



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

LOCAL GOVERNMENT AND REGENERATION COMMITTEE

Wednesday 7 September 2011

Session 4

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LOCAL GOVERNMENT AND REGENERATION COMMITTEE
3rd Meeting 2011, Session 4

CONVENER

*Joe FitzPatrick (Dundee City West) (SNP)

DEPUTY CONVENER

*Kevin Stewart (Aberdeen Central) (SNP)

COMMITTEE MEMBERS

Ruth Davidson (Glasgow) (Con)

*Kezia Dugdale (Lothian) (Lab)

*Mark Griffin (Central Scotland) (Lab)

*David Torrance (Kirkcaldy) (SNP)

*Bill Walker (Dunfermline) (SNP)

*attended

THE FOLLOWING GAVE EVIDENCE:

James Fowlie (Convention of Scottish Local Authorities)

Ronnie Hinds (Society of Local Authority Chief Executives and Senior Managers Scotland)

Professor Richard Kerley (Queen Margaret University)

Mark McAteer (Improvement Service)

Fraser McKinlay (Audit Scotland)

Don Peebles (Chartered Institute of Public Finance and Accountancy in Scotland)

Dave Watson (Unison)

CLERK TO THE COMMITTEE

Eugene Windsor

LOCATION

Committee Room 4

Scottish Parliament

Local Government and Regeneration Committee

Wednesday 7 September 2011

[The Convener *opened the meeting at 10:00*]

Decision on Taking Business in Private

The Convener (Joe FitzPatrick): I welcome everyone to the third meeting of the Local Government and Regeneration Committee and give the usual reminder to switch off mobile phones and electronic devices. As well as preventing any interference with the broadcasting equipment, doing so will save you the kind of embarrassment I experienced at our business planning meeting last week. We have received apologies from Ruth Davidson, who will not be able to join us.

The first item on the agenda is to decide whether to take item 4 in private. I suggest that we do so. Are members agreed?

Members *indicated agreement.*

Local Government in Scotland

10:00

The Convener: We move on to our main item of business this morning, which is a round-table evidence-gathering session on local government in Scotland. This will be the first of a series of round-table events that the committee will be undertaking over the next few weeks to inform us of the key policy issues in our remit and to allow us to formulate our work programme for the next 12 months, which we have agreed to make more solid after the October recess.

I think that the best thing will be to go round the table and give people a chance to say who they are, both for our own information and for the *Official Report*. I am the committee convener and MSP for Dundee City West.

Kevin Stewart (Aberdeen Central) (SNP): I am the deputy convener of the committee and member for Aberdeen Central.

Ronnie Hinds (Society of Local Authority Chief Executives and Senior Managers Scotland): I am the chair of the Society of Local Authority Chief Executives and Senior Managers Scotland. I am also attending in my capacity as chair of the national community planning group.

Professor Richard Kerley (Queen Margaret University): I have a long-standing research interest in local government.

Bill Walker (Dunfermline) (SNP): I am a committee member and the Scottish National Party MSP for Dunfermline.

James Fowlie (Convention of Scottish Local Authorities): I am team development manager for the Convention of Scottish Local Authorities.

Kezia Dugdale (Lothian) (Lab): I am an MSP for the Lothian region.

Mark McAteer (Improvement Service): I am director of governance and performance management at the Improvement Service.

Fraser McKinlay (Audit Scotland): I am director of best value and scrutiny improvement at Audit Scotland.

David Torrance (Kirkcaldy) (SNP): I am MSP for the Kirkcaldy constituency.

Dave Watson (Unison): I am the head of bargaining and campaigns at Unison Scotland.

Mark Griffin (Central Scotland) (Lab): I am an MSP for the Central Scotland region.

Don Peebles (Chartered Institute of Public Finance and Accountancy in Scotland): I am policy and technical manager at the Chartered

Institute of Public Finance and Accountancy in Scotland.

The Convener: Clearly we have a wide range of experience around the table. As the format will be much less formal than that for a usual evidence session, I really hope that we can have a discussion in which everyone can take part.

Does anyone want to kick off?

Dave Watson: From our perspective, the agenda for local government for the next few years, which I think is what you are trying to get at, is—not surprisingly—being driven almost entirely by the financial position. As a result, we think that there are three strands you will need to look at, the first of which is the impact of budget cuts on services, the consequential impact on jobs in local government and the impact of all of that on the local economy.

The second strand is reform. Although a lot of positive reform initiatives should be happening irrespective of finance, a number of other reform initiatives that are being put in place in response to the financial position have not been as clearly and as well thought through as we would wish. A longer-term concern of local government staff is where local government is actually going in future.

The third strand is direct workforce issues, including the pay freeze and the attack on our members' pensions and terms and conditions. When those three strands are put together, you get a fairly toxic mix of a frankly demoralised workforce struggling to deliver current levels of service.

Mark McAteer: Although I do not agree that the agenda for local government will be driven solely by finance, I absolutely agree with Dave Watson that the financial issues that councils face are real and pertinent. As we all know, over the next two to three years there will be a real-terms cut of approximately 12 per cent.

However, the big challenge for local authorities and their community planning partners will be improving outcomes for the citizens of Scotland because therein lies the question of how we deal with the short to medium-term financial pressures that we face. That is very much about driving demand and failure demand out of the system through how we work together, integrate services and focus on communities' needs. That is probably the biggest challenge that we face and possibly one of the few ways in which we can address the financial issues that Dave Watson has alluded to.

Don Peebles: Mark McAteer's comments remind me of CIPFA's contribution to the Christie commission. I understand that the agenda might not be wholly finance driven but we cannot

disconnect financial consequences from what we are about to discuss today. In its evidence to the Christie commission, CIPFA recommended that the national resource distribution system, which is, in effect, input based and historical, should be fundamentally reviewed. The commission seemed to agree with that. If the challenge at national level is all about reconsidering resources, there is no doubt that one of the challenges at local level is to revise financial planning to bring the budgeting and finance system into line with the outcomes that Mark McAteer referred to. The system is still principally input based and based on the agreement within the single outcome agreements, which have been in place for a number of years.

Undoubtedly, there has to be a shift in what happens locally, but there are barriers to that. We might discuss them later but they are not new—indeed, most of us know what they are—and they might well have to be addressed.

The third issue is the level of resources that can be raised at local level. I think that it is time to reconsider exactly what we want to do with regard to local taxation.

Finally, later on today we will hear about significant public sector reform, certainly in relation to the police service. Dismantling and disconnecting the financial consequences of the boards' arrangements from the local government group and family will be a major finance and governance challenge, but we might talk about that later.

Kevin Stewart: We have already heard a lot about local government being driven by finance and I think that we all understand what is likely to happen as a result of the Westminster Government's cuts. However, other opportunities might well arise. Instead of the sort of salami slicing that local authorities have used far too often to deal with budget cuts, might there be other ways of dealing with the situation, for example through the priority-based budgeting that has been used to good effect in Aberdeen City Council? With such an approach, you can bring staff on board to formulate what can or cannot be done. Indeed, if it is done properly, you can look at the impact of the cuts and make cuts in the right areas rather than in the wrong ones. On the other hand, salami slicing too often has a major effect in areas such as early intervention, which the committee has already made something of a priority. What are your thoughts on that method of dealing with what we are about to face?

Ronnie Hinds: I agree. If we are to deal with a financial problem of this size, we need to prioritise our approach. However, the ideal way of doing so lies beyond us, because what we need is a better definition of and handle on the outcomes that we are trying to achieve and to prioritise on that basis.

We are still feeling our way towards that, even though we have been working on single outcome agreements for four or five years now.

I am aware of the work that is going on in Aberdeen; work is going on in my council and probably in others. However, it is somewhat rudimentary in nature. In Fife, for example, we have prioritised at a very high level the services that we provide and made differential budget cuts to them. However, although that is different from salami slicing and gets a certain result, it is far from ideal. What we would like to have—and what we do not have at our disposal—is a very distinct set of outcomes that we can relate to the financial resources that have been allocated to deliver them.

We have also been involved in some work to relate outcomes to budgets, which the Improvement Service has helped us with. However, we have found that, despite our best endeavours, that is too great a task at the moment and there are other steps that we must take in the meantime to put our planning and delivery arrangements more in line with outcomes. We will do that to begin with and will then take the next step of asking how many pounds we are spending on those outcomes and what would be the impact of our spending less.

I agree in principle that we must take a priority-based approach and that doing that on the basis of outcomes is the ideal. We should strive towards that, but we are not there at the moment.

The Convener: Does anyone else have any thoughts about how we can move from an inputs-based approach to an outcomes-based approach?

Mark McAteer: We have been doing some work in Fife and Aberdeen with the community planning partnerships, not simply with the councils, to see how their resources and finances map against their outcomes. As Ronnie Hinds said, one of the initial challenges is to relate the outcomes that a partnership has signed off through the SOA to its budget—there is a gap between the two. As you heard earlier, budgets are traditionally output driven and there is a real challenge in trying to map them to resources and performance management around outcomes. Where do the actual resources of the partnership—the people, property, machinery and so forth—go and how do they support what the partnership is trying to achieve? How effectively is that managed? That is a big challenge, and the performance management agenda must be strengthened around that.

Professor Kerley: I have two or three observations to make, which relate generally to the direction in which the discussion is going. I referred to my interest being primarily in local

government, but I take the view—and have done for a number of years—that we cannot talk about local government alone. That is precisely why we have the community planning process.

In some critical areas of activity, local government is required to interact with a variety of organisations if we are to begin to achieve some of the outcomes that we might all think desirable. One of the overhasty policy reactions that I often see is the assumption that working together in that way and integrating services requires some structural reorganisation or structural brigading. Another committee heard evidence yesterday from Lord Sutherland, my former boss, who talked about the necessity of integrating care services into the health service to improve outcomes for older people. There are several reasons why I think that that is near delusional, one of which is the fact that the health service is still run by the heavy-hitting, critical areas of activity. Neurosurgeons and cardios do not pay a lot of attention to giving elderly people their breakfast at 7 in the morning. The belief that such integration would improve things is, as yet, unproven.

At the other end of the scale is the entry of children into the education system and the early years provision that is talked about a lot in the Parliament. In that area, there is a requirement for a far closer integration of the different services, from local authorities' formal, statutory requirements—for example, a register of births—through to the health service supporting parents, young children and babies. Two or three years before the time that some of the kids whom we are talking about hit local government services as they are currently constructed, at age four or five, their life chances have already been set. It is not about local government alone.

The achievement of outcomes in all the work that is being done in practice within local authorities and other community planning bodies is not just complex, but extremely hard to understand. At every level, we struggle to go from input to output, let alone outcome. I have no comment to make on the merits of what you will discuss in the chamber today. However, the obsession with, for example, the number of uniformed police officers in relation to strength suggests that there has not been a wide acceptance of output, let alone outcome. If we are saying that the absolute measure of what we are doing is the fact that we have 17,242 uniformed police officers, there is a mismatch.

A third area that is central to what the committee should look at over the coming session is the grappling with those outcome achievements to see whether “achievement” can even be defined before one attempts to put a budget to the

achievement of outcomes. That is very difficult to do.

Many organisations have aspired to priority-based budgeting for many years. However, it can become grindingly difficult to do, and is often—from my observations in more than one council—overtaken by the statutory cycle of having to achieve a budget and set a council tax level. It is the direction of travel, but it is a very tough one, and I am not sure how one would apply it across the board.

10:15

Kevin Stewart: It has not been attempted here before to any huge extent. We need more strategic thinking on finance in local government; that is the only way to do it. The medium and long-term financial strategies should be living documents. Once councils have done the bulk of the work, they will have only to look at various areas as time goes on; unless there is a policy change or some other major change, the work is with them for the long term. They do not have to go back again and again, except in individual areas.

It is really important for councils that, rather than working on a year-to-year basis, as many of them do, they take the longer view. Some councils—including Aberdeen City Council—have found themselves in difficulties before by dealing with budgets from year to year, rather than looking at the thing in the round.

Bill Walker: We have got down to the key issues rather quickly, after hearing from only the first two speakers, which is impressive. I agree with a lot that has been said.

I was a councillor before I became an MSP, and the key for me was always fixating on outputs and outcomes—as Professor Kerley indicated, they are not the same thing. An output might not necessarily produce the outcome that you want.

I would go a step further on prioritisation. Salami slicing always takes place, and to some degree councils just regard it as what they do. However, sometimes local government and its partners must ask whether they should be doing certain things at all; it is as brutal as that, and we should look at it in that way. That is a pretty serious thing to contemplate, but it is about strategic thinking.

Don Peebles: We have discussed a range of technical jargon: we have spoken about priority-based budgeting and outcome-based budgeting. My understanding is that we are trying to achieve the same thing, irrespective of which approach we apply.

If we focus on outcomes, we must understand that those will necessarily have a longer timeframe

than short-term inputs. Politicians must be brave and recognise that strategic decisions that are taken might not be capable of being measured in the short term.

To come back to budgeting, public bodies—and local government in particular—have been driven towards salami slicing because of the principally incremental basis of the budgeting that has been undertaken. Such a basis necessarily forces councils into what we now recognise as salami slicing, to use the common term.

That said, the disconnect with longer-term financial planning is that local government is financed primarily by central Government, in the form of the Scottish Government. In 2009-10, the gross expenditure for local government was about £18 billion, of which £11 billion was funded by the Scottish Government. There is not a long-term focus on the funding that is made available to local government. Between the Scottish Government and local government, we probably need a longer timeframe to enable local politicians to accept that they can plan services on a more strategic and forward-thinking basis.

Fraser McKinlay: My point builds on the point that Don Peebles has just made. We are having this discussion—which is a very difficult one for councils and their partners—just a few months before council elections. That is incredibly challenging—and I am not even directly involved in the elections.

Local government now has a series of coalition administrations, independent administrations and minority administrations, and there is a major test of that kind of political leadership. The work that we did on the overview report on local government last year, and the work that we have done so far on this year's report, shows that councils have already done a lot to deal with the issue. That must be recognised. They deserve some credit for that. They are in a reasonably good financial position, as things stand this year. The real challenge will come next year, as the budget round that councils are preparing for, which will come two or three months before the council elections, will be very difficult. I do not have an answer to the question of how to deal with that—that is an issue for Ronnie Hinds and others—but it is worth recognising the environment in which these conversations are happening.

I absolutely agree with Richard Kerley and others about the importance of working in partnership. However, if the demand challenges that Mark McAteer mentioned earlier are to be met, we need a step change in what partnership working is all about. At the moment, there are lots of good examples of partnership working, but it tends to be quite localised and driven by initiatives and projects. There needs to be a quite different

set of discussions about how the public services in an area can use their collective resources, skills and expertise to deliver the outcomes that they have signed up to through the single outcome agreements. I think that we have a way to go in that regard.

The Convener: Ronnie Hinds, are you up to the challenge that has just been laid down?

Ronnie Hinds: Yes—I thank Fraser McKinlay, but I think that we are up to the challenge. I want to throw another item into the discussion, which I think follows on from what he was saying.

We should not become too fixated on the financial situation. I do not disagree with what Dave Watson said earlier—clearly, as we look at the next four to five years, that looms large in all of our minds. However, it is worth looking back over the previous 10 years and reminding ourselves how much money has been pumped into the public services—not just local government, but the public sector as a whole—over that period and just how little that money has produced in terms of improved performance.

I want to focus on the issue of performance. An example that always sticks in my mind is that, over the past decade, we spent something like 50 per cent more in real terms on educational services but levels of attainment, measured at secondary 4, went up by about 1.4 per cent. No one would have expected a 50 per cent improvement, but the disparity between 1.4 per cent and 50 per cent is stark. That is not untypical of points that could be made in other service areas.

What does that mean for us? It means that we have to get serious about improving our performance. Part of that is that we must become much more transparent about performance. We have made good strides in relation to the duty of public performance reporting—I hope that Fraser McKinlay accepts that. Each local authority has given the best account that it can of what it is seeking to achieve. However, we have been a little shy about comparative performance information. That is a major driver of improvement in the public sector, where some of the drivers of improvement that apply in the private sector clearly do not apply. We should turn our minds to ensuring that we have that transparency in the comparison between councils in measurable terms in areas that I would designate as being related to performance. If it is true that spending that much more money has not brought about a commensurate improvement in performance, the optimist in me says that, if we have to spend less money, there certainly should not be a commensurate reduction in performance. We should be looking to spend less money and get a better result.

The Convener: On the issue of comparative performance, the Scottish Government has introduced the Scotland performs framework, which is based on a model from Virginia. If there were various frameworks for local government—Dundee performs, Fife performs and so on—could that be used to compare the performance of local authorities?

Ronnie Hinds: The honest answer from me is that the framework is not something that I look at every day of the week. However, the same would be true of my own single outcome agreements. You have to be careful about putting too much weight on the fact that we have created a framework because, if it simply gathers dust, it has not served much purpose. The issue is more about instilling the culture of performance in our organisations. That is the key issue. There must be some targets that people know that you are aspiring to achieve. However, if you simply put those targets out there and do not reorganise your efforts around their delivery, you will not have achieved much. You might create the illusion that we are performance focused, but not the reality.

Mark McAteer: I echo everything that Ronnie Hinds has said about the performance challenges and the performance management approach. We will probably talk about that in more detail later.

I want to pick up on a couple of the other issues around the priority-based budgeting and outcome budgeting work that has been mentioned. One of the issues is the complexity of the accountancy systems that operate across public service organisations, which is a challenge that we face when, for example, we are working with the partnerships in Aberdeen to address how we can all work together to promote better outcomes for older people in the area.

In the national health service, in the accounts of clinical areas such as cardiology and cancer treatments, it is very difficult to break the information down by the number of older people and the residence status of those older people—in other words, where they live in the area. If I am working with a council and the NHS and ask them where all the money goes and what it buys for the older people who are the priority, the systems make it very difficult for me to get that information.

I return to the point that Don Peebles made about the dislocation between the planning of finance and the outcomes that we as partners are trying to achieve. Our systems do not help. I am not making excuses; that is just the reality of the difficulties and complexities that we face.

That touches on what Ronnie Hinds talked about, which is that the accountancy line—not for the finances but for performance—is different across the different partners, and sometimes

different priorities and targets come from national Government to different agencies, which clouds things even further for them.

Kevin Stewart is absolutely right that we should all be trying to achieve a priority-based, outcome-focused approach, but the systems that we have inherited do not help—they reflect themselves back into the culture that Ronnie Hinds talked about in terms of performance.

Kevin Stewart: I want to come back in on Ronnie Hinds's comments about best practice and benchmarking. We heard from colleagues from COSLA at the committee's away day. One annoying thing is that a huge amount of good practice is going on around the country but often it is not shared and, when it comes to benchmarking, it is difficult for us to lay our hands on what is happening elsewhere.

I know that COSLA is trying to deal with the issue and perhaps James Fowlie can comment.

Lines of communication are often not that great and we should ensure that best practice in some places is picked up in others, so that we do not have to reinvent the wheel here, there and everywhere.

James Fowlie: I will pass the buck and pass over to Mark McAteer on the work that the Improvement Service has been doing, because it co-ordinates this activity.

Mark McAteer: We have been supporting SOLACE in a benchmarking project. We have agreed with the 32 councils—Ronnie Hinds can talk about it more fully than I can—a standard set of indicators that all councils will operate as part of a benchmarking framework. They are high-level indicators, but they are there to point up variation in performance in key areas: children's services, older people's services and so on.

There is a mixture of both financial indicators, showing how much we spend, and performance outcome indicators, showing the results that we get. Councils can then look at how much they spend in comparison with others in respect of the performance results. We have just about finalised the set of indicators, the data that supports the indicators and so forth, because we have to be careful that when we make comparisons across councils we compare the same things. A lot of technical work has gone on behind the scenes to get us to where we are now.

Over the next couple of months the councils will sit down and go through the detail. First, they will get beyond the numbers and establish what those really tell us about what different councils are achieving. Then they will go on to another level of discussion that asks, "If you are the best performer in the area, what are you doing that I am not

doing? What can I learn from you? How can I drive some of that through into my service?" That will be organised on a like-for-like council basis and councils will be put into family groups, so that local authorities that are similar in demographic, social and other factors are brought together to ensure that we get relevant comparisons. That will result in a series of public performance reports in the coming period and we will begin to see that information across the piece from councils.

Dave Watson: We accept that everything is not finance driven but, frankly, if I attend another conference at which someone tells me that the current financial situation is an opportunity or a challenge, it is likely that I will strangle the guru.

The harsh reality is that we are less interested in what the Scottish Government allocations are than in what councils are doing on the ground. We survey the situation and keep a fairly detailed database of what each council is doing. At the moment, it stands at about £435 million of cuts and 12,600 jobs going in local government. According to the Treasury model, we can take another 13,000 jobs out of the private sector as a consequence of that in local economies. Let us get that in perspective; it is clear.

In our experience, salami slicing is usually the first approach, alongside cuts in non-statutory services. The irony is that many non-statutory services are the very ones that help preventative spend and lead to savings in the longer term, but it is inevitable that, in the current climate, councils focus on what they have to do rather than what they would like to do.

10:30

The focus on outcomes is right, but there is a certain cynicism at the sharp end when they hear people talk about outcomes. It is all very well for people to ask for particular outcomes, but unless there are the right inputs, processes and outputs, the outcomes will not be achieved. As the Christie commission clearly identified, outcomes require more than just local government involvement. One of the problems that Christie identified was that, although local authorities work on local priorities at local level, the other partners are often centralised quangos. Incidentally, without presuming what will be announced this afternoon, those quangos may be added to.

As Christie identified, that is an issue, because quangos run to national priorities while councils set local priorities. There is a conflict there. Christie talked about common duties and responsibilities. We need to address some of that agenda if we are to get genuine local partnership working, which is the right way forward.

Kezia Dugdale: I completely agree with what Dave Watson said about prevention and local authorities' non-statutory duties. My fear is that when we look at outcomes we do not necessarily count or evaluate the right things. For example, if we asked the third sector how it would like to monitor the poverty agenda, it would say that we should monitor things like school clothing grants across local authorities as a key indicator of levels of poverty. However, some local authorities do not collect such data, while others do it in different ways, so we cannot get a picture across Scotland of the size of the problem. I would appreciate the panel's views on whether we are counting and evaluating the right things in that regard.

James Fowlie: I will not answer that specific question. I wanted to say that I agree with a lot of what Dave Watson said. I also want to come back to Kevin Stewart's point about benchmarking. Benchmarking is going on, below the level that Mark McAteer spoke about. It is not co-ordinated by us, but done between individual councils. We could do better in sharing what we do well and what we do less well and improving on that. There are varying levels of benchmarking across the country.

Don Peebles: I gave evidence to committees in the previous parliamentary session that benchmarking was not widely used in Scotland, which is similar to what Kevin Stewart said. There is no transparent representation of what is best practice and the SOLACE initiative is welcome. There has been significant use of benchmarking south of the border. CIPFA, for example, has worked with around 400 public bodies over the past few years to assist them with benchmarking. The key issue is not the existence of a framework per se, but what the public bodies want to do with it. It is about not just making cost comparisons, but improving the information process for public bodies to enable them to identify the underlying financial position for their area of service and to move up the quality quantum to where they want to be in terms of performance.

The Convener: When everybody wants to contribute to the discussion, we know that there is an issue to grapple with.

Ronnie Hinds: I want to come back to whether outcomes count the right things, which is a good question. My answer is that the right things are probably not counted at the moment—at least, not in every respect. We must remember that we have been working on an outcome basis for only four or five years. Although that sounds like a long time, it is like turning round the Titanic.

I would characterise some of what we have done as bringing to bear on outcomes the readily available data and tending to measure the measurable. We have not done that in every case,

but we have certainly done it. We have fallen into the trap of piling everything in, particularly when we work in partnerships, because we feel a kind of discretion and respect for each other. If my health colleagues say that they have to measure a lot of things anyway and ask to have them imported into their outcome agreement, I am hardly going to argue. I probably do exactly the same to them. We therefore end up with too many outcomes and we lose focus. The point about priorities comes in here: we lose relevance because we try to cover too many issues. The data-gathering and interpretation exercise becomes enormous and something of a bureaucracy.

I do not want what we have done to be characterised in entirely negative terms because, despite all that, trying to grapple with the relationships that we have to build with other people to jointly deliver outcomes that matter to local communities has been salutary. It has given us a good platform from which to move forward. However, in all honesty, I do not think that I can say that we are counting the right things at the moment. A major part of the challenge is to make the outcomes on which we will alight relevant to our staff. There is sometimes a disparity between the outcomes that people like me think are important and those that people who are trying to deliver better services on the ground think are important. That is a real gap that we must close. Relevance at a local level is part of our challenge.

Professor Kerley: I have two or three observations to make, convener.

First, benchmarking has a lot to recommend it, but I am somewhat cautious that we do not have a large enough constituency of families within Scotland to make benchmarking as useful as it could be. We have 32 councils, three of which are so dramatically different that the figures are not comparable to anything else that happens. There is such diversity between the remaining 29 councils that it is difficult to create a sensible family of comparators. That argues that the committee, CIPFA and SOLACE might consider—uncomfortable as it might be to some members—that a broader comparison with comparable authorities in England and Wales might have something to recommend it. Having 400-plus local authorities gives the ability to compare in a way that we do not have with 29 councils that range from Glasgow to Moray.

Secondly, I endorse what Ronnie Hinds said. Whenever we produce any kind of data, many people make the comment, "You're measuring the wrong things." If we fall into the temptation to just add on another measurement, we tend to end up with contrary measures and say, "Well, we've got it right on this one but measure 384 is not consistent." The aspiration to precision that is

sometimes an outcome of creating huge datasets is potentially very damaging. It is often better to be approximately right than precisely wrong, and we get a lot of precisely wrong data.

The third point is that the trick in comparing data and performance is finding ways to motivate the people who are most directly involved to genuinely compare the available measures of achievement or input with each other and say, "How the hell is it, Ronnie, that in Fife or wherever, we spend £350 on each of these projects when you only spend £3? What are you doing that we are not? Are we talking about a factor of measurement non-congruence or are you just doing things 100 times better than we are? If you are, tell us. Don't hide it under a bushel."

Fraser McKinlay: That point is absolutely right and politicians have a part to play in that. Politicians and councils need to be clear with their officials that that is what they are up for. The situation gets quite uncomfortable. If a council is number 32 in a cost and performance table of 32, that is not a brilliant place to be for a politician. Local government officials and their partners will be up for playing their part, but they sometimes struggle to convince the politicians that such comparisons are a great idea.

I will also touch on Ronnie Hinds's point and go back to what Kezia Dugdale said. There is something to be said for talking about this stuff in a way that normal people will understand. I am involved in talking about outcomes and preventative spend and all that, and even I find that people look at us and ask what we actually mean. There is something about—I am about to do it again—engaging with communities in a way that makes sense to people so that they can see the impact of what is being said. I do not think that people will not get or agree with the arguments around preventative spend and outcomes, especially if we talk to them in a way that they understand. All of us who are involved in these issues have some way to go, and the audit and inspection world also has a big part to play in talking about stuff in a way that is meaningful to people.

The Convener: The legacy paper from the previous session's Local Government and Communities Committee talked about progress being made on single status and equal pay. The committee is keen to look at that, and Kezia Dugdale is keen to look at it in terms of a living wage.

Kezia Dugdale: The living wage has to be included on the agenda; it is about protecting the pay of the lowest-paid employees in local authorities. The committee should also have a role in considering local authority buying power through tendering and public procurement.

Dave Watson: The committee has taken an interest in single status and progress has been made on local agreements. All are now in place—either by agreement or, sadly, by imposition in some cases. A consequence, however, is that a large number of legal cases are still outstanding. Cases crunching through the courts will be a continuing issue and, along with other things, will have an effect on morale for the many thousands of people—predominantly women—who are expecting the issue to be resolved some time.

Kezia Dugdale makes an important, wider point about the living wage. A number of local authorities have reached agreement with us on implementing the living wage, although the situation is still patchy. It is important that we make progress across the board on the living wage.

The modest low-pay underpinning in the Scottish Government's pay policy—£250—did not apply in local government. Local government staff, who are the lowest-paid group in the public sector—more than half earn less than £18,000 a year—did not get that underpinning. The living wage is therefore very important, but we must not consider only local government staff. In London, and one or two other English authorities, living wage projects have been running for some time, and they have been built into procurement. Therefore, the benefits of the living wage have spilled out into the private sector and the voluntary sector. However, that has not kicked in here. We have a particular concern in the voluntary sector, because the Scottish Government's care procurement guidance is very poor indeed—it does not even follow other Scottish Government guidance in areas such as the two-tier workforce.

Members may have seen that there was a strike yesterday at Quarriers. That strike was indicative of a wider concern across the voluntary sector that the living wage and low-pay issues are not being built into procurement. If we did that, we could make real improvements for the working poor, which is the one group that has not been addressed by other welfare reform initiatives in recent years.

The Convener: There is evidence that some local government workers are still being paid below the living wage, and we sometimes hear arguments about differentials and about how a problem could arise among people who are just above the living wage. How can we get around that? We are talking about a relatively small number of people and many authorities say that they could deal with the issue, but, if wages went up for some people, the people just above could ask about it. The issue could spiral and we would no longer be talking about a small number of people.

Dave Watson: The costs are not huge. Generally, there would be an increment or two at the bottom of the bottom scale. Different approaches can be taken. For example, those scales could be done away with, or there could be an allowance. There are various ways around it.

We have given some fairly detailed advice. In fact, we gave evidence to your predecessor committee, setting out the legal issues. We do not believe that the legal issues are a barrier and I am pleased that a number of local authorities have acknowledged that and dealt with the issues.

Bill Walker: I wanted to make a general comment that follows on from what Dave Watson and Richard Kerley have been saying. There is an eternal dichotomy between the Scottish Government—and us, perhaps—wanting every local authority to do this, to measure that and to pay that, using a fairly standardised method. On the other hand, society always wants decisions to be made at the lowest possible level; people want local decision making. On a couple of site visits last week, committee members saw how that worked—but there is always a tension. We want things to be measured and paid for under the same conditions across Scotland, but that might lead to conflict, for very good reasons. For example, things in Shetland are a bit different from Glasgow. I do not know how such conflicts might be resolved. This is not a cop-out, but there will have to be balance and flexibility from local authority to local authority. As Richard Kerley said, some local authorities are very large, while one or two are very small. How can we impose—if we wanted to do so—the same measure on different local authorities? I do not know the answer.

10:45

Kevin Stewart: Dave Watson said that it is quite easy to ensure that the living wage can be implemented without affecting the pay scales above. That is contrary to some of the advice that I have heard previously and is one of the reasons why the committee will consider the issue in some depth.

Beyond that, although all 32 local authorities are implementing single status, it is debatable whether all those schemes are completely and utterly equality proofed. It is fair to say that some are much better than others. We need to look at that and at the impact of any legal challenges that there may be as a result of changes to the living wage in a scheme that may not be completely equality proofed. We may find a huge effect from that at an immense cost. Will you comment on that?

Dave Watson: We have given our advice. In fact, we may not have shared the specific legal

advice, but in the evidence that we gave to your predecessor committee we set out the arguments and the legal arguments counter to that. At local level, my officers have frequently set out that position to councils. Sometimes, the legal advice that individual councils get about this area is overly cautious. I am a lawyer and being cautious is in the nature of lawyers, but local government lawyers in particular have a natural inclination to identify difficulties rather than find solutions. The fact that other local authorities have done it throughout the United Kingdom indicates that those problems are avoidable.

Kevin Stewart makes a valid point on the issue of equality impact assessments, which local authorities are very poor at doing. Some EIAs are frankly cursory, not just in the equal pay area but in terms of cuts and other changes to services. Therefore, there are challenges to the equality processes, including the single status agreements. Much of the outstanding legal action is in relation to those issues.

The living wage is not a problem in that respect. You will not find many legal cases that we have launched against councils because they have implemented the living wage. Challenges to councils are on the basis that their single status agreements are not equality proofed and they have not addressed past discrimination in relation to our members.

Kevin Stewart: I will not talk about an individual case, but what would you say about certain of your trade union colleagues who would say, “If you do this, and you don’t change things further up the scale, we’ll challenge you on that”? Sometimes it is not the lawyers; in some places, it is the threat behind what may happen if something is done.

Dave Watson: Inevitably, in any bargaining situation, you look at the impacts in the round. Generally, we have been very constructive about trying to deal with the single status agreements. You will find very few examples where we have argued that situation. Our priority is getting the living wage and resolving the current range of single status cases. I see no legal or bargaining difficulties with the living wage. In those authorities where it has been introduced, it has not been a big problem. It has been agreed and there have not been legal consequences.

Ronnie Hinds: Inequality is, arguably, one of the biggest issues that faces our society. Within that, various studies have shown that income inequality is one of the key criteria. From that starting point, I cannot disagree that low pay is an issue that we have to deal with. That would apply to local government as much as it would to anywhere else.

I will return to where we started the discussion and point out that the issues are being addressed in a situation in which there is a reduction in the financial resources available. If there is to be rebalancing of pay, the cost of that will have to come from somewhere else. We have to look at terms and conditions in the round over the next five to 10 years. To go back to what I said earlier about the way in which public sector expenditure has doubled over the past decade, some of that has been represented in the costs of our staff in particular. Sixty per cent of what any council spends is spent on its staff. If we are seriously trying to take out of our budgets the sums of money that we do all have to remove from them, we have to consider the numbers of staff and the terms on which we employ them. Against that backdrop, it appears to be difficult to do much about the low paid. However, I agree that we have to do that, so there must be a recognition that that is another cost that will have to be met from somewhere within a limited and diminishing pot.

I would welcome an indication from the trade union movement that it recognises the issue and that other aspects of terms and conditions might have to be considered as a consequence. If we do not do that, the alternative is simple and we are already doing it: we will reduce head count more than we would otherwise have to. My council will take out more than 1,000 people in the next three years from a head count of about 17,000 and we are not unique in that. We have never done anything on that scale before. We do not want to do any more of that than we have to. One way in which we can mitigate the effect is to address the terms and conditions of the staff who remain in the workforce.

Kezia Dugdale: I have a small point about what Ronnie Hinds said. I view the living wage as preventative spend. We need to accept that, across local government, the living wage is about saving long-term costs by improving the living conditions of the workforce.

Dave Watson: Members would expect me to make the point that the biggest contribution to meeting the budgets has been the pay freeze, so it is already staff who are making the biggest contribution to the cuts. Frankly, staff are already completely galled about having to take pay freezes to bail out bankers who are getting massive bonuses, so to ask them to make further sacrifices in that so-called cause will be a message that will not go down well with our members.

The Convener: Bill Walker talked about localism and localisation. One structure that we have in place is the community planning partnership. Does anybody have thoughts on how that is working, whether it is doing what it should be doing and what role it has in future?

Ronnie Hinds: I feel guilty, as I have just spoken, but I suppose that I am the obvious candidate to answer.

The Scottish Government's view, and certainly my view, is that community planning partnerships have been a fundamental part of the improvement that we have tried to effect in the past five to six years, and I see that continuing. For me, the issue is how we strengthen them. As was said earlier, there are genuine obstacles to progress. If we accept that we must do more prevention and early intervention, that poses significant challenges for partnership working.

The governance and accountability arrangements have been referred to. They are dysfunctional if we seek to work in an integrated way to deliver outcomes that are not neatly packaged and presented to us as ones that local government or the health service has to worry about and that we therefore must work jointly to address. However, our governance and accountability arrangements do not help that—in fact, they hinder it. That issue needs to be addressed quickly.

SOLACE and others said to the Christie commission that one way in which to do that, which might seem a little arcane, is to create a statutory framework that is a common denominator for all bodies. We already have that in place to an extent—it is called best value. We simply need to have best value recognised and enshrined in statute as something to which everybody must pay equal attention. At present, the situation is asymmetrical, because local government leads and other bodies are partners. Having a common duty on all bodies would go some way to redressing the imbalance through which our accountability and governance arrangements pull some of our colleagues in different directions.

That is something that we can do to strengthen partnerships. My starting point is that we must do it. As Richard Kerley said, we cannot deal with the situation in isolation, so partnership working must be the way forward. We should therefore do all that we can to bolster and strengthen it, and that is one contribution that I suggest.

The Convener: Are there any other thoughts on that?

Fraser McKinlay: Audit Scotland is thinking actively about how the audit process can support improved community planning partnership working and delivery of outcomes. As Ronnie Hinds points out, the challenge is that, in our existing statutory and accountability framework, the individual partners around the table are accountable to their boards or elected members for how they spend their money. In the end, much of it comes down to

resource. The inherent challenge is that, when push comes to shove, the direction in which those people face is not to the partnership, but to the people to whom they are accountable.

That said, I am with Ronnie Hinds, as I think that community planning partnerships have delivered many good things locally, and it is important not to lose sight of that. As I said earlier, the trick is building on the good initiatives and projects that are happening right across the country and making the step change to partnership working being the norm—the starting point, if you like—as well as having accountability to individual organisations. At the moment, I think that it is the other way round: people come to the partnership table with a health, a council or an enterprise hat on rather than coming to it, first and foremost, with a partnership hat on.

I think that it was Dave Watson who mentioned that there are tensions, which are a result of the fact that the local delivery bodies—the councils—are accountable, through elections, to their communities, whereas many of the other bodies around the table are part of a national organisation. There is no doubt that there are times when that becomes difficult, which is something that partnerships and the Scottish Government need to look at and think about quite carefully.

Mark McAteer: I echo everything that Fraser McKinlay and Ronnie Hinds have said. One of the issues for the committee to look at is the direction of travel on public service reform. Is it towards a more aggregated form of public services, involving a nationalising of services, or is it about strengthening and deepening partnerships through localised integration? Addressing that will go a long way to determining the future shape of community planning partnerships at a local level.

A lot of work is under way across many of our partnerships. Many councils and their local partners are asking hard questions, such as, “If thousands of partnerships are the answer, what was the question in the first place?” A fundamental look at partnerships is being taken in a number of areas. The question is being asked, “What added value does the partnership bring?” If the partnership does not provide more than the sum of its parts, it is probably not a partnership that is worth having. Many partnerships are taking a variety of routes in getting back to a hard focus on the outcomes that they seek to achieve as partnerships. They are asking whether they are set up in a way that is even capable of delivering those outcomes and, if not, what they have to do to change how they operate to do that. A lot of work is under way across Scotland to look at those issues.

The Convener: That was useful. Public service reform, in which partnerships are so important, is one area that we have spent less time on.

Dave Watson: There is a box in the Christie commission report that sets out the recommendations from Ronnie Hinds’s group. As someone who worked with the Christie commission, I thought that the group’s statutory framework suggestion was one of the most practical that we saw as regards advice on how to make local partnerships work. At the end of the day, partnership is about a culture. Whether we are talking about an industrial relations partnership or a public service partnership, it is necessary to get that culture and to flag up the national and local issues. I felt that the range of measures, not just the statutory framework suggestion, was important.

The other issue that we need to address is what we mean by local partnerships. We have 32 councils in Scotland. Not all our councils are local—essentially, some of them are regional. We have the smallest number of councils and the smallest number of councillors in Europe per head of population, and many of the local partnerships need to work at a level below council level. That is another big challenge, particularly when we have national organisations that may be able to tie in with a 32-council-level arrangement, but which struggle more when we get down to the very local level.

Another key Christie recommendation that we think is important is that solutions should be built from the bottom up. We still see far too many what I call consultant-led, top-down, one-size-fits-all solutions being used, particularly in response to the current financial crisis. Christie talked about involving users and front-line staff in devising those solutions. That does not mean that we should not do benchmarking and data collection, although I advise caution on that. An awful lot of data collection takes operational staff away from what they should be doing. We need to recognise that if we increase data collection, that will have a cost. Benchmarking can at least provide an indicator, but it should not be a straitjacket. The driver should be local staff and users working out the best systems. There are plenty of good examples across the UK—ideas such as systems thinking—that are demonstrating developments in that area and delivering improvements in the quality of service, and doing so efficiently.

11:00

The Convener: Does anyone want to raise any issues that we have not covered yet or make any final points?

Professor Kerley: I want to explore a bit—I hope that this will be to your benefit—the notion of public service reform. We hear the phrase used a lot, but it is not apparent to me that there is a clear or coherent set of ideas underlying it—and that is on the part of every party and organisation concerned. Given my experience and observations, I would counsel against the sometimes overriding assumption that public service reform means aggregating things and putting them together so that, in effect, a command relationship is achieved. One of the underlying premises of the potential move to a single police force for Scotland is that more can be achieved through command than can be achieved through co-operation between different bodies. In the case of the police, I do not entirely dispute that but, if we apply the principle more broadly, we run into a lot of potential difficulty. I refer not just to Dave Watson's observation about the scale of councils but to the fact that command can sometimes go wrong. The men and women at the top are not necessarily the people with all the awareness and understanding, which is central to the point that he made.

There are a number of elements to this that the committee might usefully explore. One of them is whether some of the pre-existing initiatives that were legislated for in the previous session have made a great deal of difference, even within a relatively short timescale. For example, within Fife, which has been a constant shape over many years—allowing for wee bits of Kinross at the edge and so on—there has now been a partially elected health board for two years. Has that made the slightest bit of difference to community planning in Fife and the outcomes for people in Fife? There is a similar situation in Dumfries and Galloway, although that is not always a good example.

What has been achieved through the push towards sharing services? Has it achieved a lot of what is believed to underpin it? The Improvement Service has collected a lot of background information on that, which argues that it is not all as easy as it seems.

For me, at the root of the notion of public service reform is the point about achieving outcomes and about different organisations being willing to talk to each other and share their sense of what they put in and what they are trying to get out for the people for whom they provide a service.

One of the fundamental challenges of management everywhere is how to both integrate and specialise. A neurosurgeon is the person I would like to open up my head but, at the same time, he or she is not the best person to understand the overall health and social care needs in Fife, Edinburgh, Dundee or wherever else.

I dispute Dave Watson's proposition that collecting this kind of information detracts from doing other things. An awful lot of the basic mechanical systems—the underpinning systems—that we have in public bodies nowadays collect that information for us. Every theatre that I go to in Scotland has electronic box office systems. The sports centres that I go into charge me money and click it into a till. There are analogies in the trading sector, but I do not want to overstate them, because the failure of the past 30 years has been in our saying, "If we just did what Marks and Spencer's does, we'd crack it." Nevertheless, we tend not to use the already collected data to see what is happening.

We do not experiment enough in relation to opening hours and closing hours. That is what I suspect Ronnie Hinds was talking about when he mentioned terms and conditions. We have terms and conditions for employees that are still often predicated on a five-day week that runs from Monday to Friday, whereas our society is a seven-days-a-week, 364-days-a-year society.

There is a lot of cultural change that the committee could explore and review, as well as the broad, legislative organisational framework that is so important.

Bill Walker: Richard Kerley makes many good points. The committee would have to meet every day of every week to consider them all, but the ideas are great.

I have a point of information about Fife, on which I hope Ronnie Hinds will agree. Not all health board members are appointed in Fife, and I feel that having elected members on the board has caused NHS Fife's management to sharpen their act, because the elected representatives examine them a bit more closely. It has worked quite well and some issues have emerged that might not otherwise have emerged.

What Richard Kerley says brings me back to my point about the command of local government. If we issue all these commands on this or that measure or on aspects of remuneration, for example, we can come to the point when we ask why we need local government, which is there to take local decisions in the interests of local people. An eternal dichotomy—I have used the word before—exists between the two stresses in the system. I do not know the answer to that. Local government reform must come, but I do not know when. Time permitting, the committee should look at that.

Ronnie Hinds: I cannot answer Bill Walker's question, so I will fall back on Chairman Mao's dictum that it is too early to tell, because only two years have passed. Those of us who have lived in a political environment all our working lives would

say that becoming accustomed to a system and securing its benefits takes longer than two years.

I will pick up Richard Kerley's point, which was right. If we talk about reform, we should try to stretch our thinking on and understanding of what it is about. We can narrow that to the conventional approach to reform, which he characterised as top down and which I call structural. Such reform might be an important component—this afternoon, the Parliament will deliberate whether that applies to a range of services—but it should not be the only one.

I return to what I said about the challenge that faces us as a society. If we are to reform public services, we should do so with a clear purpose or set of purposes in mind. That purpose must have something to do with the gross inequalities in our society and the associated deprivation levels. If we cannot reform public services to tackle those issues, we are, frankly, fiddling rather than doing something more fundamental.

With that thought in mind, I will offer a couple of pragmatic suggestions for the committee's deliberation. It might not sound romantic or interesting, but good data and good intelligence about what works are fundamental. We have not brought our collective intelligence to bear effectively on that. We can and are beginning to learn more from overseas, but we must apply that learning in a Scottish context. As we have limited resources, leaving those issues in segmented silos is a luxury that we cannot afford.

The Scottish Government has intelligence and has good researchers and data gatherers, as do the Improvement Service and a host of other organisations. Why are we not thinking about pooling that? We have a common problem and we need a common set of solutions, and that is a common means of addressing the situation. That would be a significant contribution in its own right.

To ensure that nobody misunderstands me, I say that I am not a geek about such matters. I am fully cognisant of the importance of local work. The intelligence that needs to be applied is not just "scientific", but local knowledge. Whatever science we bring to bear should complement what our staff and other people know has worked for them locally.

One aspect on which we have failed to capitalise is the series of pieces of good work that we have done in communities such as David Torrance's over in Kirkcaldy. We have not managed to expand that to other parts of Fife, not for want of trying but for want of knowing what process we should follow. We seem to assume that a measure that happens to work in an area such as Levenmouth will not work somewhere else. Local knowledge is an important part of the

approach, which I do not want to be seen as just top down and scientifically driven.

Dave Watson: I say in response to Richard Kerley that I am not saying that we do not collect data; I just added a note of caution. Of course, automated data collection and a range of data-collection arrangements are in place. I will give one illustration of why I advise caution. One of our stewards in a large police station in a large city told me that 30 police officers were on the establishment on a Friday night and that not one left the station that night. Not all were on duty, but a fair number—including an inspector, two sergeants and three constables—were all collecting data.

Richard Kerley has written about the back office—I think that "in praise of" was the phrase used. I have given a good example—many others exist—of staff being bogged down in collecting data. We need to recognise that, although better ways of collecting data might well exist and we should consider them.

As for the range of opening hours, to be frank, not a day goes by when our representatives in every local authority are not negotiating a change to make a service more responsive. One problem is that opening hours are being cut because of the spending cuts. To save money, we are closing libraries and other facilities in the evenings that we had previously agreed to open then.

I emphasised the local democracy point, which is vital. Measuring democracy is difficult. Whether the NHS scheme or any other measure is involved, we will not get a number about its democratic value and benefits. Ronnie Hinds quoted Chairman Mao, whom I should probably have quoted. I quote Churchill, who referred to the least worst system, which is reverse logic. Such measures are certainly the way forward, and we must not lose sight of that in our local planning partnerships.

The Convener: I thank the witnesses. The committee has lots to deliberate on, so the session was really useful.

11:11

Meeting suspended.

11:19

On resuming—

Petition

Planning Circular 3/2009 (PE1320)

The Convener: This petition is by Douglas McKenzie on behalf of Communities Against Airfield Open Cast. The Public Petitions Committee referred it to this committee under rule 15.6.2 of standing orders. Members will note the contents of the petition in their meeting papers. I welcome Mr McKenzie, who is present in the gallery. It is suggested that discussion of the petition should take place at a round-table evidence session next week.

As there are no comments from members on the suggestions in the paper, the question is, that we hold an evidence-taking session on the issues raised in the petition with the chief planner, the Royal Town Planning Institute and COSLA at our meeting next week, and that we consider in private, in due course, the evidence received at that meeting and what further action, if any, we wish to take on the petition. Is that agreed?

Members *indicated agreement.*

The Convener: As agreed earlier, we now move into private session.

11:21

Meeting continued in private until 11:26.

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e-format first available
ISBN 978-0-85758-742-8

Revised e-format available
ISBN 978-0-85758-755-8

Printed in Scotland by APS Group Scotland