



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# LOCAL GOVERNMENT AND REGENERATION COMMITTEE

Wednesday 28 September 2011

Session 4

---

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - [www.scottish.parliament.uk](http://www.scottish.parliament.uk) or by contacting Public Information on 0131 348 5000

---

**Wednesday 28 September 2011**

**CONTENTS**

<b>COMMISSION ON THE FUTURE DELIVERY OF PUBLIC SERVICES .....</b>	<b>Col. 149</b>
---	-----------------

---

**LOCAL GOVERNMENT AND REGENERATION COMMITTEE**  
**6<sup>th</sup> 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 ALSO PARTICIPATED:**

Alex Linkston (Commission on the Future Delivery of Public Services)

Professor James Mitchell (Commission on the Future Delivery of Public Services)

**CLERK TO THE COMMITTEE**

Eugene Windsor

**LOCATION**

Committee Room 6



## Scottish Parliament

### Local Government and Regeneration Committee

*Wednesday 28 September 2011*

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

#### Commission on the Future Delivery of Public Services

**The Convener (Joe FitzPatrick):** Welcome, everyone, to the sixth meeting of the committee in this parliamentary year. As usual, I ask everyone to ensure that their mobile phones are switched off, so that we do not get any interference in the sound.

Agenda item 1 is on the commission on the future delivery of public services, and I would like to welcome two members of the commission—Alex Linkston and Professor James Mitchell. You are very welcome. Thank you for coming along and for agreeing to give evidence on the commission's report. The report, and the Scottish Government's response to it, are of considerable interest to the committee, given the challenges that will face local government in the future. I invite the witnesses to make opening remarks.

**Alex Linkston (Commission on the Future Delivery of Public Services):** Thank you very much for the invitation to address the committee on our report. I will start by offering apologies for the fact that Campbell Christie is not here. As committee members may be aware, he is ill at the moment. He sends his regrets that he cannot be here in person to present the report.

I know that members have been given a substantial briefing on our report, so I will simply make one or two opening remarks, after which James Mitchell and I will be happy to answer your questions.

Our timescale for producing the report was quite challenging. We were appointed last November, and we wanted to make our report after the elections to the Scottish Parliament but in time to influence the spending review. We therefore agreed to make our report by the end of June. By the time we got Christmas out of the road, and had written to people to ask for evidence, the timescale was quite constraining. However, the experience was very enjoyable.

Campbell Christie was keen that our report be evidence based, and he wanted to cast the net as wide as possible across all walks of life in Scotland and to hear as many views as possible. I am pleased to say that we received more than 200

submissions from a variety of walks of public life. We held nearly 100 stakeholder meetings the length and breadth of the country, which included meetings with the public and with front-line staff. We allocated our time: up until March, we were listening to and watching what was happening; after that, we started to consider our response, which took some time.

Before our commission was set up, the Government had already set up and received a report from the independent budget review panel—the Beveridge report. One of the first acts of our commission was to meet members of the budget review panel, because we saw our work as complementing theirs. The budget review panel had been asked to consider the immediate implications of budget cuts; we were asked to consider the medium term. We met panel members and learned a lot from them. We picked up where they had left off; we endorsed their recommendations and did not see any reason to revisit the ground that they had already gone over. As far as our commission is concerned, the independent budget review panel's recommendations are still very much on the table, and should be read in conjunction with our report.

We considered the context for public services over the medium term. About a year ago, the Scottish Government produced a graph based on Treasury projections. It showed that the Scottish block is unlikely to get back to 2009-10 expenditure levels, in real terms, before 2025-26. There will therefore be 16 years in which resources will be either reducing or flat. However, the projections were made more than a year ago, and since then the world's economy has deteriorated quite a bit, so the scenario that was presented may be the best-case scenario. Furthermore, based on the evidence that we have received, we are clear that public expenditure will continue to grow over the period.

If we consider demographics, we can see that the number of elderly people will be rising, and that there will be changes in the age profile. Environment issues will also arise, and different political priorities will come along. Society has some deep-seated problems—for example, poor health, deprivation, low educational attainment, youth unemployment, drugs and alcohol. Those problems were not properly addressed in the days of plenty. All those issues provided the context for our report—the tight budgetary position, rising and inescapable demand on public expenditure, and deep-seated problems in our society.

We determined that there will have to be, given the likely resource position, a real cultural change if the country is to face up to these challenges and we concluded that that change should be built around four key themes: services that are built

around people and communities; working together to deliver outcomes; prioritising prevention, reducing inequalities and promoting equality; and improving performance and reducing cost. Those are not in any particular order. Being an accountant, I would put improving performance and reducing costs first.

We looked at organisational shape and concluded that the public sector is cluttered—there are a lot of bodies. Form should, however, follow function, but reorganisation without a clear idea of what is wanted could mean that we would end up investing in a costly reorganisation with very little clear benefit.

We were gratified to see that there are many examples of good public services throughout Scotland and that there are a lot of innovative practices. We feel that if that could become the norm, Scotland would be well on its way to addressing the problems, or minimising the impact of the changes. We hope that our recommendations build on all the good practice that we have seen and that we get that embedded in delivery of public services. We set out to provide a road map, and I think that is what we have done.

James Mitchell and I are happy to amplify any part of our report.

**The Convener:** Thank you. Does Professor Mitchell want to comment before we move to questions?

**Professor James Mitchell (Commission on the Future Delivery of Public Services):** The only point that I would emphasise is that we see the report as being part of the process. It is not even the start of the process, because much work was already going on. There is some extremely good practice throughout Scotland and we were keen to learn from it.

I also emphasise that the report is not, and cannot be, the answer. To be frank, anyone who expects our report to answer all the problems is naive. It has to be part of a long process because some of what we want to achieve will take time. The committee is a far more important part of the process than the commission.

**The Convener:** Thank you. You talked about a road map, and your report is a map of reform in general terms. Was there a reason why you chose that approach rather than making detailed suggestions for change?

**Alex Linkston:** One reason was the timescale, which was quite challenging. We were appointed in November, so the Christmas and new year break was on us quite quickly. It was quite a slow process to get the request for evidence out and get responses back; it was February or March before we received the bulk of the responses.

Campbell Christie was very keen that our approach be evidence based and that we get out and about to see good practices in our various public services. We had time to consider the issues in April and May, and June was taken up with finalising the report and physically printing it, so the report was produced in quite a short period.

The number of local authorities came up a number of times. We asked ourselves what the criteria would be if we were to reconsider the number of local authorities. There is no answer to that question. There are no real criteria. I have lived through two reorganisations—in 1975 and 1996. The Wheatley reorganisation started off with criteria, but it quickly became weighed down. Some people think that a reduced number of councils would solve a lot of problems, but I have worked as a local authority chief executive and I do not see how that would address any of the issues that we face. A consultant might show that it would save some money, but would it make a real difference in terms of effectiveness?

If size was the overriding factor, the biggest councils in Scotland—the City of Edinburgh Council and Glasgow City Council—would be the most efficient, but clearly they are not. Some of our smaller councils are very efficient. Before we could embark on such a reorganisation, there would have to be objective criteria. We have strongly recommended that benchmarking be used much more systematically in the public sector. That would provide good information on whether a particular size of council is more cost effective and more effective.

If our approaches are adopted, we will start to tease out better criteria for organisation. We feel strongly that you should decide what you want an organisation to do, decide what would be the best organisation to do it and then create that organisation; start with a blank sheet of paper and allow anyone to chuck in their ideas.

There are too many organisations, although not necessarily too many local authorities. In comparison with other areas, our number of local authorities is fairly small. We are heading towards having one police service and one fire service, and there are eight main health boards plus the specialist health boards, but there are an awful lot of other organisations. They must be examined to determine what value they add, given that we are going into an era in which we must get as much resource as possible into front-line services and ensure that those services are delivered as economically and as efficiently as possible using best practice.

**Kevin Stewart (Aberdeen Central) (SNP):** Benchmarking has come up time and again even in the short period in which this new committee has been sitting. In the past, many of us have

found it difficult to get figures from various places and, often, the figures that we receive compare apples with pears. How will we improve benchmarking across the public sector?

**Alex Linkston:** The Society of Local Authority Chief Executives and Senior Managers and the Improvement Service have been working on benchmarking. There must be common definitions, the information must be independently assessed for accuracy and the body must allocate all its costs, rather than select costs that it thinks are applicable to the relevant function. That must be done systematically. It takes time to do good benchmarking. I have used it extensively in my career and have found that it is extremely helpful in driving change if an organisation can compare its performance against good and reliable information.

Improved benchmarking will not happen overnight, but it is worth investing in it, because it will pay for itself. Scottish Water's approach has been held up as good practice. It has taken 40 per cent out of its operating costs—that figure has come down to 35 per cent in recent Government publications, but it is a substantial part of its operating costs—and has improved its operational effectiveness. Scottish Water's independent regulator ensured that the benchmarking information was robust. We recommend that the roles of Audit Scotland and the Accounts Commission be changed to cover the whole public sector and that those organisations should take a much more robust interest in benchmarking.

**Professor Mitchell:** We must be careful when we embark on any such benchmarking activity that we do not rush into it and start to worship it; we must get it right and we must ensure that the benchmarks do not become the end in themselves, as targets so often have. However, we can draw on ample good experience—not least Alex Linkston's—in using benchmarking.

**Bill Walker (Dunfermline) (SNP):** What we have heard from our two guests is fascinating. To change the subject slightly, I am interested in the change funds that are coming along. One is already in place and seems to be working well, and two more are pretty well defined.

I notice that the Christie commission suggested that the Scottish Government should be involved in supervision of certain functions. I am concerned that the millions of pounds that we will put into the change funds might be swallowed up by their operation, their supervision and everything else to do with them rather than go to the coalface. Will you give us your opinions on that, please?

**Alex Linkston:** It is always difficult to anticipate what people will do with money, but given that we are encouraging a focus on outcomes, I expect

people to use it for its intended purpose. My experience has been that, when organisations in the public sector get money for a particular function, they tend to use it for that. They tend to comply with the rules that are set. The commission has not met to discuss the issue, but I believe that our members are keen on the steps that the cabinet secretary has taken in creating change funds.

Campbell Christie has recalled that, in the 1960s, people talked about the early years and the need for early intervention. We are good at talking about problems but, unless we prioritise, there is a great danger that people will say, "Yes, that's a good idea, but we don't have the money and something else is a priority." Now that money has been earmarked, that will encourage a lot of innovative and creative thinking. I have no doubt that the money will deliver most or all of what Parliament expects from it.

10:15

**Bill Walker:** In my patch of Fife, we are lucky in that the council and national health service board cover the same area, so it should be fairly straightforward for them to work together, although despite that there are still issues. I have a concern about areas where the local authority and NHS board boundaries do not line up, because I know from experience as a councillor that the relationship does not always work even when the boundaries are closely lined up.

**Alex Linkston:** We have to think about preventative spend along with collaborative working, because the two go together. Without collaborative working, we will not get any lasting benefits from the change funds. I see those funds as supporting, encouraging and promoting collaborative work. If I had to prioritise anything from our report, that would be the big thing. We need collaborative working to be the norm and to be real. We must get rid of all the barriers, including the thought that, "This is my territory and nobody else is getting on to it."

**Bill Walker:** The silos.

**Alex Linkston:** Yes—the silos. We still have silo government. The strategic planning framework was a huge step forward, but it was the first step. Beneath that, targets have been introduced for various organisations. The biggest barrier arises from the health improvement, efficiency, access and treatment—HEAT—targets. I found those to be a major barrier to working with the health service. The issue is starting to slacken off a bit, but we need a huge cultural change. For example, we cannot implement a successful early years strategy without the active involvement of the health service. If the health service is being held to

account on different issues, it will never give its full attention to the early years strategy. That is a major cultural change that only the Scottish Government and Parliament can bring about.

**Professor Mitchell:** I will add to what Alex Linkston said on Bill Walker's first question. There is always a danger that money will not be used for the stated intention; that is true in all public policy. Therefore, there is an important role—I suspect for this committee—in monitoring to ensure that money is used for the stated intention. I would build into that monitoring a process to ensure that agencies work together, which Alex Linkston mentioned.

I was one of those who advocated for the change funds. In essence, I see them as being an incentive to ensure that people work together and that they focus on outcomes. To be frank, if that does not happen, the money should not be made available. There must be an understanding that change funds arise and are paid out only if there is evidence that things are happening on the ground. In the current environment, it will be extremely difficult to provide money for change funds, so we must spend it carefully. Therefore, the process needs to be monitored carefully. That could be an important role for committees of the Parliament.

**The Convener:** Is the amount of money that is allocated for preventative spending and change funds in the spending review enough, or is it just a start?

**Professor Mitchell:** It has to be just a start; it cannot be the end. Obviously, that is not the commission's view because the commission has not taken a view on the issue—I stress that. It would have been great to have had change funds in the years of plenty, but we did not. That is behind us and we are moving into a difficult period, so finding the money to move will be difficult. One challenge in moving to preventative spend is in identifying the areas that should lose out. We will all have views on that—I certainly do, and I am on the public record saying some fairly unpopular things about what should happen. Ultimately, we must do that.

I suggest that input measurements do not help, and, with due respect to all committee members, that political parties across the board have not helped in that respect by sending out mixed signals. On one hand, there is unanimous support for preventative spend, but on the other hand the emphasis is still on input—on police numbers, and so on. We must ask ourselves whether those positions are compatible; I suggest that they are not. At the end of the day, though, I am not an elected representative, and I acknowledge that there are pressures on members. I sense that in Scottish public life there is a lot more agreement on the issue than is apparent.

**David Torrance (Kirkcaldy) (SNP):** My question is on shared services. I have another role as a councillor. In Fife, we have different groups—the council, voluntary groups and NHS Fife—doing the same work, but they have built their own empires and are reluctant to come together to share services. How will we get them to do that? They will not do it voluntarily in a lot of cases. Also, the relationship between Fife Council and NHS Fife has been strained, as my colleague Bill Walker will tell you. We have had really difficult times in trying to share services. How will we get round that?

**Alex Linkston:** A general problem is experienced with the NHS because the HEAT targets are focused inward—it is very much a top-down system from the cabinet secretary. That must change, because the health service needs to be a major partner in a lot of initiatives.

On the general question of shared services, you should not underestimate how far shared services have come over the past few years. At local government level, we have a joint procurement system that most, if not all, councils use. All council jobs are advertised on the myjobscotland website, and we have the customer first initiative. Furthermore, the concessionary travel cards for all local authorities in Scotland are issued in Dundee. A lot of work has already been done on shared services.

We are aware that some smaller councils are also looking to share professional staff. For example, Stirling Council and Clackmannanshire Council are looking jointly to administer social work and education: one would take responsibility for education; one would take responsibility for social work. I understand that East Lothian Council and Midlothian Council are also considering doing that. Such initiatives are a far cheaper way of overcoming problems of scale than a big reorganisation.

The commission had a session with John McClelland, who was commissioned by the Government to examine information and communications technology issues. His report was published just before ours. We got early sight of the report and endorsed it, as it will make a huge contribution to the sharing of services. Organisations' having different information technology platforms is a major barrier to service sharing. However, centralising the IT platform can take a number of years and incurs quite a cost, and if one body has just replaced its system it will not want to give it up for another system. When the information and communications technology strategy is driven forward in conjunction with the other initiatives that are taking place over the next five years, the landscape will change considerably.



It is important that service sharing be business-case driven; it should not be about ticking a box. Are public sector bodies that have shared services doing well? Have they saved money? Have they improved the services? In some areas, because of different technologies or whatever, the business case shows that service sharing is not worth while and that energy would be better expended on other initiatives. There is a big agenda. Councils and other public sector bodies now have to do a lot of things to balance their budgets, and they must use their resources wisely in the areas that are going to bring them the best returns within the timescales to which they are working.

**The Convener:** Is there evidence that you can save money and improve services by moving to shared services?

**Professor Mitchell:** By definition, if services are shared, money should be saved. However, you do not want to go through a massive and costly process to get to that position, which is why Alex Linkston emphasised that we do not want to focus on form, and that it is function that is important.

There is always a danger in the process that change will take over and become the end in itself: we have to avoid that. There might not be massive savings—we must be clear about that—but there is no reason why savings could not be made.

I am sure that you were not implying this, but I emphasise that the silo mentality is not present only in the health service; we see it everywhere. The silo mentality is almost inevitable in the public sector, so we always have to guard against that. We need sticks and carrots: we need to provide incentives, such as the change fund, but we also need tough leadership at the top. We have to make it clear that the new arrangement is going to work.

There is more support for shared services at grass-roots level—around the country I have spoken to many people who are deeply committed to delivering shared services—so I suspect that the problems exist higher up the chain. We must ensure that, at all levels, people realise the need to work together.

**Mark Griffin (Central Scotland) (Lab):** Can you identify how local authorities will bridge the gap between rising demand and extreme pressure on the budgets, particularly given the money being diverted for early intervention methods and the time that it will take for those benefits to come through? Can you also expand on which service areas you feel should be a priority and which should be less of a priority?

**Alex Linkston:** If there was a magic answer to that question, a lot of people's jobs would be a lot easier. The issue is difficult—it is about how you manage the here and now and how you prepare

for the future. We must not just focus on money that we have got under the current spending review and fail to prepare for the next spending review.

A lot of the changes that we have recommended will take a number of years to bed in and give operational and cost savings. Cultural change never comes easily. It takes time and involves a lot of hard work and an investment of time and money to lay the foundations. However, we will have reduced and flat budgets for 16 years, according to the Government's figures, so we have to do that.

A lot of the demand is coming as a result of the growing elderly population. No Parliament wants to start chopping services to the elderly or vulnerable adults because it does not have the money to pay for them, but that is a distinct possibility. The demographics show that we will have a lot of people in their 80s and 90s who will need support services, whether at home, in hospital, in a residential home or elsewhere. We have to ensure that we have the money to cope with that. We cannot just focus on balancing the books for the next four years and have no strategy for the period after that. We do not want to get into a situation in which, year after year for 16 years, we are cutting services in real terms. That is a frightening prospect for the users of services and the staff who deliver them, who will be demotivated.

We need to deal with the here and now as best we can, but we also need to prepare for the future. If we do not start the groundwork now by implementing some of our recommendations, they will be unable to deliver benefits in four years' time. Even simple things that are involved in getting people lined up to take joint action can be quite difficult to achieve once you have more parties working together.

I have no particular worries about the next four years. The Convention of Scottish Local Authorities recommended about two years ago that councils should start preparing for a 12 per cent real-terms cut, and I think that most councils are working on that basis. We still have to see the detail of the figures that are coming out, but I think that they will not be far away from COSLA's initial projection.

Councils should have strategies in place to deal with that, but they also need strategies to deal with the period that comes afterwards. I do not believe that every pound that we spend has the same public benefit. Some pounds are crucial to communities but most people would not notice the difference if others were not spent there. We need to understand what we are spending the public pound on and to look at how we can do things differently by working with different internal

mechanisms or with partners. During my career, I have engineered a lot of change, and such things are achievable.

Benchmarking the cost of outcomes will change the decision-making mindset, but that will take time. The public have to be part of prioritising the services that are important to them. The process is going on just now during the current spending review period, but we are more concerned about the period that comes after that.

10:30

**Professor Mitchell:** Mark Griffin's question gets to the heart of the matter. It is the most difficult question to answer, although it is relatively easy for me to give an answer here because I am not elected. Therein lies the challenge, particularly for members. I can fully understand that if I was in members' shoes, I might not say what I am about to say.

We need to make shifts. Resources are limited and we need to focus on preventative spend. That can be done only by making cuts elsewhere or by making efficiencies, although I do not think that efficiencies will be enough. We have to ask ourselves where those changes might come from. I think that they will be changes for the better. We must ask ourselves whether the input measures on which we have been so focused and which are, frankly, driven by the media—no disrespect to the media; they are doing their jobs well by focusing on police numbers and so on—represent good public policy making.

Going around Scotland, I have been struck by the number of police officers at every level who have asked if the measure on police numbers is really a good one and if it is really going to help, and the answer is no. If that is what police officers are saying, we should be taking note. On the increase in the number of teachers, does that improve the quality of education and kids' life chances? I do not think so.

We have a lot of other evidence. Obviously this committee is interested in local government and communities, but we have to look at public services across the board. Earlier this month, Audit Scotland issued a report on the inefficiencies that exist in the justice system and the savings that can be made. I am not an expert on justice, but it looks to me as if savings could be made and a more just and efficient system could emerge. We need to take account of Audit Scotland's report.

We can say what we like, and Audit Scotland can report what it likes, but ultimately the decisions lie with Parliament. That creates challenges and difficulties. I suspect that there is more support for what I am saying across the parties than can be said publicly at this stage, so it

would be a great step forward if a cross-party committee started the process by raising the questions, without necessarily recommending detailed answers, and if members worked together to make the shift to preventative spending.

I suspect that party-political competition is one of the reasons why we have not moved to preventative spending. However, I sense more consensus across the parties than is publicly evident. With all due respect, I throw the question back to you as members, and I leave those challenges to you.

I could go on. Indeed, I have gone on record with my views on tuition fees for higher education because I think that if we are going to be spending money on education, we should be spending it further down the system; that is what counts. Saying that has made me very unpopular—it has been rather uncomfortable for me to advocate tuition fees. However, that is an example of the shift that we need to make. In that respect, I can at least claim that, in speaking out, I have done something that took a wee bit of guts.

I do not expect the committee to come out with a list of things, but I would like it to move the debate on and start questioning some of the measurements that we have used and the emphasis on input measurements.

**The Convener:** We will not put Mark Griffin on the spot to respond to that.

**Kevin Stewart:** Mr Linkston said that most authorities have medium and long-term financial strategies, but those strategies often have no analysis behind them. A local authority might have agreed to cut spending in one area but might then find out that, as a result, it has to increase spending much more dramatically in another area. Are we seeing a shift in local authorities to more priority-based budgeting, with analysis behind that of what each cut might mean, or in some places are we still tossing the coin, if you like?

**Alex Linkston:** I have been out of the system for a year so I do not have the in-depth knowledge that I previously had, but my impression is that councils are going out and consulting the public on priorities. That is a healthy option. Before I retired I was keen that we should consult the public on our tough choices options paper. I knew that it would be difficult for the politicians to face up to some of the things that we might have to cut. The public take a much more rounded view. I do not mean that in any derogatory sense, because people know what services are important to them and they want to ensure that the essential ones are protected. Depending on their life circumstances, they find some services more important than others.

It is healthy to expose the challenges and choices and to have to justify them. We manage too much at the margins, and we need to get into the bulk and see exactly what we are spending on. In many cases, you will find that much of that expenditure could go with very little impact on the community.

I did an exercise in which I asked questions about efficiency savings. I reckon that at least 50 per cent of local authorities' expenditure cannot be touched. Teachers' salaries make up a third of our expenditure. That is not total expenditure on schools; it is just teachers' salaries. The input and the output are the number of teachers relative to the number of pupils. If we add police and fire requisitions, debt charges—which reflect past borrowing decisions—and payments to third parties, that is more than 50 per cent of our expenditure, and it is all determined outwith the council.

You talk about a 3 per cent efficiency saving, but it is really 6 per cent. We can actually work on only half, and a lot of that is essential expenditure.

The commission saw a lot of innovation. If we can truly get collaborative working, we can squeeze a lot more out of the public purse in the police but also in health and local government in particular. There is a big overlap in their activities—for example, between children's services and elderly people's and adult services. If that spending could be streamlined a lot of our resources would be freed up to be reinvested back into front-line services.

**Kevin Stewart:** Mr Linkston said earlier that some pounds are better spent than others. I suppose that the Americans would ask "How many bangs do you get for your buck?" In the commission's experience of going out not only to local authorities but to the main community planning partnerships, is there any evidence that where politicians release their grasp on funding and devolve it to communities, we get more bang for our buck? Are the restrictions that we as politicians put on certain spend holding us back from getting the best value out of each pound?

**Alex Linkston:** Yes. There are various rules. Community planning—

**The Convener:** I must suspend the meeting. We have a technological problem.

10:40

*Meeting suspended.*

11:00

*On resuming—*

**The Convener:** I apologise in particular to members of the public for the disruption and I thank them for their forbearance.

**Ruth Davidson (Glasgow) (Con):** I thank Professor Mitchell for suitably chastening all of us, no matter what party we come from, for looking too much at inputs and not at outputs or—most important of all—outcomes. The most important way in which we can guarantee the efficacy of spending from the public purse is by ensuring that we have suitable oversight of how money is spent. I am interested in the commission's suggestion of rolling together the Accounts Commission and the Auditor General for Scotland. Will you enlighten us slightly on the rationale behind that? What are the current system's deficiencies and what are the proposed system's perceived benefits?

**Alex Linkston:** The reason for the recommendation is that the Accounts Commission's remit is restricted to local government only. We feel that, if community planning is to achieve its potential—so that people truly contribute their resources and knowledge at the table—checks and balances must be in place. We saw that as part of the audit function, which the Accounts Commission could perform. However, that means that its role needs to extend beyond local government, so we recommend merging it with the Auditor General to give it a role across the public sector.

The proposal would allow the Accounts Commission to report on the community planning performance of all organisations and to develop benchmarking—proper systems—across the public sector. If we undertake service redesign that involves more than one organisation, we want the true cost of delivery and not the cost to particular organisations. The recommendation is intended to facilitate cross-body and collaborative working.

**Professor Mitchell:** I will try to express the recommendation in terms of the report's overall philosophy and approach of bringing things together. Moving in the direction that we propose is a logical extension of what we advocate across the system. It makes sense to avoid anything that allows for silos. However, we do not overly criticise Audit Scotland, because its work and reports are invaluable. I wonder whether we take its reports as seriously as we should. Perhaps we should revisit them, look at what has been reported and suggested and follow that through, and not just with one meeting. For example, the Public Audit Committee considered the report that I mentioned earlier, but that needs to be followed up. Such work is valuable.

One point that I wish I had made earlier occurs to me—I am sorry that it is slightly tangential. People should read not just our report but all the evidence. Alex Linkston mentioned the evidence that was submitted to us, which is full of invaluable ideas and information. The report is the tip of the iceberg—the real work was done by those who provided evidence. Members will find in that evidence a lot of really good and interesting stuff and might find other answers to questions that they might have. We do not want to be seen as the only advocates of some of our suggestions, because much of that is to be found in the evidence, which is all publicly available.

**Kezia Dugdale (Lothian) (Lab):** I congratulate you on an excellent and readable report. One of the main points to make about it is that we can just pick it up and read it from beginning to end. It is important that it is united by its values rather than its obsession with jargon.

I want to ask three questions, but I do not know whether the convener will let me do that. I will start with perhaps the most important one. I was taken with the comments about communities of place and communities of interest. Will you comment on the relationship between empowering communities and addressing failure demand by considering the needs of people who have no voice? My concern is that, if we choose to engage with the people who have a voice, we sometimes miss the people who do not, yet they are the ones who cause the most failure demand. Will you help me to rationalise that? That is my first question.

**The Convener:** Do you want to ask all three questions now?

**Kezia Dugdale:** Okay. I will do them all now.

**Professor Mitchell:** I thought that you had already asked two. [*Laughter.*]

**Kezia Dugdale:** Damn it.

My second question is about the role of the third sector. The report recognises how key it is. The sector is very often involved in the delivery but not necessarily the allocation of resources. Is there a way of enhancing its role in that?

Finally, does best value include looking more at the use of community benefit and living wage clauses in tendering contracts, so that we deliver best value to the community in the widest sense?

**Alex Linkston:** I will kick off. Your first question was about communities of place. I was always very critical of the old initiative culture. I could not see how we could solve many of our deep-seated social problems through a professional initiative. Many people who experience poor health, a benefits culture and alcohol and drugs problems all live in the same place; they have common problems. It is my view that we should be working

with those individuals, families and communities on a cross-organisational basis to tease out the problems.

One example of that from my former council, West Lothian Council, is Craigshill, an area in Livingston new town that has had the highest level of deprivation in West Lothian for the past 30 years. Livingston Development Corporation spent a lot of money there, Lothian Regional Council spent a lot of money there, and we spent a lot of money there, but it still had the highest level of deprivation—nothing had really changed. We started a project called the Daisy drop-in centre, where we rented a shop unit in the community and took all the professional services along there. We started targeting young mothers and we ran baby nurturing classes and suchlike, which started to develop into providing job advice, health advice and so on. That community now has a community council. It had not had one for years and years, despite numerous attempts to create one.

By working with the community, we start to empower it. Small steps lead to big strides. I have given you one example of a deprived community. I have seen many examples of where trying to address things on a cross-party or cross-service basis leads to big benefits. We need to work with the community; it needs to be part of it. We cannot force people to live healthier lives, seek work or break a drug or alcohol habit but, by working with them, we can hope to deflect them and get them into a healthy environment. We have to look at their problems holistically. There is no point telling somebody to stop smoking if they have major debts. We have to address the principal problems first and then work our way back.

You asked about the third sector. A number of third sector organisations told us that, through procurement, a lot of their work is now being taken to the lowest price. They have developed a lot of expertise over the years, which they cannot use if they are priced out. They feel that they could offer a lot more if contracts were more outcome focused, rather than just price focused. We had a lot of sympathy with that, so we said that there should be more of a partnership with the third sector in relation to tendering and price.

We have to redefine what best value is. In most cases, it is about the lowest cost for the quality of outcome that we want, but we have to look more widely at whether it is appropriate to have community benefit clauses. I know that Glasgow is doing that through the Commonwealth games, which we hope will be beneficial. We have to look at how we get best value from the public pound. If unemployment is a problem in a particular area, we have to consider whether using such clauses helps to alleviate that as well as providing the

asset that we are looking to procure. We have to be innovative in how we do things.

It is not about taking a blanket approach; it is about horses for courses and what is appropriate in the circumstances relative to the problem that we are trying to address. We should have clear outcomes that we are trying to achieve and measure how good the actions are at achieving those outcomes.

**Professor Mitchell:** I would love to take the credit for the report's readability but, as with so much that is good in the report, it comes down to Campbell Christie's influence. He was adamant that it should be written in that style.

Those were three very interesting and interrelated questions. I apologise, because I will not answer them as adequately as you have a right to expect, although I would like to come back to you on them at some stage, because they were really interesting.

The commission had a big debate about the meaning of community and what community would involve, given that we are trying to devolve to, and to involve, communities. We recognise that there are different definitions. A community could have a geographic definition—it could be a place—or it could be a community of interests. We wanted to acknowledge that difference, but we may not have done so as explicitly as we intended to in the report. We wanted to acknowledge that, with certain functions and certain issues, a community will be something that is based in a place but, equally, there are other interests that will not be brought together in that way.

That touches on the point that you made about those without a voice. We must guard against letting those with the loudest voice always be the winners. Frankly, I think that that has been happening since time began. My deep worry about devolution over the past decade or so—again, I emphasise that I am not taking a shot at any political party—is that we have all indulged in developing policies that have helped the better-off at the expense of the less well-off. The less well-off have done well, too, but we must now bite the bullet and decide who the beneficiaries should be in the future. The tragedy is that we will have to take tough decisions and roll back benefits from those who are well off. That is where I was coming from in what I said earlier.

You are absolutely right. The great challenge is how we give a voice to those who do not have a voice and who are not organised. That is an incredibly difficult thing to do and, obviously, there are different ways of doing it. It must be done in a range of ways, as there is no one solution. The voluntary sector can play a part, but the voluntary sector does not necessarily consist of the people

who are the beneficiaries—I am sure that you are even more aware of that than I am—so we must find a voice for the beneficiaries in the system.

Local government must play a part. That may relate to another of the points that you made. Local government deals with public money, so it has to be accountable. The fact that there has to be that accountability means that councillors can make a claim that cannot be made by the voluntary sector. I stress that I am not putting down the voluntary sector, but we cannot ignore that point.

We must find a way of bringing in the voluntary sector. Too often, there is a kind of competition, which is not always healthy. I am not against competition, but sometimes there is a silo mentality of a different sort in that respect. There needs to be awareness on all sides of the strengths of the other party; at the moment, there is a great awareness of the weaknesses of the other party, but it also has strengths. If we are to pull together, we must acknowledge that and somehow work it into the system.

I have been exploring issues such as how the powerless can get a voice for most of my adult life and they are extremely difficult. The first step is to acknowledge that there is a problem. All too often, we have not done that. We certainly heard ample evidence from people that many of the easy solutions might work in certain areas but not necessarily in others. That is quite important. What may work in one area may not be appropriate in another. We must be careful that we do not try to impose a template. If we do that, my fear is that, in some areas, it will not be the interests of the voiceless that are represented but those of others. Frankly, it will sometimes be the interests of the professionals, who are not necessarily the right people, that are represented.

Again, I must be careful—I am throwing in lots of caveats. I am not suggesting that all professionals simply pursue professional interests. That is clearly not the case. At a service delivery level, it is fair to say that the commitment to good public services and to working together is enormous. That is why I think that making use of the voluntary sector in communities is important. I acknowledge that that is easy to say but much more difficult to put into practice, but taking account of different communities will be important.

I know that that is not an adequate answer; I would like to develop it further. However, asking the right question is an important starting place, and I think that that is what you have done.

11:15

**The Convener:** Kevin Stewart may want briefly to return to the question that he was asking when we had problems with the sound system earlier.

**Kevin Stewart:** Very briefly, convener. Mr Linkston said earlier that some pounds that are spent have more value than others—more bang for the buck, to use the American phraseology. Did the commission look at where politicians had devolved money to community groups or others to see whether we were getting more bang for our buck?

**Alex Linkston:** We did not look at that in particular. There are one or two examples in Scotland, but I have not had any personal experience of that. Unless there is a strong accountability system, everybody is capable of wasting money or spending it on lesser priorities. It is the accountability that keeps the public pound sharp, as well as good information on what it is being spent on. I am afraid that I do not have any direct experience of that.

I will explain what I meant when I said that not every pound has the same value. In some of our services, the service may be important but certain unnecessary elements—duplication of effort, bloated staffing structures or activities that do not bring any real benefit—may have crept into the service over time unless we have gone back to those activities, taking out unnecessary steps or services that are not used. For example, a council may have a swimming pool that it wants to keep, which has a canteen that was agreed in the 1960s but which is now costing a fortune to subsidise. Replacing the canteen with a vending machine might not keep things the same, but the swimming pool will still be there and the council may save 20 per cent of the cost. That is what I meant by that comment.

When we started getting about our schools, we discovered that one of our secondary schools had inherited a joiner and an electrician. I do not know where that decision had come from, but why would one secondary school out of 12 have a joiner and an electrician when none of the others did? That was a long time ago, and that expenditure was taken out, but there are many other examples of that type of thing. Public services have a lot of staff who are the life-blood of an organisation but, if we leave them alone, they will do the same next week as they were doing last week, 10 years ago or 20 years ago. Many people get into a routine because that is the job and nobody questions what they are doing. We need to analyse all the expenditure. Benchmarking helps, but I am talking about levels below that. Lean management techniques also help in terms of processes.

We should look at what we are spending money on in a particular service. The swimming pool canteen is a good example, and there are many other examples of things that we cut out without anybody really noticing. We certainly do not get any protests from the public, as the basic facilities are still there.

**Professor Mitchell:** I do not think that the evidence is sufficiently robust for us to answer your question. I can probably think of examples of where that would work and where it would not work, but we would need to see evidence. A second question is whether that is the key factor. I suspect that it is not, although I do not know—I would want to see the evidence. I suspect that other key factors will play a part in determining whether services are better delivered, which may have nothing to do with that. However, the crucial point, which Alex Linkston has mentioned, is accountability—that cannot be ignored.

Let us not rush down any of these routes without exploring the evidence systematically. I am sure that we could all come up with anecdotes and stories. That is what I have got in my head at the moment but, as a social scientist, I do not trust anecdotes and stories.

**The Convener:** Before we finish, I have one last question. It has been made clear in the evidence that we have received so far that the review has been comprehensive. What are your views on the Scottish Government's response to your work?

**Alex Linkston:** The Government has taken a good first step, and I am delighted to see its commitment to the principles in our report. It has set up a public sector reform body, which will be interesting to see. However, the bits of our report on three or four-year budgets have not been touched on yet, although it is terribly important that all public sector bodies have the same planning framework. That has not been mentioned, but I hope that that will happen. The commitment to the change fund is welcome, as it will start to focus people's attention on that. I am very encouraged by the Government's response to the review and I wish it well.

**Professor Mitchell:** I am aware that, if I say something critical, some members will use it in the wrong way and that, if I say something positive, other members will use it. The key point is that we must try to approach the matter constructively and consensually, acknowledging that it is a step in the right direction. Come back and ask me that question next year, the year after and the year after that. It is a process—it cannot be done overnight—so watch this space. Frankly, I refuse to give a judgment at this stage.

**The Convener:** That is a fair comment. I say a big thank you to both our witnesses. That was a

really useful evidence session. I know that you have a very busy morning ahead of you. I apologise again to those in the public gallery for the earlier disruption.

11:20

*Meeting continued in private until 11:58.*





Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice to SPICe.

Members who wish to suggest corrections for the revised e-format edition should e-mail them to [official.report@scottish.parliament.uk](mailto:official.report@scottish.parliament.uk) or send a marked-up printout to the Official Report, Room T2.20.

---

Available in e-format only. Printed Scottish Parliament documentation is published in Edinburgh by RR Donnelley and is available from:

All documents are available on the Scottish Parliament website at:

[www.scottish.parliament.uk](http://www.scottish.parliament.uk)

For details of documents available to order in hard copy format, please contact: APS Scottish Parliament Publications on 0131 629 9941.

For information on the Scottish Parliament contact Public Information on:

Telephone: 0131 348 5000  
Textphone: 0800 092 7100  
Email: [sp.info@scottish.parliament.uk](mailto:sp.info@scottish.parliament.uk)

e-format first available  
ISBN 978-0-85758-818-0

Revised e-format available  
ISBN 978-0-85758-829-6

---

Printed in Scotland by APS Group Scotland

---