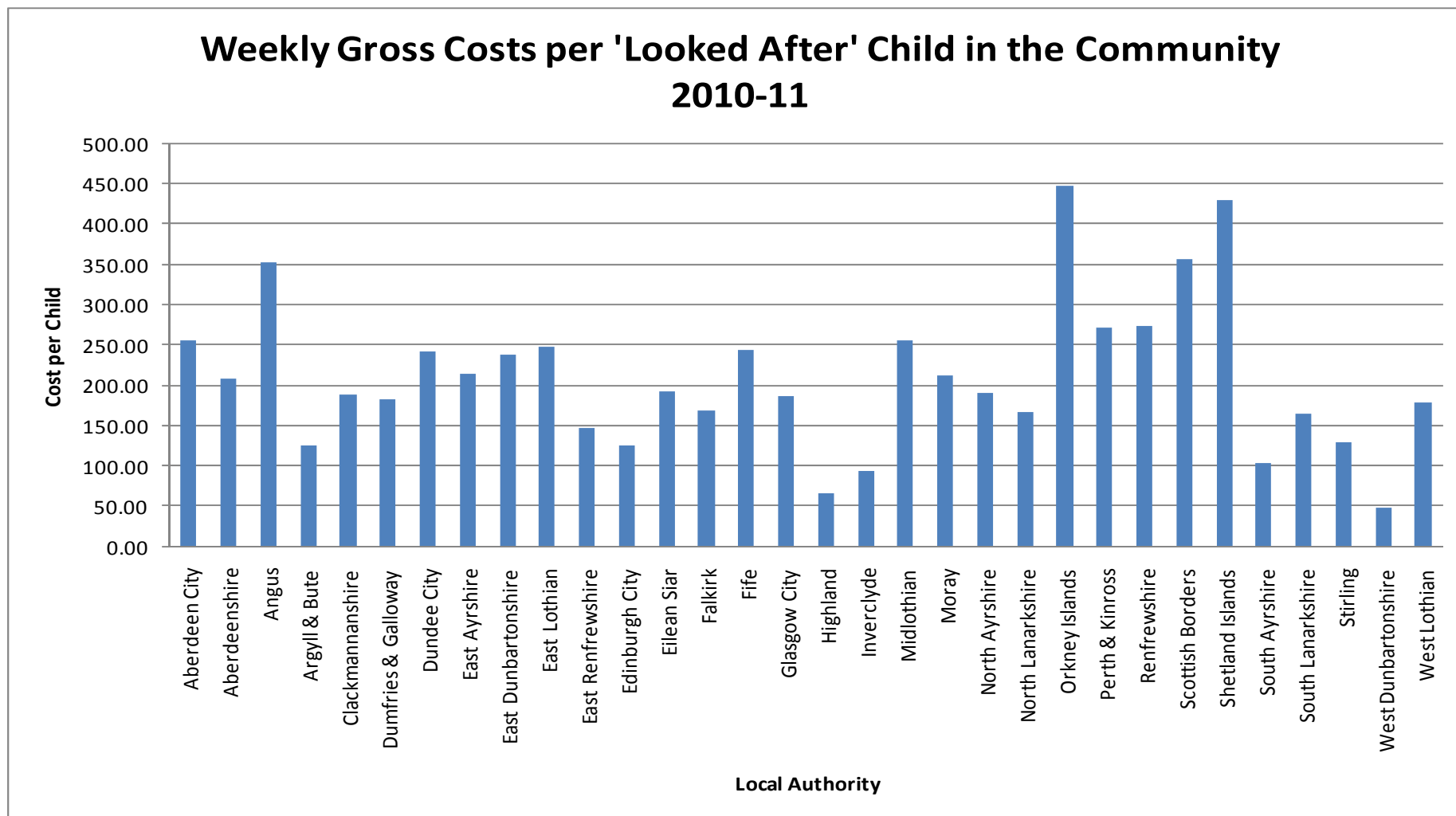


CHN 8a



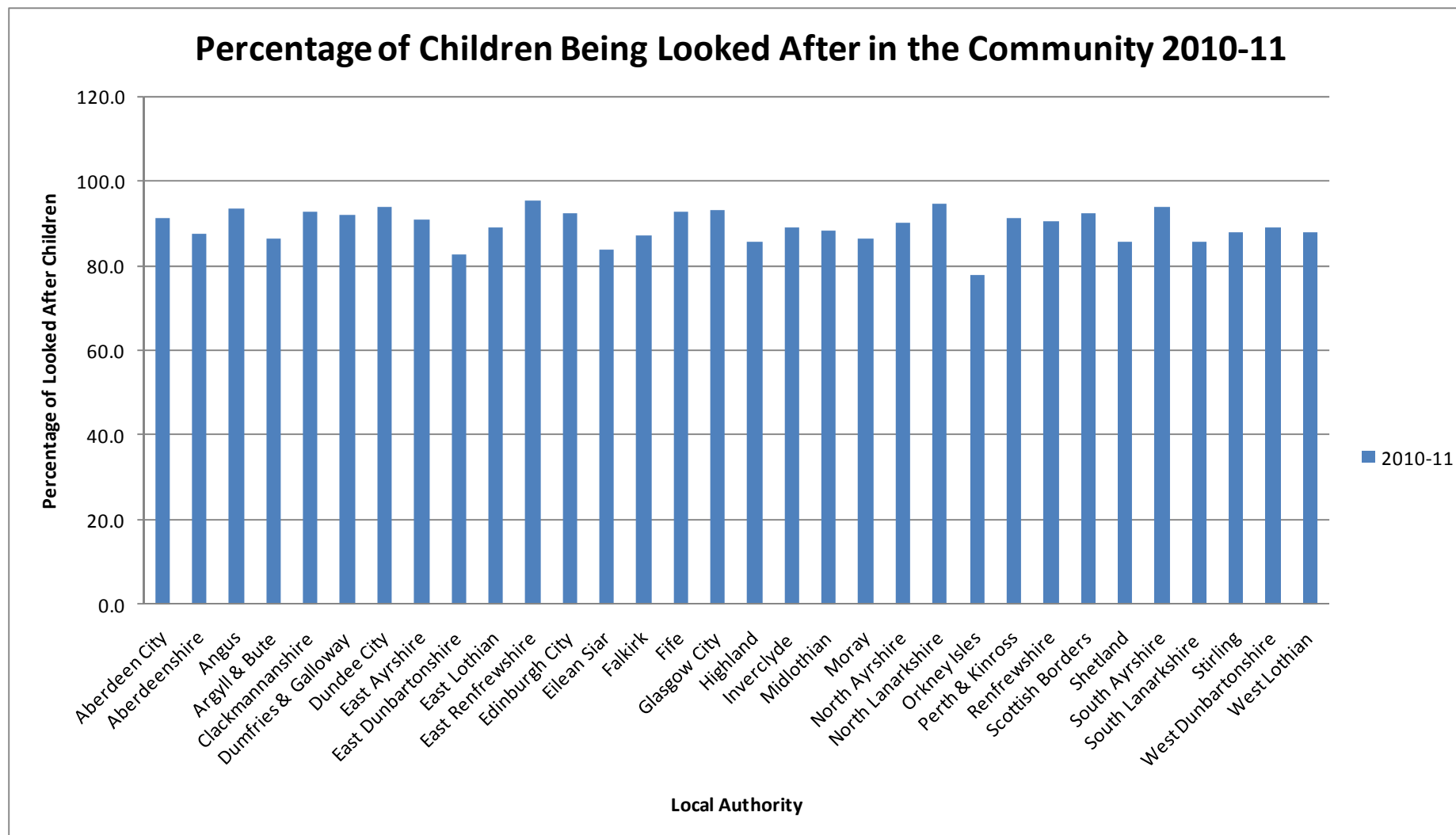
Please Note: data for 2011/12 has not yet been released by Scottish Government and this data will be updated when the data is released in March 2013.

CHN 8b



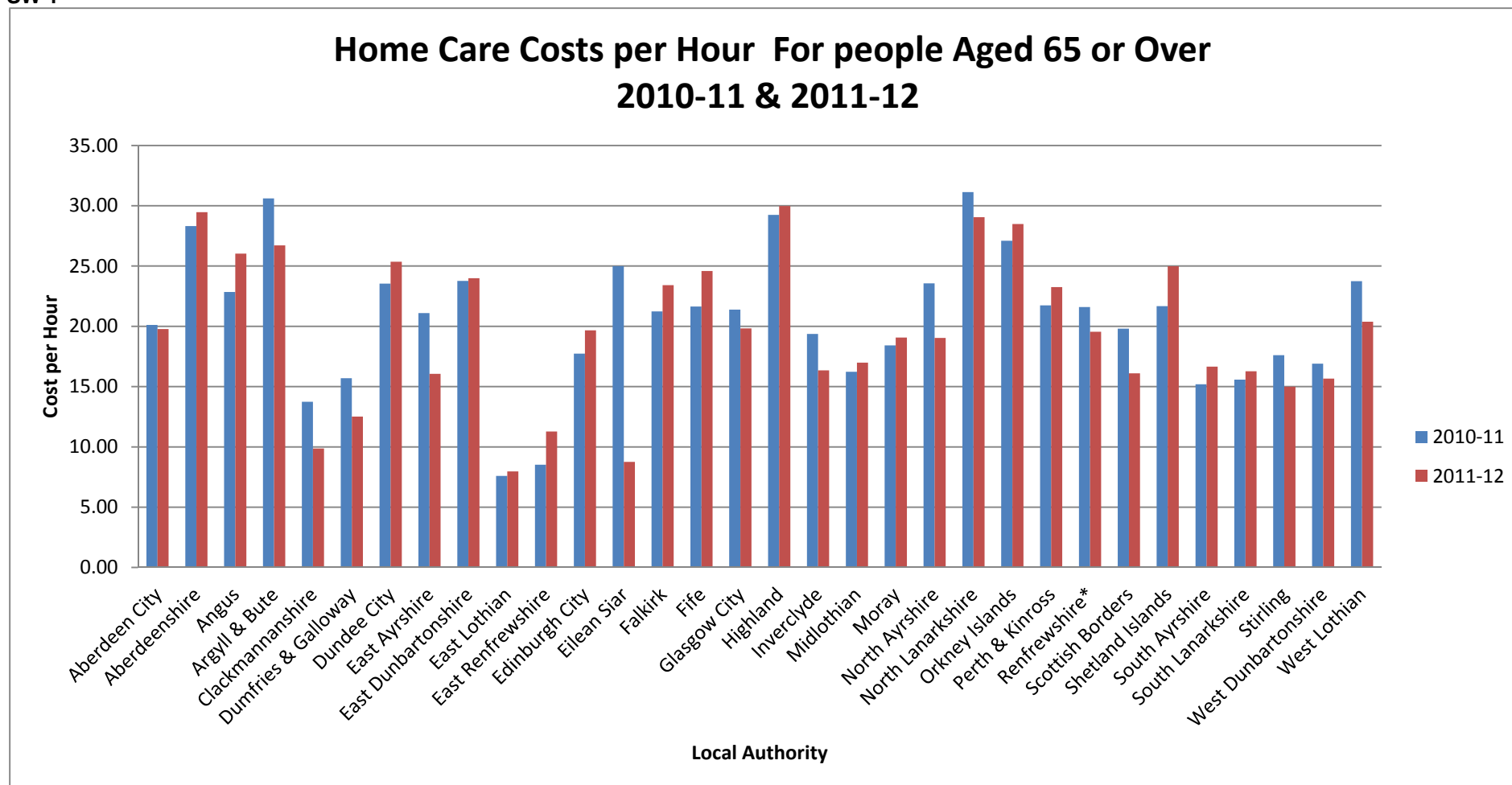
Please Note: data for 2011/12 has not yet been released by Scottish Government and this data will be updated when the data is released in March 2013.

CHN 9

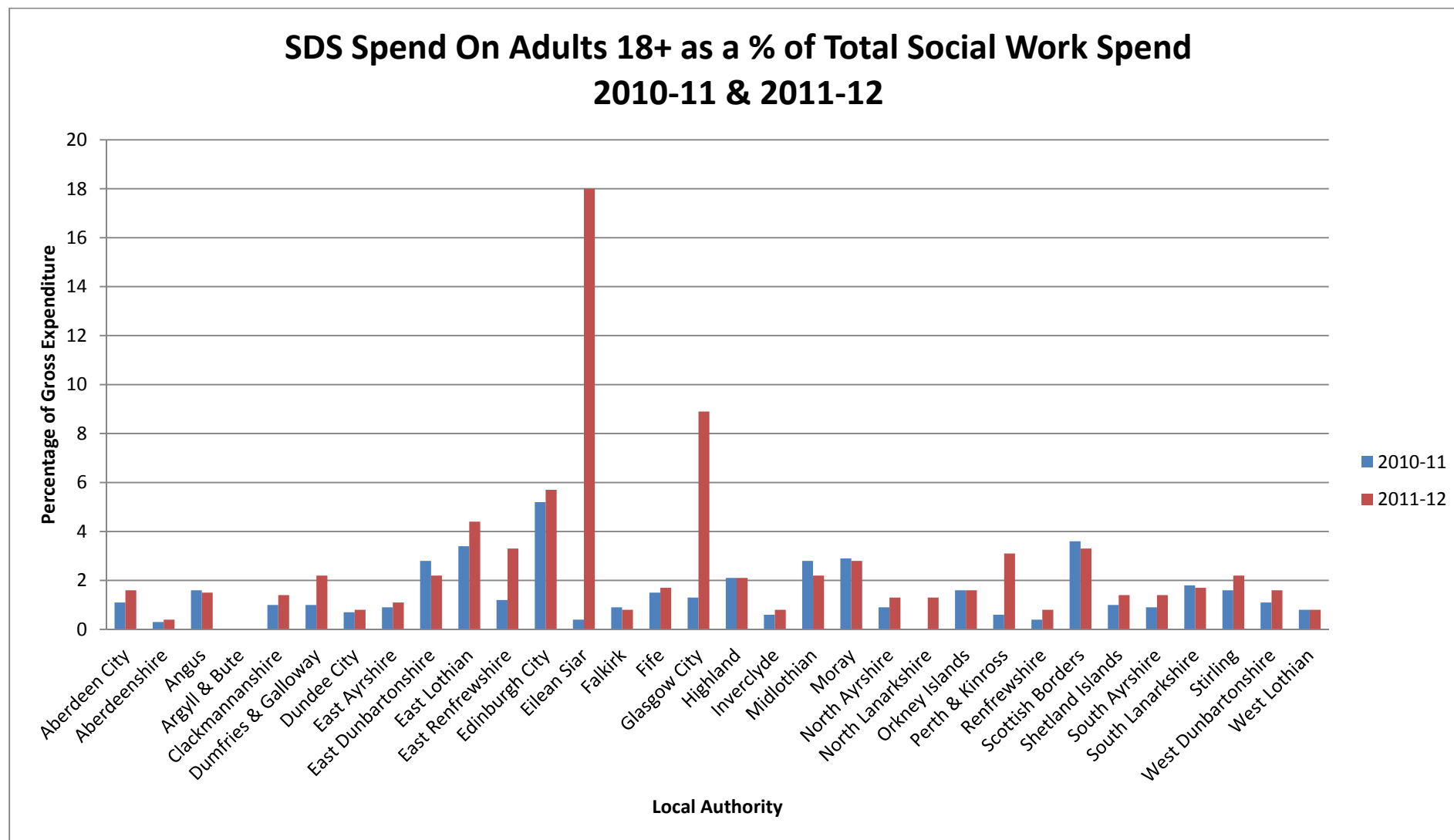


Please Note: data for 2011/12 has not yet been released by Scottish Government and this data will be updated when the data is released in March 2013.

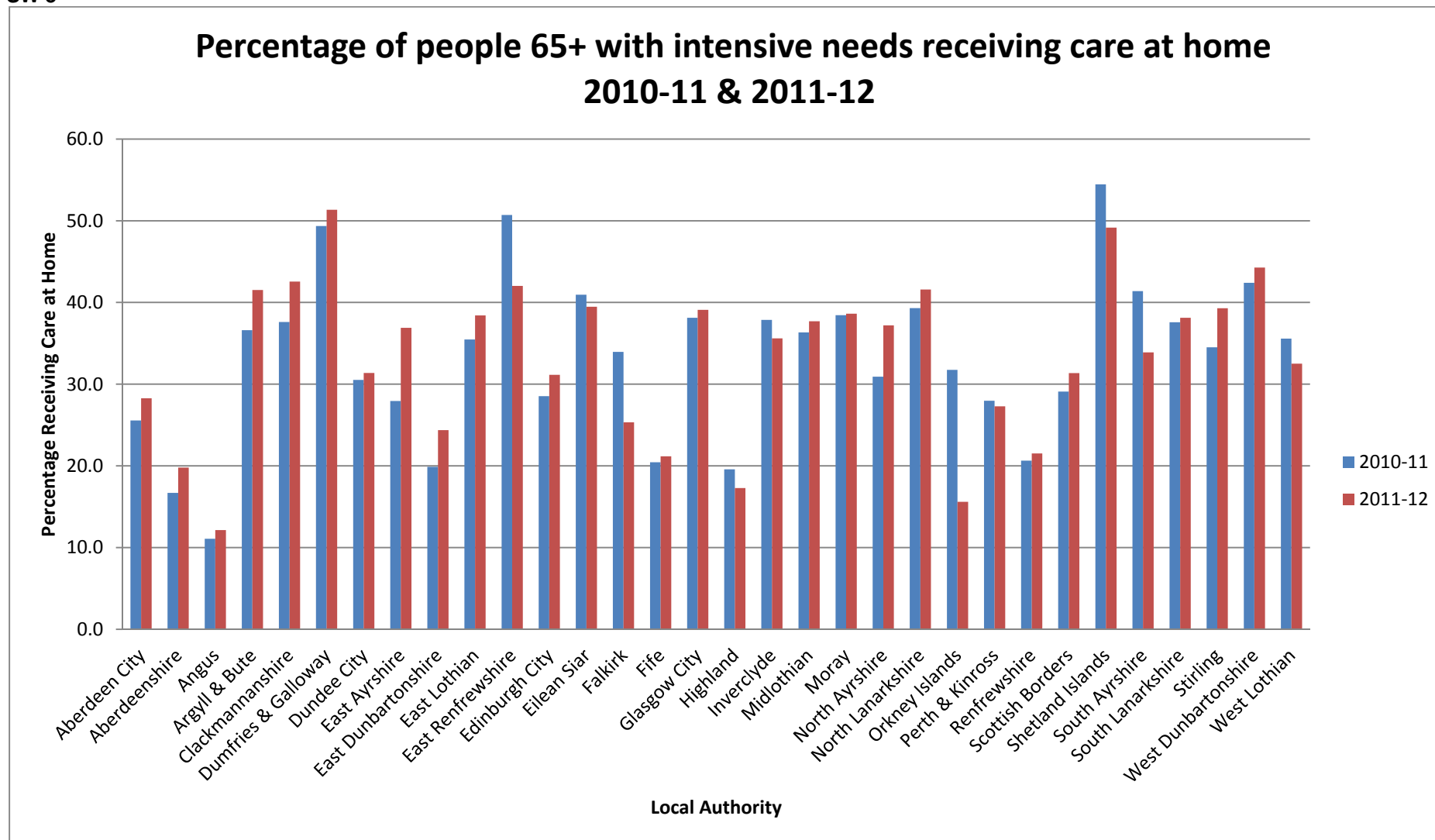
SW 1



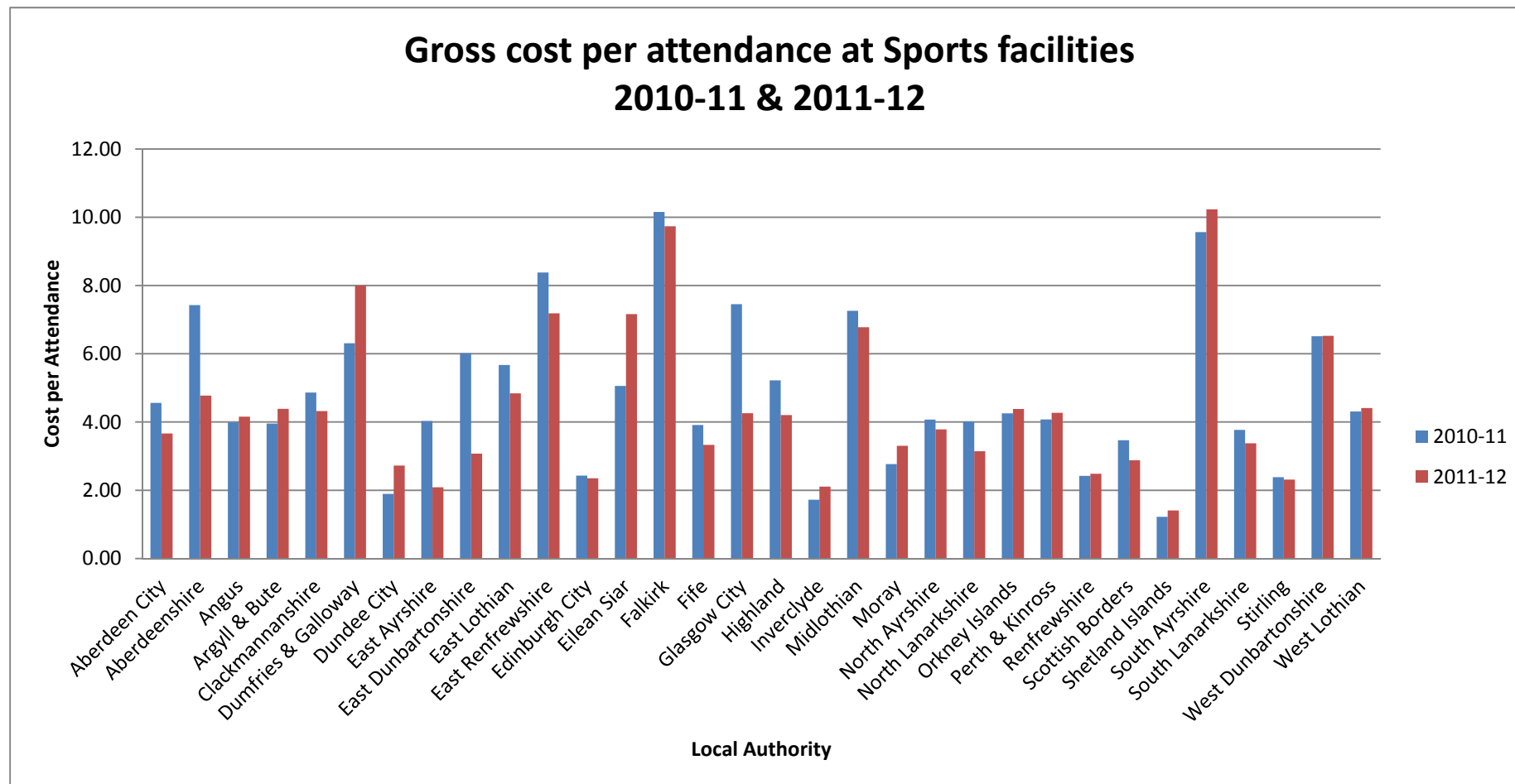
SW 2



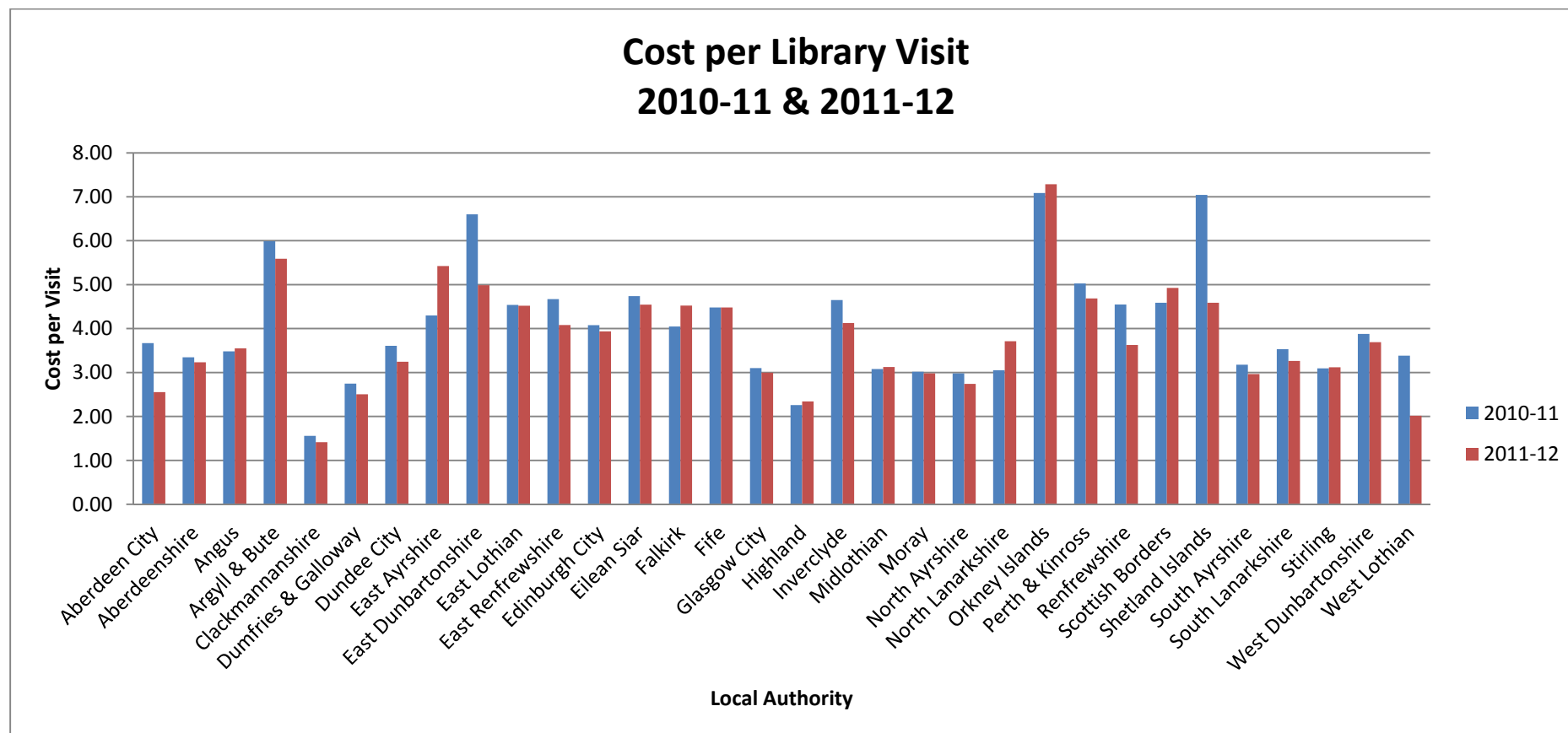
SW 3



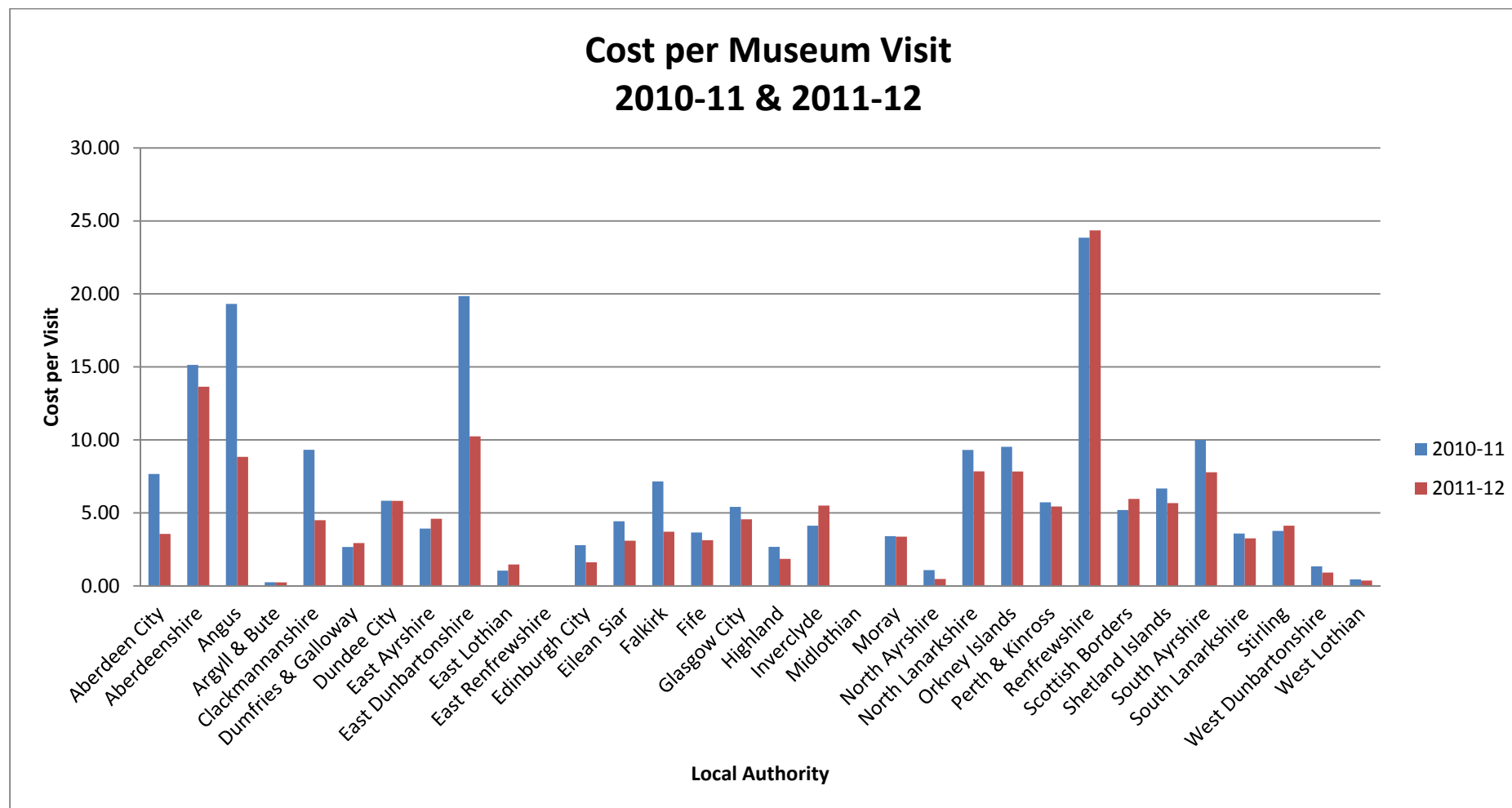
C & L 1



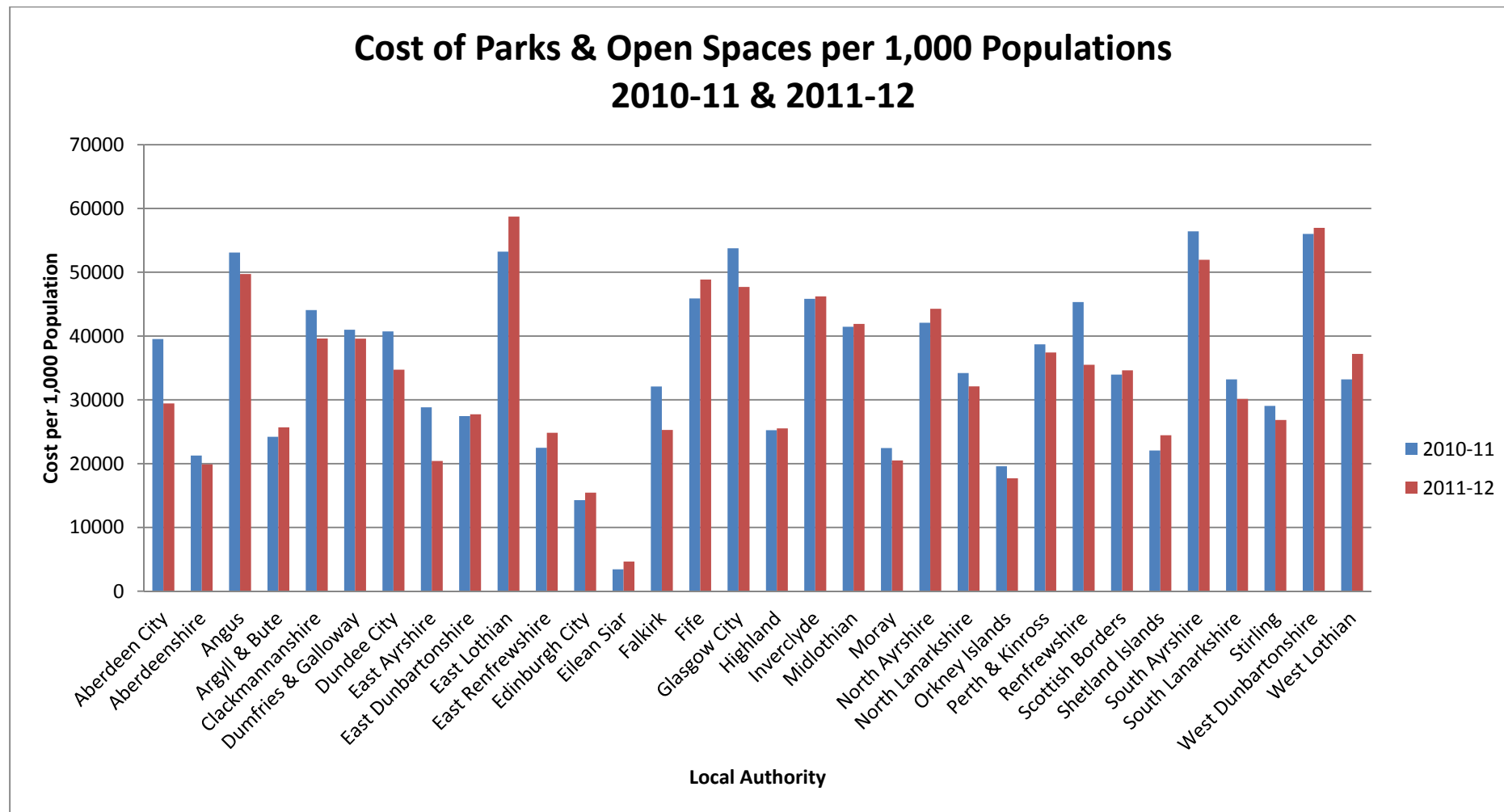
C & L 2



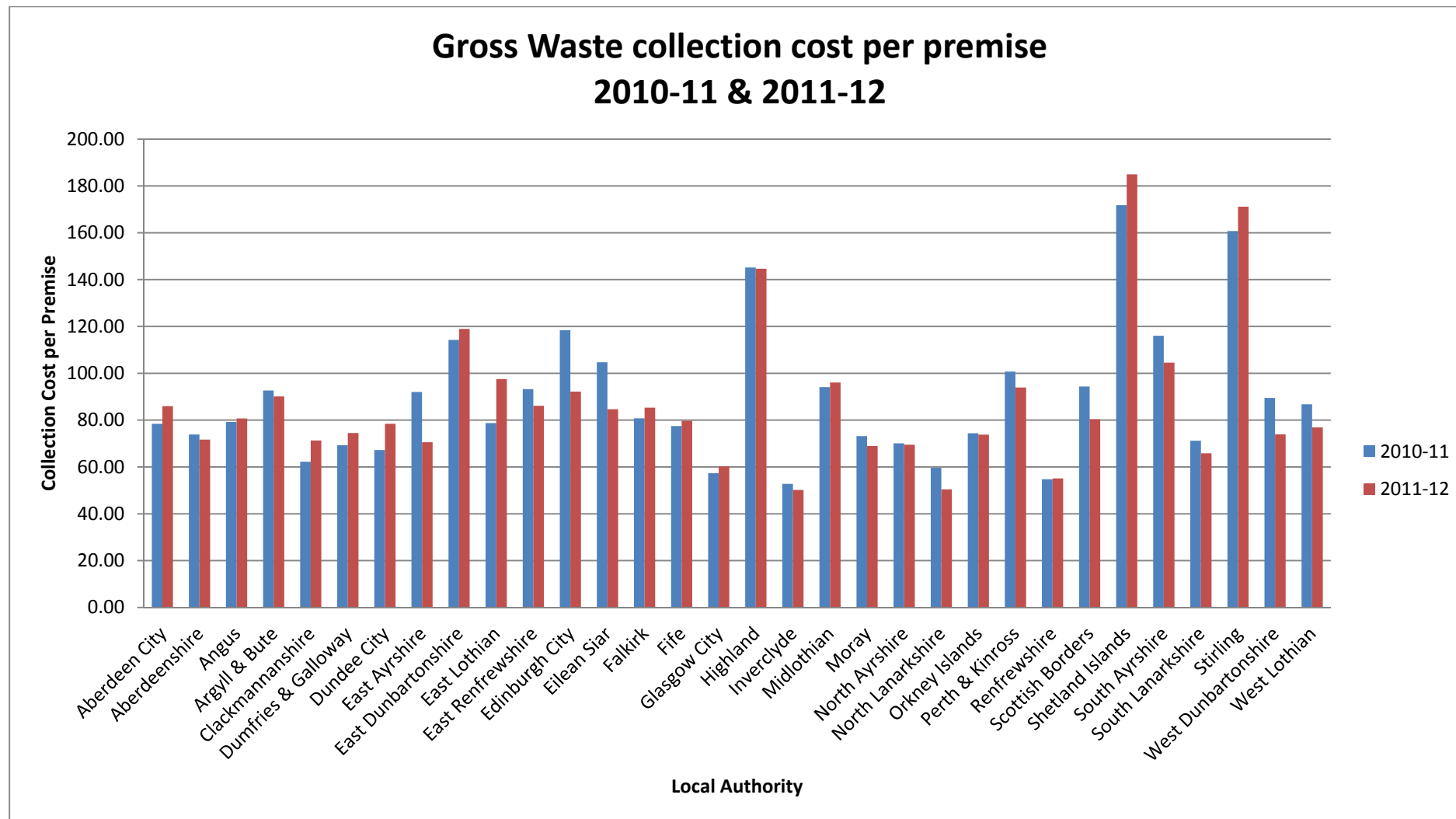
C & L 3



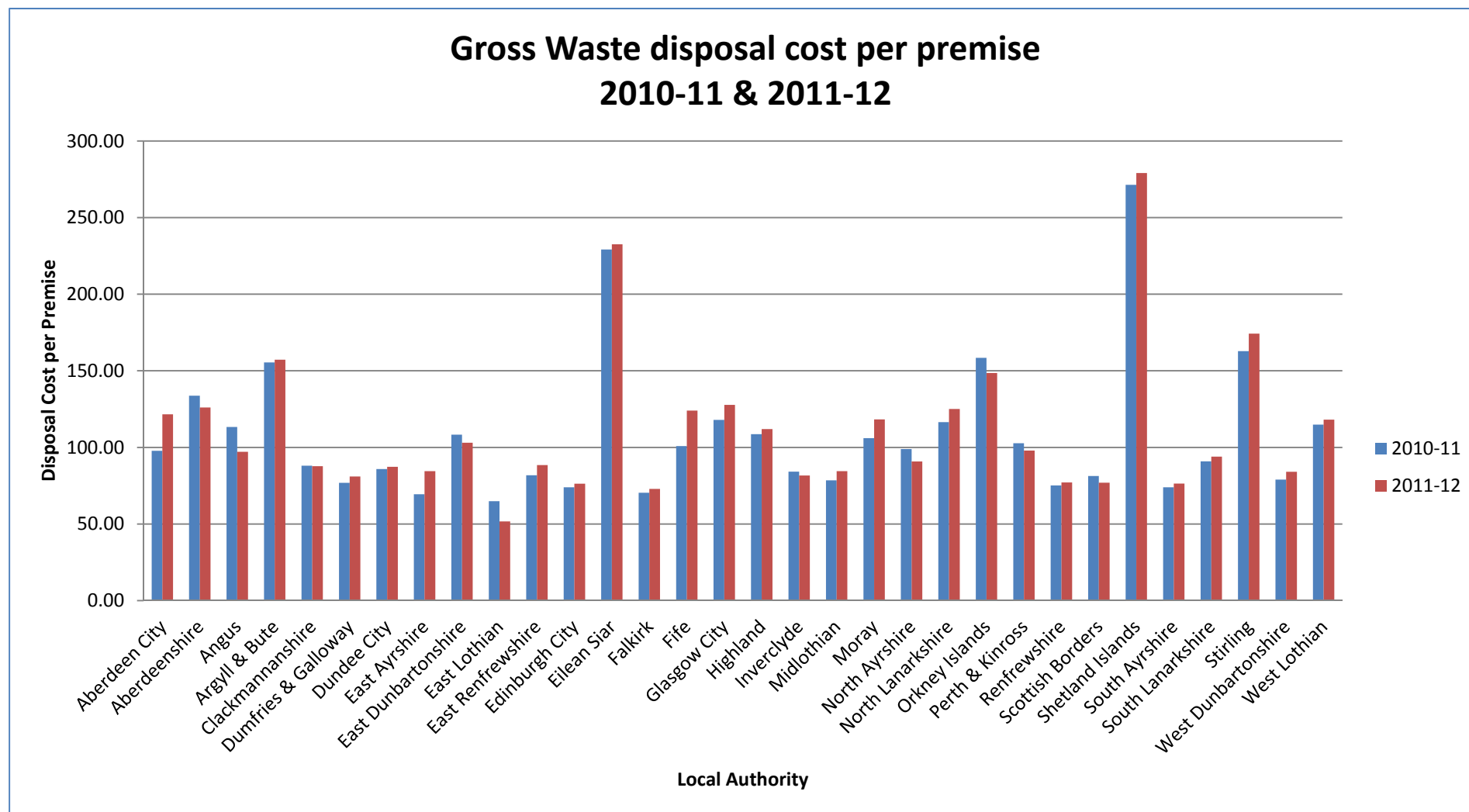
C & L 4



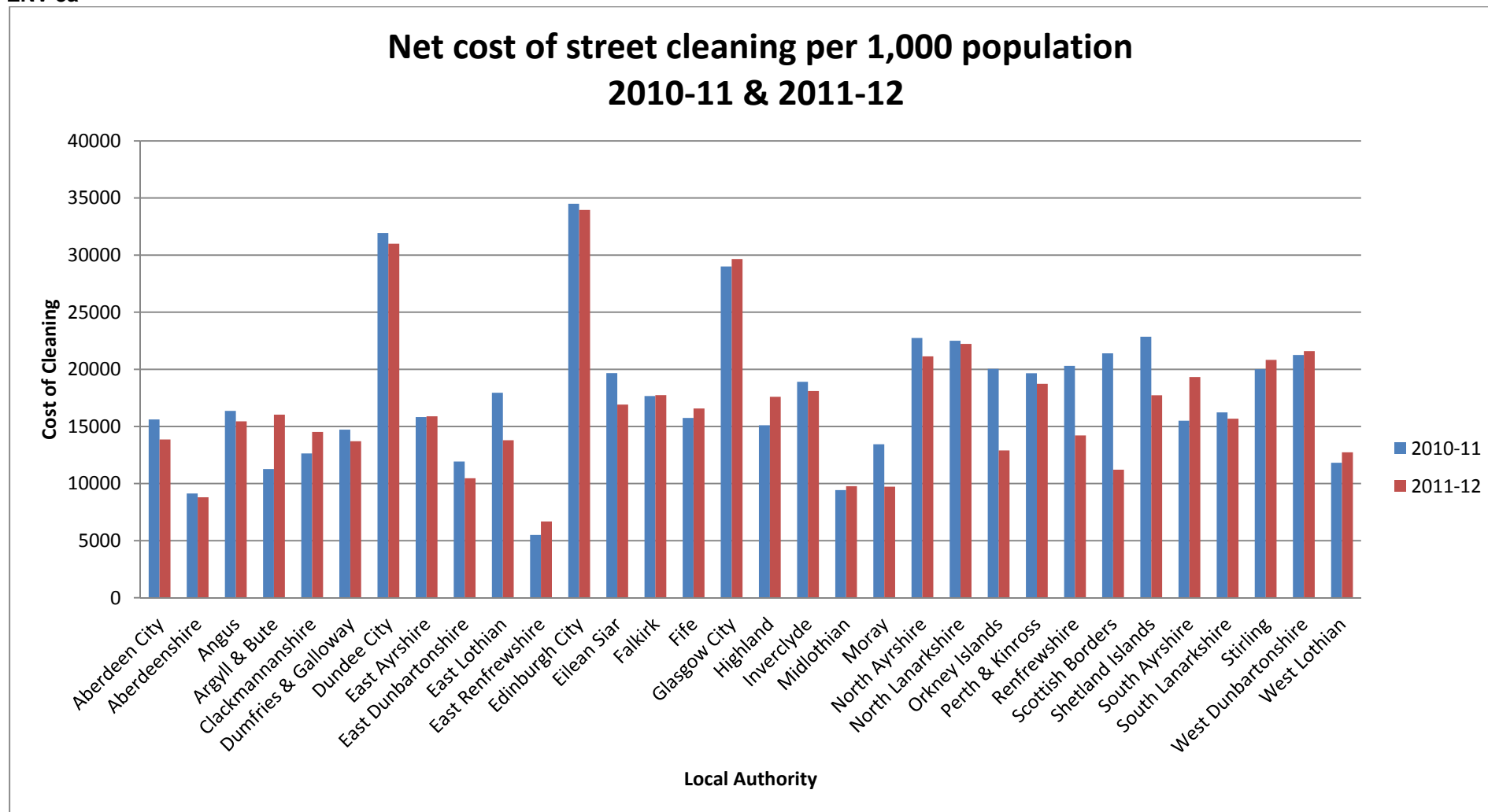
ENV 1



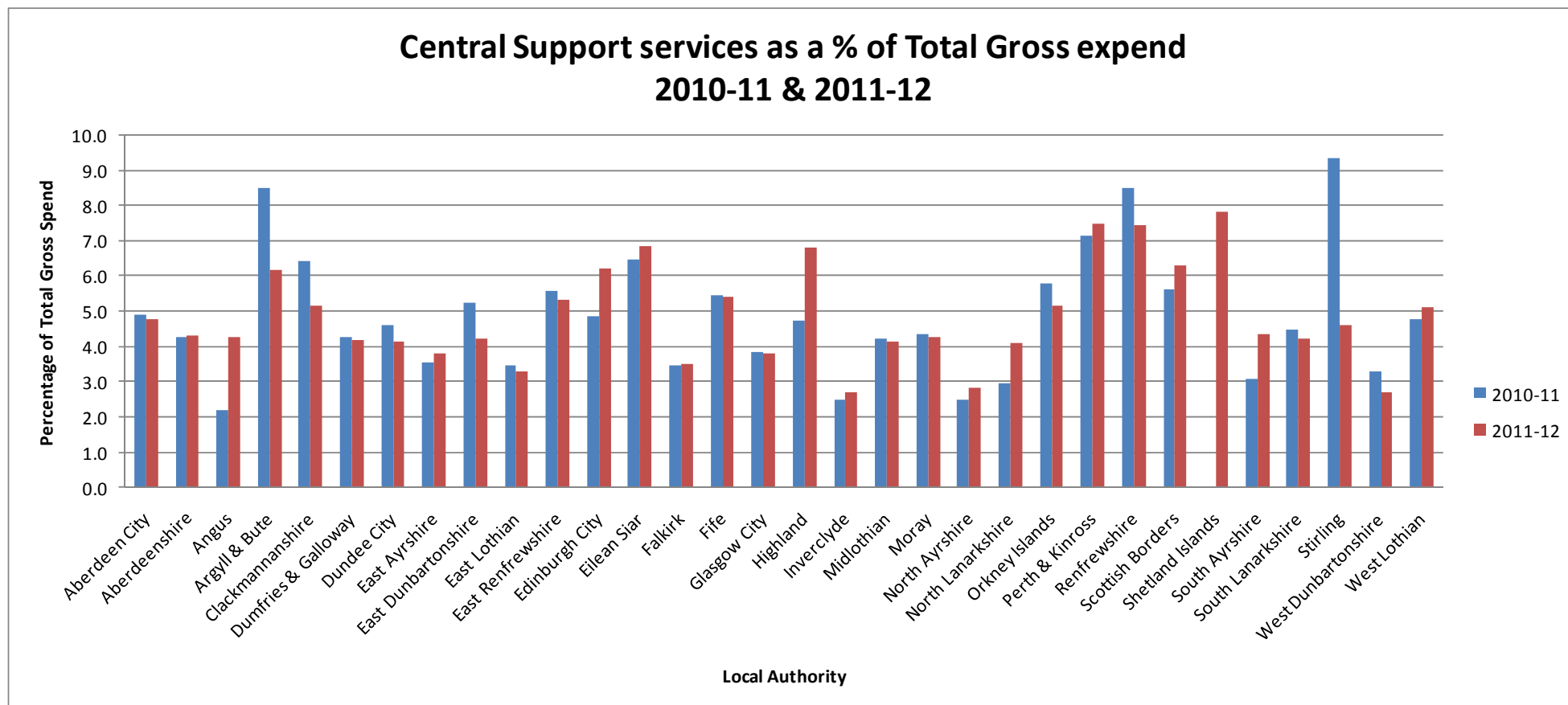
ENV 2



ENV 3a



CORP 1



Local Government and Regeneration Committee

9th Meeting, 2013 (Session 4), Wednesday, 20 March 2013

Update on Shared Services

COLIN MAIR, CEO, IMPROVEMENT SERVICE

1. The current and future financial pressures combined with Scottish Government and Local Government commitment to improving outcomes through integration, put shared Services back at the heart of the agenda. Whereas earlier phases of Shared Services focussed disproportionately on the aggregation of back office and support services within distinct parts of the public sector (local government; the NHS; Scottish Government etc), the current phase is focused on integration of front line services across the public sector (health and care partnerships; integrated children's services etc).
2. Elements of the earlier focus continue within local government (with recent developments in creating a single integrated laboratory service, shared roads services, a single approach to online learning, a single knowledge management system, a shared consumer protection board and a common ICT strategy), but the priority is to use shared capacities to support service integration. Lessons learnt from earlier phases are probably usefully distilled at this point to ensure forward progress. This short cover report focuses key points for discussion, and a case study of a major shared service, 'Customer First', is attached for illustration.
3. The first key point is to avoid treating partnership and shared services as self evidently a good thing in themselves. In earlier phases, this resulted in shopping lists of services that could , in principle , be shared, creating a small industry of consultants doing business cases for developments of low value and high risk. The totality of corporate, support and democratic services in councils amount to 3% of total expenditure, but attracted a disproportionate amount of attention. (Often based on models developed in the financial services sector which has quite different cost and benefit structures). Many business cases were completely unconvincing in terms of cost, benefits, payback period and risk.
4. The second key point is that good baseline information on the status quo, and good cost and performance benchmarks, are necessary to establish the case for change but have often been lacking. The result was that much of the time and cost of creating a business case went on establishing basic information, not business analysis. Where good baselines and benchmarks were created, the parties involved often improved their efficiency and performance without a shared service actually being put in place.
5. The third key point is that upfront cost, payback period and risk often condition a negative response to shared service proposals. Almost all the business cases we have reviewed had substantial upfront disinvestment and investment costs, ongoing

change management costs, 5 year or more payback periods and complex identified risks. It is not necessarily irrational or recalcitrant to look to other ways of improving efficiency under these circumstances.

6. The fourth key point is that precision and focus on where cost benefit is most likely to be achieved is preferable to a broad brush, scattergun approach. There may be no good case for moving the whole of a roads maintenance service onto a shared service basis given the necessarily distributed nature of direct works on roads, but sharing engineering, design and equipment services might still make savings and improve quality. Schools are necessarily where they are and cannot be 'shared' across councils. However, curriculum development or learning support services may be open to sharing between councils as well as within them. Trying to share everything often results in sharing nothing.

7. The fifth key point is the disjunction between the best interests of individual councils in the short-medium term, and the collective interests of all public authorities in the long term. For example, there may be a compelling business case across 15-20 years for having a single payroll service or smartcard system for all public authorities. However, for any individual council there may be no case at all within the financial planning horizon available to them. (Typically 2-3 years maximum). There is an interesting question about who takes the 'helicopter' view of the long term, collective interests of the public service system in Scotland as a whole.

8. The final key point is that most of the emphasis to date has been on economies of scale, and that will remain important. We are, however, moving to a phase when 'economies of skill' are equally important. For example, in key regulatory services the outflow of staff through retirements exceeds the training and development of new staff. Individual councils struggle to offer the training opportunities necessary and to sustain the specialisms they need to have. The case for sharing services under these circumstances is not predominantly cost reduction but sustainability. More generally, with resources declining or static, and demand increasing, the case for sharing may become sustaining ability to deliver, and the ability to use specialist resources more flexibly.

9. None of the above is a claim that resistance to change has not occurred, or that leadership (including our own) has always been perfect. That would be nonsense. We would put the point the other way round: clarity about purpose and benefits to be achieved, good evidence and business analysis, precision in planning and process make it more likely that people engage positively with innovation and change, and that strong leadership will occur. The focus on purpose and precision about purpose is critical: there are a range of 'shared services' in place that developed entirely uncontroversially precisely because they were not seen as shared service initiatives. They were sold on usefulness and outcomes. It is possible 'shared service' is a doomed brand name

10. As we move forward with sharing services through integration, it is critical that these lessons are taken onboard. It is important that, in establishing partnerships, there is as much precision about what they must achieve in cost, outcome and sustainability terms as there is about governance and management arrangements. Getting baseline information and performance benchmarks in place is essential to monitoring the value of integration over time. Precision about key improvement

areas and the outcomes from improvement will enable staff and leaders to engage with change rather than comply with it. In the challenging context we face , integration is not an end in itself either : it matters if it improves outcomes and allows resources to be used more cost effectively.



Appendix 1

Purpose

1. To provide background information in the Customer First programme

Background

2. Customer First is a technologically innovative programme. Unlike many such initiatives the national and local partnership of Customer First has demonstrably succeeded
3. The core vision for Customer First has always been to deliver improved public services by re-designing them around customers' needs. The Customer First Programme was established, with financial support from Scottish Government, to work in partnership with Scotland's Councils to:
 - deliver public services first time, every time
 - re-design services and systems around customers' needs
 - provide staff with the right skills, tools and knowledge to deliver first time services
 - ensure that at least 75% of core service requests can be dealt with at the first point of contact
4. Customer First is managed, with the support of COSLA and SOLACE, under the direction of the Improvement Service. The services are sponsored by the Scottish Government.
5. The initial programme was predominantly achieved through local projects in each council with a number of national 'do it once' projects. These projects have involved all councils, lead councils such as Dundee City Council, and National Records Scotland. Together they have delivered significant service and financial benefits and as a Scottish public sector we have a number of key national assets that both support current service delivery and are well placed to enable new ways of delivering services. The unique national assets are:
 - the **'citizen's account'** – provide secure access to digital public services
 - the **OneScotland national gazetteer** - the purpose being to maintain an accurate record (a BS7666 compliant) data set for each property in Scotland.
 - the **national entitlement card** - major national application that allows any part of the Scottish public sector to issue a smartcard for access to related services.

6. The Scottish Government and the wider public sector make extensive use of the national infrastructure. Some key examples include:
 - with Transport Scotland, it uses the infrastructure, the citizen account, the National Entitlement Card and the national Card Management System (CMS) to deliver the national concessionary fares
 - the ePlanning system uses the national gazetteer to source the address data for planning applications and local / national plans
 - the Homebuyers Pack system uses the national gazetteer to source data
 - the One Scotland address gazetteer is the source data for the wider UK Govt (and SG supported) national address gazetteer
 - the NEC underpins the Justice requirements for a national proof of age scheme and proof of age card
 - the NEC underpins the delivery of the Young Scot card (supported both by COSLA and the Scottish Government)
 - Provides secure access online health information as part of the MyDiabetesMyway service.
7. As well as continuing to support existing operational public services investing now in Customer First should and could make a strategic contribution to future outcomes from public services:
 - Endorsed in the McClelland Review of ICT as an exemplar initiative for 'reuse' within a pan public sector approach.
 - The aspirations for local integration and data sharing (both within the McClelland review and the Report of the Christie commission) to greater online presence, support improved self management and preventative interventions building on the ability to securely support accurate people and property information.
 - The advent of the National Digital Public Services strategy, the Local Government ICT strategy and the eHealth Strategy and the aims to collaborate to move services online.
 - Progress being made with Transport Scotland on the advancement of integrated transport and smart ticketing including the use of the National Entitlement Card.

Lessons

8. Rapid exploitation and development of Customer First's assets has often been achieved through nationally driven initiatives, most notably the introduction of the national concessionary travel scheme in 2006.
9. As with many collaborative initiatives progress has been greatest when a new capacity or service is being put in place. The case for change at a local level is always affected by local legacy and local priorities. As with myjobscotland and tellmescotland it is easier to make the case for change if the local investment has not been made and where significant effort has been expended to maximise the support for and integration with current ways of working.
10. Less predictable progress has been made in driving wider uptake across a range of services at a local level. For example, all 32 local authorities make use of the National Entitlement Card for concessionary travel, young scot and proof

of age but only two councils fully utilise the NEC across the current range of other possible local applications.

11. The needs of councils and other organisations have changed since the original service was specified and built. However Customer First was innovative and ahead of its time. The vision has always been challenging to deliver and there have been technical and change challenges that have impacted on progress and uptake.
12. However it has been delivered and it works – over 1.8 million cards are out there, we have a definitive address database, and citizens are accessing services securely. Momentum is increasing again as the imperative for new ways of delivering grows and opportunities are coming forward with councils, health and other partners.

Conclusion

13. The Customer First programme has delivered significant benefits to councils and wider public sector partners and made significant advances in meeting its objectives.
14. Customer First has worked with Scottish councils and other partners to develop technology and tools to meet current and future expectations and to support secure online access to services that has already saved councils £30 million and the potential for more over the next three years.
15. Customer First must move forward in the context of the financial and demand challenges that councils and the wider public sector face. There is a significant opportunity to both reduce costs and meet customer expectations. These enablers are available now to support councils and other organisations.

Appendix 1: Customer First Achievements

No.	Customer First Achievements
1.	The design, build and launch of a shared national ICT infrastructure, operating out of two data centres, one hosted in South Lanarkshire Council, together with a full back-up site hosted in Glasgow City Council, and providing the means to host a number of shared business applications
2.	<p>The secure maintenance of key Scottish datasets within the national ICT infrastructure including:</p> <ul style="list-style-type: none"> • The OneScotland Gazetteer, an accurate record and data set for each of the 3.2 million property in Scotland • The Citizen's Account, a thin dataset of all customers entitled to public services in Scotland (linked to the General Register Office for Scotland (GROS) national register and the NHS central register)
3.	The design, test and launch of a shared Card Management System to support the delivery of the National Entitlement Card concessionary travel scheme and YoungScot Card, as well as the issue of smartcards for access to related services, resulting in 1.65 million cards being produced and distributed, using the Citizen's Account
4.	Providing access to the OneScotland Gazetteer to the national ePlanning system to source the data for planning applications and local / national plans, supporting the processing of 1,000 online planning applications per month, and the generation of 13,000 home energy certificates each month
5.	The development, test and launch of the Public Information Notices Portal - tellmescotland – as a business application hosted on the shared national ICT infrastructure, with the Portal now adopted by half of Scotland's councils, with more to follow suit
6.	The development of a national framework contract, now adopted by almost 2/3 rd of Scotland's councils (19, and, shortly, 20), enabling councils to deploy a single, common technology platform to manage customers' interactions and entitlements
7.	The development and launch of Scottish local government's only online qualification certificated by SQA, the Customer Service Professional, successfully adopted by 28 councils and public bodies, with more to follow suit
8.	The development and launch of a common language for councils' websites, the Scottish Navigation List, Scottish Service List and Scottish A – Z, adopted successfully by 2/3 rd of Scottish councils, allowing customers and staff speedier access to information and services
9.	The development and launch of the Customer Satisfaction Measurement Tool, a new national standard for councils to evaluate the services they deliver, and already used by half of Scotland's councils, with more to follow suit
10.	The leveraging of Customer First's secure authentication solution into the NHS, providing patients with diabetes secure access to their care records, enabling patients to self-manage their conditions

11.	The development and launch of the Members' Portal, an online caseload management Portal for elected members to log, monitor and track their cases
------------	---

Appendix 2

NEC Service	Number of Councils Using these Services	Number of councils considering the service
Concessionary Travel	32	n/a
Young Scot	32	n/a
Proof of Age	32	n/a
School cashless catering	22	2
Public and School Library	13	11
Leisure	11	8
Taxi	1	1
e-money (sQUID)	4	5
Controlled Access	3	3
Audio Travel information	1	1
Matriculation	1	5
Credit Union	2	1
Staff Cards	2	5
Smoking cessation Incentive	3	0
Local Discounts/rewards	20	5

Local Government and Regeneration Committee

9th Meeting, 2013 (Session 4), Wednesday, 20 March 2013

Submission from NHS National Services Scotland

Introduction

NHS National Services Scotland is Scotland's largest shared services body, supporting Scotland's health by delivering shared services and expertise that help other organisations to work more efficiently and save money. We provide national strategic support services and expert advice to all of NHSScotland. We also play an active and crucial role in the delivery of effective healthcare to patients and the public.

In the following submission, NHS National Services Scotland has restricted its comments to those questions which are most relevant to its experience and understanding of shared services, specifically:

How are opportunities for sharing services being identified?

What is hindering moves toward developing shared and innovative service delivery models? In areas where moves to alternative service delivery models are not being pursued, what efforts are being made to standardise, streamline and simplify existing methods of delivery?

How are the tensions between potential savings and possible job losses being resolved?

What legislative barriers are there to developing shared and innovative service delivery models to their full potential?

In what ways can innovative delivery methods and collaborative arrangements (as mentioned, for example, in the Christie Commission report) help to improve outcomes and tackle embedded social problems?

Our Services

Some of the services we provide are highlighted below. For the purposes of providing a response to the committee's call for evidence we have focussed on those that have most potential to support the wider public sector:

- **Central Legal Office** - expert legal advice to NHS Boards, guiding them through different aspects of the law.
- **Counter Fraud Services** – deterring, and detecting fraud throughout the NHS, so that more money can be spent on direct patient care.
- **Health Facilities** - expert advice to help the NHS provide the highest quality healthcare environment and equipment. We develop and monitor professional and technical

standards in areas as diverse as decontamination, construction, equipment and domestic monitoring.

- **Health Protection** - effective and specialist national services which co-ordinate, strengthen and support activities aimed at protecting all the people of Scotland from infectious and environmental hazards.
- **Information Services** - information and analysis underpinning day-to-day decision-making and future planning of the NHS.
- **National Information Systems Group** –helping NHS Boards develop IT solutions to healthcare problems, from initial advice to buying or building software, to managing IT services.
- **National Procurement** - using the combined buying power of NHSScotland to get the best deals on goods, services and technology.
- **Practitioner Services** - helping patients get care from GP's, dentists, opticians and pharmacists in many ways. These include paying for their treatment, helping them find their local practitioner and transferring their records.

Evidence

How are opportunities for sharing services being identified?

Based on our expertise in IT procurement, the Scottish Government has commissioned NHS National Services Scotland to lead the procurement of the Scottish Wider Area Network.

We are also currently actively working with two local authorities and the Improvement Service on the potential for shared services. The key areas of opportunity are:

- Information Services
- Procurement, Logistics & Fleet
- Soft and Hard Facilities management
- Counter Fraud activities
- Legal services

What is hindering moves toward developing shared and innovative service delivery models? In areas where moves to alternative service delivery models are not being pursued, what efforts are being made to standardise, streamline and simplify existing methods of delivery?

In our experience, the main challenges are:

- The history of shared service initiatives, which has had varying degrees of success.
- Conflicting priorities and initiatives, (national and local, operational and strategic).
- Complex operating environments.
- Employment terms and conditions.
- Concerns about local economies and employment if efficiencies are pursued. See Question 4.

There are a number of areas that could be explored to address these challenges:

- The creation of an effective Scottish Authorising Environment charged with and accountable for progressing a shared services agenda would increase support and commitment. It could, in turn, increase the likelihood of success and ensure that initiatives are aligned. (This would involve top leadership from Government, SOLACE, COSLA, Health, Third Sector and Unitary Bodies and chaired by a Minister).
- Active engagement between Health Board Chairmen and COSLA, could create an environment where joint initiatives and goals could be identified and progressed.
- Complex operating environments could be addressed by initially concentrating on a few areas of synergy and common business functions, such as information services, fleet, distribution and facilities. Much of this is already provided on a national basis by NHS National Services Scotland to NHS Boards. These could be further developed as cross-cutting functions across the public sector.
- Employment Terms and Conditions. There are a number of different sets of Terms and Conditions that apply across the public sector. Within the NHS at least, this has been standardised, with most staff under national Agenda for Change Terms and Conditions.

How are the tensions between potential savings and possible job losses being resolved?

In many cases outside the health sector, much of this work suitable for a shared services approach is already outsourced. Shared services options could provide public bodies with a value-for-money alternative to compare against those existing arrangements.

Concerns could also be partially addressed by distinguishing between a “shared” model and a “centralised” model. Shared services can still be based locally. For example, NHS National Services Scotland operates over 22 locations across Scotland, with SMEs accounting for 80% of our suppliers.

NHS National Services Scotland has established a workforce pool which utilises staff, who are “displaced” or “at risk”, on short term assignments and projects where there is immediate need. This has increased the flexibility of our workforce and is helping equip staff for new opportunities as they arise. This approach has required close partnership working with trade union colleagues and is working successfully.

What legislative barriers are there to developing shared and innovative service delivery models to their full potential?

As an example, under current legislation, NHS National Services Scotland is constrained to

providing services only to NHSScotland.

However, a consultation draft of the Public Services Reform (Functions of the Common Services Agency of the Scottish Health Service) Order 2013 will shortly be laid before the Scottish Parliament. The purpose of the Order is to allow NHS National Services Scotland – with the agreement of the Scottish Ministers, a Scottish public body or a local authority - to provide services to them. The Order makes enabling provision and so does not impose any obligation on relevant bodies to take services from NHS National Services Scotland. Nevertheless, it is hoped that this will facilitate greater use of shared services across the public sector in Scotland.

In what ways can innovative delivery methods and collaborative arrangements (as mentioned, for example, in the Christie Commission report) help to improve outcomes and tackle embedded social problems?

By providing cross cutting services on a national basis, organisations such as local authorities would be able to focus on their core services, e.g. education, housing etc, rather than being concerned with support services. Streamlined processes and economies of scale, has the potential to release resources for reinvestment in those core services.

**Local Government and Regeneration Committee
Briefing Paper on Scotland Excel**

1. Introduction

In 2006, a review of public sector procurement was undertaken by John F McClelland CBE on behalf of the Scottish Government which highlighted the role of collaboration as means to leverage savings in public expenditure. The report also recommended that the public sector should improve its procurement capability to increase efficiency and bring wider social and economic benefits to Scotland.

Scotland Excel was established on 1 April 2008 as the Centre of Procurement Expertise for the local government sector. We develop and manage collaborative contracts where a strategic requirement is identified across the sector. We also facilitate a range of procurement development initiatives, and take an active role in ensuring that the needs of our sector are understood within the wider landscape of procurement reform.

Scotland Excel is a non-profit organisation funded by all 32 local authorities on Scotland, with a core staff of 54. Our head office is in Paisley, and we have regional teams based in Aberdeen, Edinburgh and Inverness. The host authority for Scotland Excel is Renfrewshire Council.

2. Strategic Aims

All of Scotland Excel's projects and activities are aligned to one or more of our five strategic aims:

- **STAKEHOLDER ENGAGEMENT**
To engage with local authority stakeholders across all aspects of our business to ensure that our policies, plans and activities are aligned to the strategic priorities of our sector, and to support their interests through partnerships with other stakeholder groups.
- **BEST VALUE CONTRACTS**
To maximise the value of procurement to our sector by developing and implementing new collaborative contracts, actively managing supplier relationships, and providing high quality business information and reports which support decision making at a national and local level.
- **PROCUREMENT CAPABILITY**
To deliver a range of best practice projects, initiatives and activities that raise procurement capability across our sector including training and development, advice and consultancy, and knowledge management.

- **CORPORATE SOCIAL RESPONSIBILITY**

To adopt a proactive approach to corporate social responsibility and sustainable practices by taking a holistic view of the social, economic and environmental implications of procurement choices.

- **ORGANISATIONAL DEVELOPMENT**

To progress the development of Scotland Excel through the continuous improvement of staff skills, systems and internal processes, ensuring that we measure, monitor and report on our performance across a number of key measures.

3. Governance

Scotland Excel is governed by a Joint Committee. The Joint Committee is made up of one Elected Members from each of Scotland's local authorities. The eight largest local authorities have two Elected Members on the Committee. The Joint Committee meets twice each year and is responsible for the strategic direction of the organisation and for approving the annual budget and business plan.

The Executive Sub-Committee (a sub-group of 10 Elected Members from the Joint Committee) meets regularly to approve contract awards and other business decisions. In addition, a Chief Executive Officers' Management Group, consisting of six local authority Chief Executives is responsible for monitoring Scotland Excel's performance against its business plan and objectives.

4. Contract Portfolio

Scotland Excel currently manages a portfolio of 44 collaborative contracts worth almost £350m per annum on behalf of local authority members, (Appendix 1). We follow the Scottish Government's Strategic Sourcing methodology, known as the 'Procurement Journey'.

Our contracts cover a wide range of products and services used by local authority departments, schools, libraries and leisure venues. The contracts are also available to c. 80 Associate Members including police and fire boards, charities and voluntary organisations.

Contracts are developed and managed across five category areas:

- social care
- construction and roads
- transport and environment
- facilities management
- education and corporate

The contract portfolio is developed in close partnership with stakeholders at all levels within local authorities. Key spend areas are identified through detailed analysis of management information, and User Intelligence Groups (UIGs) of local authority procurement and technical specialists inform the contract placement process for each new or renewed contract.

Scotland Excel's contract and supplier management programme reviews customer feedback and management information on a quarterly basis to ensure that contracts continue to deliver best value to local authorities throughout their lifetime. This activity underpins our drive for continuous improvement and, to date, all second generation contracts have delivered additional savings and benefits for local authorities against a backdrop of increasing market prices.

5. Contract Delivery Plan

Scotland Excel's contract portfolio has traditionally covered mainly the supply and delivery of goods and products. The future contract delivery schedule highlights the development of new opportunities in the high value, strategic areas of social care, construction and waste resources, (Appendix 2), with the focus increasingly on service related contracts.

The first two contracts in the social care portfolio for prepared meals and secure care were delivered in 2011, the latter contract also covering the requirements of the Scottish Government. A third contract for telecare equipment began in January 2012, and a contract for foster care services is expected to commence in April 2013. This will bring the total annual value of contracts within the social care portfolio to c. £66m.

A further three social care contracts for home care services, adult specialist residential care, and residential children's care are currently in development for delivery during 2013. The estimated annual value of these contracts is c. £140m, and extensive consultation is taking place with a range of stakeholder groups to ensure that the contracts deliver the right outcomes for service users as well as best value for local authorities.

Within the construction portfolio, Scotland Excel manages a range of contracts which cover materials, tools and maintenance supplies. An engineering consultancy services framework worth an estimated £10m per annum has recently been awarded and a contract for building services is in development for delivery later this year.

Two new frameworks for organic waste and electronic waste are expected to commence in April and May 2013. The services offer alternatives to landfill and support the aims of the Waste (Scotland) Regulations 2012 to drive reuse and recycling.

Scotland Excel will also continue to manage the existing portfolio on an ongoing basis, working closely with suppliers to ensure that maximum value and quality is delivered through the life of each contract.

6. Procurement Reform

Scotland Excel develops and manages a range of projects and initiatives which help local authorities to improve their procurement capability and increase the efficiency of their operations.

In January 2009, Scotland Excel implemented *Enhancing Procurement Capabilities*, a rolling programme of learning and development opportunities covering a wide range of procurement topics. Although initially launched for the local government sector, the programme's reputation has reached the wider public procurement sector, and has attracted more than 3,000 delegates from around 100 organisations.

Scotland Excel also undertakes annual Procurement Capability Assessments (PCAs) with local authorities. These assessments are part of a wider programme covering all public sector organisations, and measure capability in key areas to provide a benchmark for tracking progress. Since PCAs were launched in 2009, the average score within the local government sector has more than doubled.

To facilitate improvement across the sector, PCA results are analysed by Scotland Excel each year and a programme of activity agreed with local authority procurement teams. As well as facilitating a range of collaborative improvement projects with local authorities, Scotland Excel has supported several 'fast track' programmes with individual councils to help them develop internal improvement plans that have the commitment of their senior management teams.

Scotland Excel plays a role in the national reform agenda through membership of the Procurement Reform Delivery Group. Members of this group include the heads of the national and sectoral procurement centres of expertise, all of which have in place their own governance and accountability arrangements. The Delivery Group is expected to play a key role in developing collaborative national and sectoral approaches to procurement and in minimising unnecessary duplication.

The Delivery Group takes direction from the Public Procurement Reform Board, and reports to this Board on the implementation of the reform agenda. The Delivery Group is responsible for ensuring that the Reform Programme remains on course to deliver the expected benefits. The Group collectively owns the procurement reform delivery plan, and it leads, drives and facilitates the work to develop collaborative national and sectoral approaches to procurement across the public sector in Scotland.

7. Scotland Excel as a shared service

Scotland Excel is often cited as an example of a successful shared service within the local authority sector. The benefits of collaboration are clearly demonstrated by the savings made by local authorities using our framework contracts. For every £1 invested in the operating costs of Scotland Excel, the sector sees a return of £4 in direct cost savings.

Local authorities also benefit from additional efficiency savings when using national contracts compared to the cost of placing their own contracts. In addition, the flexible nature of framework contracts enables local authorities to select suppliers which meet specific local requirements, which in turn offers opportunities for smaller businesses to bid for business through the frameworks.

Collaborative procurement can also be an enabler of wider social, economic and environmental benefits. For example, our telecare contract has prompted suppliers to address long term interoperability issues which have restricted choice for service users, and our building and timber contract has stimulated demand for timber which comes from a legal and sustainable source. In addition, the recently renewed bitumen contract has incorporated a range of community benefits including work experience for young people and the development of community facilities.

Although Scotland Excel can be considered as a shared service, our remit is to facilitate collaboration and develop expertise rather than replace the need for local procurement teams. We view local authorities as our customers, and work in close partnership with them to ensure that the national contracts meet the needs of each organisation. This is a different model to shared back office or administration services which replace internal departments and, therefore, our experience in driving collaboration and efficiency would not necessarily be applicable to all other types of shared services.

Appendix 1: Contract Portfolio, (March 2013)

- Advertising Services
- Asbestos
- Bitumen Products
- Building and Timber Materials
- Catering Sundries
- Classroom Activity Materials*
- Early Learning Materials*
- Education and Office Furniture
- Electrical Materials
- Engineering Consultancy Services
- Exercise Books*
- Frozen Foods
- Groceries and Provisions
- Heavy Vehicles
- Hygiene Products
- Ironmongery
- Library Books
- Light Vehicles
- Meats - Fresh, Prepared & Cooked (inc. Fresh Fish)
- Milk
- Musical Instruments and Accessories*
- Paint
- Personal and Protective Equipment
- Plumbing Materials
- Prepared Meals
- Presentation and Audio Visual
- Road Maintenance Materials
- Sacks and Liners
- Salt for Winter Maintenance
- Science Equipment and Materials*
- Secure Care
- Security
- Signage
- Sport Equipment*
- Street Lighting
- Telecare Equipment
- Text Books
- Trade Tools/Sundries
- Tyres
- Vehicle Parts
- Vehicles & Plant Hire
- Washroom Solutions
- Waste Containers
- Waste Disposal Equipment

* Frameworks being combined to form an Educational Materials framework from 1 April 2013

Appendix 2: Contract Delivery Schedule

Framework	Timescale	Activity
Educational Materials	April 2013	Renewal
Fostering	April 2013	New
Organic Waste	April 2013	New
Domestic Furniture and Furnishings	May 2013	New
Household WEEE and Batteries	May 2013	New
Light Vehicles	June 2013	Renewal
Building Services	July 2013	New
Frozen Foods	July 2013	Renewal
Secure Care	July 2013	Renewal
Adult Specialist Care	September 2013	New
Residential Children's Care	September 2013	New
Ironmongery and Tools	October 2013	Renewal
Recycle/Refuse Containers	November 2013	Renewal
Tyres	November 2013	Renewal