



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

LOCAL GOVERNMENT AND REGENERATION COMMITTEE

Wednesday 26 October 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 or by contacting Public Information on 0131 348 5000

Wednesday 26 October 2011

CONTENTS

	Col.
INTERESTS	217
SUBORDINATE LEGISLATION	218
Scottish Local Government Elections Order 2011 [Draft]	218
Planning etc (Scotland) Act 2006 (Development Planning) (Saving, Transitional and Consequential Provisions) Amendment Order 2011 (SSI 2011/336).....	227
West Lothian (Electoral Arrangements) Councillor Numbers Order 2011 (SSI 2011/332).....	227
DRAFT BUDGET 2012-13 AND SPENDING REVIEW 2011	228

LOCAL GOVERNMENT AND REGENERATION COMMITTEE
8th 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:

Margaret Burgess (Cunninghame South) (SNP) (Committee Substitute)

Aileen Campbell (Minister for Local Government and Planning)

Callum Chomczuk (Age Scotland)

Lorraine Gillies (West Lothian Council)

SallyAnn Kelly (Barnardo's Scotland)

Matt Lancashire (Citizens Advice Scotland)

Andrew Lowe (Scottish Borders Council)

Ian Paterson (Aberdeen Council of Voluntary Organisations)

Stephen Sadler (Scottish Government)

Douglas Sinclair (Consumer Focus Scotland)

CLERK TO THE COMMITTEE

Eugene Windsor

LOCATION

Committee Room 3

Scottish Parliament

Local Government and Regeneration Committee

Wednesday 26 October 2011

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

Interests

The Convener (Joe FitzPatrick): Good morning. Welcome to the eighth meeting in 2011 of the Local Government and Regeneration Committee. As usual, I ask everyone to ensure that they have switched off their mobile phones.

We have received apologies from David Torrance; substituting for him is Margaret Burgess. As it is her first visit to this committee, I invite her to declare any relevant interests.

Margaret Burgess (Cunninghame South) (SNP): I have been involved with the citizens advice service for more than 25 years and was previously the director of Citizens Advice Scotland.

Subordinate Legislation

Scottish Local Government Elections Order 2011 [Draft]

10:01

The Convener: Under agenda item 1, we will take evidence from the Minister for Local Government and Planning and from Government officials on the draft Scottish Local Government Elections Order 2011. Members have before them, as well as a copy of the instrument, a cover note setting out the purpose of the instrument and a relevant extract from the Subordinate Legislation Committee's seventh report. We have also received a letter from the Cabinet Secretary for Parliament and Government Strategy that responds to the comments that the Subordinate Legislation Committee made.

I welcome Aileen Campbell, who is the Minister for Local Government and Planning; Stephen Sadler, who is the head of the elections team; Jaime Neal, who is the policy assistant to the election team; and Deborah Blair, who is a solicitor in the local government division of the Scottish Government. I invite the minister to make brief opening remarks about the instrument.

Aileen Campbell (Minister for Local Government and Planning): I am grateful to the committee for inviting me here today to discuss the draft order.

As committee members know, responsibility for the administration of local government elections in Scotland falls within my ministerial portfolio. The local government elections that will take place in 2012 will be the next set of elections in the cycle. They are the only major elections in relation to which the Scottish Parliament has legislative power, so it is important that we get them right. A number of key activities have been undertaken in preparation for 2012. During the process, we have kept at the front of our minds the issues that we encountered in 2007 and the recommendations that were made by Ron Gould, which were widely welcomed in the previous session of Parliament.

On 3 September 2010, we published "The Administration of Future Elections in Scotland: A consultation exercise to examine the recommendations of the Gould Report to improve administration of future elections in Scotland". The consultation covered a range of issues, including the election timetable and the design of the ballot paper, and longer-term considerations including voting age. We were encouraged by the responses that we received, which have helped to shape the draft order and have, importantly, helped to shape the proposed ballot paper.

As recommended by Gould, the Scottish Government has tested the ballot paper design. The research tested a draft ballot paper that was designed using the principles from the Electoral Commission's guidance document, "Making Your Mark"—[*Interruption.*] Mark Griffin has just made his mark with his phone.

The Convener: Members are allowed to forget once.

Aileen Campbell: The draft paper was also included in "The Administration of Future Elections in Scotland".

The aim of the testing was to assess the clarity and usability of the draft ballot paper design, to identify possible improvements and to make recommendations for the final ballot paper. The three rounds of testing were undertaken with a total of 178 respondents—118 in round 1 and 30 in rounds 2 and 3. The research identified that participants liked the overall design; they described it as being "clean", "simple" and "straightforward". However, the research highlighted that the main cause of errors on the ballot paper was that participants did not have sufficient knowledge of the single transferable vote. The report therefore recommended that there be an information campaign on the STV in the run-up to the 2012 elections. The Scottish Government has accepted that recommendation and will work closely with the Electoral Commission and the electoral management board for Scotland to take it forward.

The revised ballot paper has also been used in successful bulk testing of the e-counting system that took place over the summer. We have also considered the Scottish Parliament (Elections etc) Order 2010, which is the responsibility of the Scotland Office, to identify changes that it made and, where appropriate, to reflect those changes in the Scottish Local Government Elections Order. That process has helped us to provide consistency across elections in Scotland.

We provided the electoral management board for Scotland and the Electoral Commission with a copy of the draft order so that they could offer detailed comments on it. The vast majority of the comments that have been received have been incorporated into the draft order that has been laid before Parliament. I put on record how grateful I am for the support that was received from both the board and the commission during that process; it has been an excellent example of how the Government can work with external bodies to achieve its goals.

The committee will be aware of the new provision to allow a person who is held in a queue and is waiting to cast their vote at a polling station at the close of the poll to vote even if they have

not physically put the ballot paper in the box by 10 pm. That provision seeks to address the confusion that resulted when queues of voters at a small number of polling stations in England were unable to cast their votes in the 2010 Westminster elections, and the criticism that followed that. The Scottish Government is the first administration in the United Kingdom to include such a provision in election rules. Although queues at the end of polling have not previously been an issue in Scotland, and although we do not expect them to be common, we have amended the rules in order to allow as many people as possible to vote. That will be particularly important at next year's election, given the concerns that many people have expressed about the possibility of a low turnout for the stand-alone elections.

We have received several informal representations about the change of policy from electoral administrations that feel that the change may be difficult to manage. However, the Electoral Commission has welcomed the change, which it has described as being a positive step that will ensure that every vote counts in the local government elections. The Scottish Government and the Electoral Commission believe that returning officers in Scotland are increasingly sophisticated in planning different elections, so we expect that it will be rare for the provision to be invoked. The Electoral Commission is committed to working with the electoral management board to produce effective guidance on how to manage the provision, which is intended simply to be a safeguard for voters in a situation that should be rare.

The committee will agree that election administration is above politics, so I hope that we can work together to improve the electoral structures in Scotland for next year and beyond.

The Convener: Thank you very much, minister. Committee members will be aware that the Subordinate Legislation Committee raised a number of technical issues on the order, to which we have received a response from the cabinet secretary. Are members satisfied with the response from the cabinet secretary, or are there any further questions in connection with the issues that the Subordinate Legislation Committee raised?

Kezia Dugdale (Lothian) (Lab): I sit on the Subordinate Legislation Committee and I am supposed to know the detail of the order. It is my understanding that, when that committee considered the order, there were three potential problems with it. One of them has been accepted and addressed by the Government, but two remain around poor drafting practice, one of which is specifically about whether the order is *intra vires*. Will the minister comment on that, so that

the committee can get a better understanding of why the Subordinate Legislation Committee was so concerned about the way in which the order was drafted?

Aileen Campbell: Perhaps Deborah Blair will explain further once I have made some remarks. The drafting of the order is consistent with the way in which the matter had been approached in 2007. The Subordinate Legislation Committee did not raise the issues at that time. The order will be applicable to the local government election in May 2012 and to elections beyond that. One drafting issue has been taken on board, and the other issue was about the offence provision. The reason for that provision is consistency of approach with other elections. Because the Scotland Act 1998, which deals with the Scottish Parliament elections, contains a three-month maximum prison term for an offence, we saw it as being consistent to apply that three-month term in respect of local government elections. It would be a bit strange to have a six-month term for local government elections and a three-month term for Scottish Parliament elections. It was about consistency, and spelling out those things in more detail in the order gave a bit more clarity.

Kezia Dugdale: Thank you. That is really helpful. When you talked about consistency, the Subordinate Legislation Committee heard, "It's aye been." The fact that it was not an issue in 2007 does not mean that it is not an issue now. Perhaps the order was poorly drafted in 2007. The Subordinate Legislation Committee was given serious advice from its legal advisors that this was an opportunity to correct how we draft orders and to recognise that there is a problem to address for the future.

Aileen Campbell: We believe that article 1, when taken with article 6, gives the order clarity and we do not foresee any issues arising.

The Convener: I, too, attended the bulk-testing demonstration that the minister mentioned and found it to be a success. Everything went extremely well. However, demonstrations are one thing; real elections are another. With regard to the Highland Perthshire ward by-election—at this point I will abuse my position as convener to congratulate Mike Williamson, the Scottish National Party candidate, on winning it with more than 50 per cent of the vote—how did that e-counting pilot work in real life?

Aileen Campbell: You attended the bulk test in Perth, convener, so you will know that it was a success. Many local authorities took up the invitation to attend; returning officers were present to ensure that they are up to speed with how the approach will work in practice. Of course, the real-life test was the Highland Perthshire by-election. The circumstances were not entirely the same and

it had never been designed as part of the testing process; nevertheless, it was successful and things have progressed as hoped and expected.

The Convener: One of the implications of the order is that it will move forward the closing date for nominations, which will in effect increase the length of the election by a week. Having been involved in local government elections, I am well aware of the tightness of election expenses. Have you considered increasing expenses to take account of the longer election period?

Aileen Campbell: That issue has been raised fairly recently and discussed with the Electoral Commission's political parties panel. It has been suggested that the commission be written to, and we await and will consider its advice. Problems will be created not only by the extended election period but by the fact that it will be a stand-alone election. We hope to resolve some of the issues in the not-too-distant future.

Bill Walker (Dunfermline) (SNP): I have two questions, the first of which is a technical one to which I should probably know the answer. Is there any scope for randomising the order in which names appear on the ballot paper? I see from your nod that I already know the answer to that.

My second and more general question is whether we are any closer to eliminating the scope for fraud through proxy and postal votes. After all, we have all heard the stories of very naughty—indeed, illegal—things happening at election time, such as votes being bundled. Can you give us any comfort with regard to the steps that are being taken to prevent what might be called improper mass voting at elections?

Aileen Campbell: On your first question, the lists on ballot papers are in alphabetical order. The order itself contains a kind of draft mini ballot paper to show how it will look. The randomising issue had been considered, but it was felt that alphabetical order is the simplest and fairest way of listing the candidates on the ballot paper.

With regard to fraud, such issues always arise; we simply have to be aware of them. The matter has been examined. I ask Stephen Sadler or Jaime Neal to comment further.

Stephen Sadler (Scottish Government): With regard to voter security and fraud prevention, we have introduced absent-voting identifier measures. People who want a postal or proxy vote have to submit in advance a signature and date of birth, both of which will be checked against the votes that appear on polling day. Those steps are in line with those that are being taken in the rest of the UK, although I point out that voter fraud has not been an issue in Scottish elections.

Bill Walker: I have a supplementary question. I mentioned fraud because of the huge increase in postal voting, which is now way over 10 per cent. I did not think that it would ever get to that level, but people can now freely apply for postal votes and there is more scope for it, so the percentage is going up and up. For politicians, it takes away from the excitement of the build-up to election day if votes have already been cast. I am not sure whether this is a valid question, but do you think that the trend will continue and we will have more and more postal votes? I guess that we will have to be geared up for that.

10:15

Aileen Campbell: The order will extend the period in which postal ballots can go out, so there might be an upturn in postal voting as a result. That is about logistics and giving more time to get the postal ballots out and giving the people who receive the postal ballots a bit more of a chance to assess their approach. Whether or not that results in an upturn in the use of postal ballots, it will be for those who are campaigning to use their own strategies and to see that through as they wish.

Ruth Davidson (Glasgow) (Con): As my surname is Davidson, you will not be surprised to hear that I disagree with my colleague Mr Walker about alphabetising on ballot papers.

Aileen Campbell: The same applies to Campbell.

Ruth Davidson: You understand what I mean.

I return to the convener's point about the extension of time for the local government elections. Will there be a decision on the corresponding increase in the amount of money that is allowed to be spent in local government elections? When do we expect a reply from the Electoral Commission's political parties panel on that, given that May is not a long time away?

Aileen Campbell: We will have to be fairly quick, because the election is imminent. However, the timescale will not differ too much from that for previous elections. The issue was raised only fairly recently and there must be a process of engagement. We will work with the Electoral Commission and the electoral management board for Scotland to ensure a timely and appropriate resolution for the forthcoming elections. We have no set timescale, but we will of course keep you in the loop on progress.

Ruth Davidson: Fantastic—thank you.

Kevin Stewart (Aberdeen Central) (SNP): I want to follow on from Mr Walker's and Ms Davidson's questions about the ballot paper. The alphabetical approach might be the simplest way, but it is not necessarily the fairest, as studies that

have been done since the 2007 election clearly show. To be a little flippant, if I were standing in the local government elections in May, I might consider changing my name to Aaron Aardvark, because that would give me a severe advantage. Many organisations now use randomised ballot papers. It happens in internal elections in some political parties and has been used for a long time in places such as New Zealand. We should consider the issue again.

My main point is about the count. The experiment in Perth worked fairly well, but I wonder how many papers went through each machine at that count. My experience of elections in Aberdeen was that the machines were unable to cope with the bulk of papers. I will not be overly technical but, in my opinion, they probably overheated. Are you convinced that there will be enough machines for the number of ballot papers in every part of the country?

Aileen Campbell: I take your point about the ballot paper on board, but the alphabetised ballot paper was part of the consultation and no responses were received on it. There was an opportunity to engage on the issue, and the alphabetised system is not the only one that was considered—the randomised system and others, such as grouping political parties, were also considered. Consideration was given to many options, but the alphabetised one was chosen for several reasons.

Stephen Sadler: The Gould report suggested that the Government and others should look at different ways of ordering candidates, and we have done that since the election. As the minister said, the consultation document that was issued in the autumn of 2010 put that out for consultation and very few responses came back, other than people seeing difficulties with particular types of ordering. There was no consensus for one type over another, which is why we have stuck with this approach. Again, it relates to consistency. Voters are used to the system. There may well be an argument that, if things are to be changed in future, they should be changed across all elections.

Aileen Campbell: On the bulk tests—

Sorry, did you want to say something in response to that?

Kevin Stewart: I would like to interject on that point, convener. Voters might be used to a number of different systems, but that does not mean that we should not change the system. If we had not changed the system, we would still have first past the post for elections to the Scottish Parliament and to local government. I am glad that there have been changes.

I am sorry that I missed the consultation, because the evidence that has been gathered since 2007 clearly shows that there were advantages to candidates who were further up the alphabet, particularly when more than one candidate was standing for a party. We have to take cognisance of those studies and look at how that has been sorted elsewhere. The fact that voters are used to something does not mean that we should stick to it.

Aileen Campbell: There was an opportunity to comment in the consultation. We take your views on board and, if there is an opportunity for further consultation, I hope that you will feed those views in.

Kevin Stewart: I will.

Aileen Campbell: On the bulk testing, more than 160,000 ballot papers were tested in Perth, which allowed people to familiarise themselves with the technology and the systems and to get used to how things may look next May. That quantity of papers is less than there will be at the elections in May, but it was a sizeable test. It was probably one of the first times that a test of that size has been done for an election.

There are also contingency plans in place for things such as power surges and the need for replacement equipment in case systems break down. A lot of thought has been put into how the elections will operate. Work has been done in partnership with the returning officers, the Electoral Commission and others to try to ensure that plans are in place to mitigate any problems that arise. Every conceivable thing that could happen has been thought of and a contingency put in place to ensure that it does not hamper the election count on the night.

Mark Griffin (Central Scotland) (Lab): There were many complaints about the electronic counting system in 2007, but one of the biggest benefits was that the Scottish Parliament election results were published down to a ballot box level, although the local government election results were not. Will the return of electronic counting to the local government elections allow those results to be published after the elections?

Aileen Campbell: Information at polling station level will be published after the elections.

The Convener: Is there a reason why information will not be published at ballot box level? Polling station areas can be huge—up to several thousand voters in some cases—whereas a ballot box is a specific and much smaller unit. Given that we managed to do it in 2007, the data must be there.

Aileen Campbell: The data will be there and there will be discussions after the elections. If

people feel that they would like more information afterwards, there is an opportunity to get that information back. There are reasons for the approach being put in place. I think that it was theoretically possible for the ballot paper to be traced back to the person, so it was about voter security as well. However, provisions are in place and, if people feel that they would like to have more information, there is an opportunity to look at that again, because returning officers will possess the information for a year after the election.

Stephen Sadler: The order includes a limit of 200 votes. The information is not broken down into preferences in groups of fewer than 200 votes because of that fear and the legitimate concerns about voter security. We have tried to strike the right balance between parties and other organisations wanting to have the information and some people's legitimate fears about the security of the ballot.

Kevin Stewart: On that point, some polling stations have one ballot box and some have five, and some polling places have a huge number of ballot boxes. Can I be assured that, with regard to the gathering of that information, we are definitely talking about polling stations and not polling places?

Aileen Campbell: It is polling stations.

The Convener: There are no further questions, so we will move on to item 2, which is the debate on the motion to approve. Do any members wish to speak in the debate?

Members: No.

The Convener: I ask Aileen Campbell to move motion S4M-01098.

Motion moved,

That the Local Government and Regeneration Committee recommends that the Scottish Local Government Elections Order 2011 [draft] be approved.—
[Aileen Campbell.]

Motion agreed to.

The Convener: Thank you very much, minister.

Aileen Campbell: Thank you.

10:25

Meeting suspended.

10:27

On resuming—

**Planning etc (Scotland) Act 2006
(Development Planning) (Saving,
Transitional and Consequential
Provisions) Amendment Order 2011 (SSI
2011/336)**

**West Lothian (Electoral Arrangements)
Councillor Numbers Order 2011 (SSI
2011/332)**

The Convener: Item 3 is consideration of two negative Scottish statutory instruments. Members have a note from the clerks setting out the purposes of the instruments and drawing members' attention to the Subordinate Legislation Committee's report on them.

Kevin Stewart: Convener, just to be cautious, I declare an interest in that I am a member of Aberdeen City Council.

Bill Walker: I am a member of Fife Council.

Mark Griffin: I am a member of North Lanarkshire Council.

The Convener: I thank members for that.

As members have no comments and no motions to annul have been lodged, do members agree that the committee has no recommendations to make on the orders?

Members *indicated agreement.*

The Convener: I thank members for that.

10:29

Meeting suspended.

10:30

On resuming—

**Draft Budget 2012-13 and
Spending Review 2011**

The Convener: Item 4 is consideration of the draft budget 2012-13 and spending review 2011. Members have already declared interests that are relevant to this item. I welcome our first panel of witnesses: Lorraine Gillies, life stages programme manager, office of the chief executive of West Lothian Council; and Andrew Lowe, acting chief executive, Scottish Borders Council. We are quite pressed for time today, so we will go straight into questions. I ask members to try to ensure that their questions are as precise as possible because, obviously, we are looking for evidence from our witnesses. First, I ask the witnesses to outline briefly for us the main issues that they consider the draft budget raises for local government.

Lorraine Gillies (West Lothian Council): We broadly welcome what is coming through in the draft budget and spending review. We welcome the focus on prevention, which we have embraced whole-heartedly in West Lothian. My role is to manage the high-level strategy for public sector reform in our local authority around prevention and early intervention using an outcomes approach, so the focus on prevention fits well with the work that we have been doing for the past two years in trying to reshape our services to be more impactful. We also welcome the three change funds, although we are unclear about the figures, particularly with regard to youth offending.

From our perspective, there is nothing massively contentious in the spending review. We welcome its overall thrust, but we would like to have a bit more information about the detail. We have already started to move in the spending review's direction of travel. I would say that it is difficult rather than easy, but that should not worry us, because we are prepared to take it on board. Moving much closer to prevention is a substantial culture shift. We will have issues to do with how we evidence things that we want to do differently, given the national performance framework and our current output measurements.

Andrew Lowe (Scottish Borders Council): The public spending review has been helpful in many respects in the difficult economic situation that we all face in local government. The combination of the economic difficulties and the growth in the population of older people creates particularly difficult problems in the areas of operation with which my redesign programme is concerned. We were therefore pleased to see in the budget and the public spending review ideas

about accelerating economic recovery and public sector reform and the shift in favour of preventative services, because we must get ahead of the problems and start to help people, for example, before they go into hospital, when previously we worried about how we get them out of hospital. We are trying to redesign services with the national health service in ways that deal with that.

We are looking for a Government that will be able to offer us assistance in making changes. The change funds, which Lorraine Gillies described, offer us encouragement and hope, and we have deployed the first tranche of the funds in the work that we have done so far.

Bill Walker: Good morning. I am sorry that this is perhaps not as specific a question as you would like, convener. I think that we are all in favour of that great concept of prevention rather than cure. However, as a councillor, I can think of all sorts of clever ways of dressing up spending as preventative investment. What are your views on having tests to check that applications for funds are genuinely for preventative spending rather than for something that is not quite preventative but looks as if it is?

Andrew Lowe: I welcome such tests. It is fundamental to the work that we are doing that we have set a return on investment of 15 per cent. I expect a committee such as this one to be able to look at the books and see whether we have delivered that. Preventive spend is only any use if it can be allied to reinvestment; otherwise we just have more problems than we can handle.

Lorraine Gillies: I agree. The issue for us is that we need to stop searching for evidence. There is already an awful lot of evidence out there, and we need to start shifting our practice and our activities towards evidence-based practice. We also need to get some sort of comfort that we are doing the right thing. I would be in favour of anything that allows us to test that.

The very nature of preventative spend often means that we will not see the fruits of our labour for some time. We are concerned with how we measure long-term impacts. We have done a piece of logic modelling on what our short-term, medium-term and long-term impacts will be. If we are trying to shift the balance of what we do towards early intervention and indeed early years, it is because we are hoping that young people will have better starts in life five, 10 or 15 years down the line. We need to find mechanisms to evidence that.

Bill Walker: I am glad that Lorraine Gillies said what she did about the long-term spend. There is often a tendency to go for quick hits. You need simple and, hopefully, understandable systems

and processes that allow you to measure things over a five or even a 10-year period. It is good that you have got that in place.

Kevin Stewart: Some of the preventative measures that are being put in place will take a long time to assess. If you are shifting spend, it may be that there are impacts in other areas. How will you ensure that those changes in spend do not cost a huge amount more? What is each of your councils doing on priority-based budgeting?

Andrew Lowe: My local authority is currently revising its priorities ahead of this year's budget round so that the budget clearly sits within refreshed and revised priorities, which in large measure will reflect the priorities of the Scottish Government with regard to the shift to prevention and so on. You are getting at an important point in that, if we are going to shift the emphasis to prevention, we must ensure that we have all the bases covered and do not inflame existing problems by putting insufficient investment into them.

The fundamental point about the piece of work that I have been asked to speak about is that it is making a shift in people's lives so that, instead of their receiving care in a high-cost hospital setting, there is a rapid turnaround and they are supported to live at home. Those measures have immediate wellbeing and cost-saving impacts. We are working closely with NHS Borders to deliver that.

In that way, if we have an agreed return on investment and an agreement about where the efficiencies are deployed—I do not disguise that that is a big if—we are in a position to manage not only the direction of travel that we have set, which is prevention, but the corollary of that, which is having some resource to deal with the complex problems that remain.

Lorraine Gillies: The fundamental and key issues relate to the collaborative working and outcomes approach. We very much want to get to the point at which everyone who is working with an individual or a family in the community understands the impact of what they are doing as an outcome and not just an input. The task for us is to try to measure and cost that.

We are doing a piece of work on, as Andrew Lowe describes, trying to move our finance models to a much more outcomes-based budgeting model of finance, so that we can understand the outcomes that we get for our spend. It is fairly early days for us, given that we started to look at outcomes only a couple of years ago, but we must be very careful that we do not shift our resources only for that to fail to have the impact that we think it will.

An issue for all of us is tying the finance to the outcomes and ensuring that we understand what

we get for our money. We have to be comfortable with the fact that we will no longer be able to do some things that we currently do, so we need to reinvest the spend. We have already started to look at that.

Kevin Stewart: I will come back on two points. First, how do you define a return on your investment? Does that include social factors? Secondly, you have talked about the finance being based on outcomes. Could you explain how you do that, because that cannot be the easiest thing in the world to do?

Andrew Lowe: I will take your first point. In fact, could you ask me it again? It went straight in and out of my head as I prepared to answer.

Kevin Stewart: Return on investment.

Andrew Lowe: Absolutely. I apologise.

The return on investment is described in economic terms. We have set out the various investments that have been made by the health board and the council and through the change fund to set up the new arrangements, and we are looking at an efficiency saving of at least 15 per cent of the money that has gone into it. That is how it has worked. You hinted at some of the wider social costs.

Kevin Stewart: Exactly. How do you define the return on your investment in terms of social benefits?

Andrew Lowe: The social benefits of the programme are to meet the aspirations of people to continue to live in their own homes and have a socially included life. Those are the main goals. The model has a set of outcome measures to see that we are achieving those, but it also has an economic measure, which is the return on the investment.

The Convener: Can I clarify that the return on investment is the financial part, but that there is additionally a social bit?

Andrew Lowe: It is the financial part, but there is in addition a set of social indicators that go alongside it—number of admissions to hospital, length of stay in hospital and number of people living in their own home.

Kevin Stewart: On the social factors, I know that the vast bulk of folk want to stay in their own home, but there may be people who do not, so we surely have to take those social factors into account when we talk about return on investment.

Andrew Lowe: Obviously, the whole system is predicated on choice. We are motivated by what people want to do. There are circumstances, albeit in my experience not very many, when people want to give up their home. They tend to want to do that only when better choices are not available

to them. Commonly, if people are asked and we can deliver services to them, at an economic cost, that enable them to stay at home, most people want to do so. When people want to move into some form of institutional care, that option is available to them. That would be costed within this programme.

Kevin Stewart: There is also my second question, convener.

Lorraine Gillies: We have been watching very carefully the total place activity that has been happening in England, particularly around outcomes-based budgeting. I am sure that members will be familiar with the fact that some sites in England have tried to move much closer to understanding how they are paying for outcomes, so there are lessons to be learned, including lessons about things that have not been particularly useful, and we will pay attention to those.

Kevin Stewart: Could you give us some examples?

Lorraine Gillies: Yes. A big piece of work has been done in Birmingham on costing out the spend on particularly big families. Folk will be familiar with the fact that those costs can be phenomenal and quite scary. If you take a chaotic family, count the number of services that have been involved and put a cost to that, you get pretty frightening figures. If we can do something to co-ordinate that a little bit better and direct our spend a little bit better, we start to be able to cost out what we have done better in a different way.

10:45

Some of the stuff that we are trying to get to grips with is how we cost the support and services that we deliver to vulnerable people and how we do better. A lot of that is based on an output—if Mrs A or Mr B has X number of hours of support, it costs Y amount of money. We are trying to use not that formula but one that will tell us the cost of the outcome that we have managed to create through working differently.

A lot of work has been done on advocacy—my colleague Andrew Lowe will be familiar with that. That involves working with families, giving them a key worker and determining what the right support package is and how we cost that a little differently. I make it clear that we are not there yet, but we know that we need to get much better at spending our money with a focus on outcomes and not just on numbers of hours and numbers of people.

Andrew Lowe: I will follow up the point about the total place initiative. One of our neighbours is Northumberland County Council. It became a unitary authority two years ago and assumed

responsibility for Berwick-upon-Tweed, which is a key local town for us. The council offered us observer status on a total place initiative that it conducted with the community in Berwick-upon-Tweed that maximised consultation, played in all the partners and looked at all the investment—social and other—in that town.

In putting together the redesign in the Cheviot area, we sought to get the best from such a way of working, together with the integrated resource framework, which we got from the health department in Scotland. We blended those two approaches so that we could look at a community, analyse where the spend was and, in consultation with the community, redesign services according to what it wanted. That is how we get to priorities.

Kevin Stewart: The examples that Ms Gillies gave were all from social care. Are you taking the approach that you described across services or just in social care?

Lorraine Gillies: We are looking at the issue across the whole community planning partnership. We need to do that—we cannot consider it in silos. We must be clear that outcomes for people are very much about working with individuals in their communities and about the plethora of services that they receive. We are not just looking at social care.

Ruth Davidson: My question is for Andrew Lowe. A number of political parties in the Parliament are travelling down the road of combining healthcare and social care. Your local authority has gone much further than others have in looking at that. What difficulties have you overcome in friction over budget leads and management leads? Do you have information on any money that has been saved or service improvement that has been achieved through the work that Scottish Borders Council has done?

Andrew Lowe: Perhaps in common with committee members, I should declare an interest: I am billed as Scottish Borders Council's acting chief executive, but I am also the Association of Directors of Social Work's president. In another context, I have made arguments on integration in Scotland—I want that to be on the record before I answer Ruth Davidson's questions.

We have taken a lot of steps on integration with NHS Borders, through our community health and care planning partnership. We have a planning and delivery committee of officers that has worked hard to plan all the changes, which ended up being reported in the Christie commission's report—I assume that that is one reason why I was asked to come to today's meeting.

Through that work, we have achieved several early wins, but we have a tremendously long way to go. The work that we are doing in Cheviot,

which is one of five such areas in the Borders, is in three phases. The first was mapping all the resource spend. The second was integrating our day services and day hospital work to get efficiencies from spending by the NHS, the council and the voluntary sector, so that each body did the work that it could do most cost effectively and which would support people in living in their own homes.

We are moving to map all the managerial posts. It is our aspiration to rationalise the managers between the two organisations in order to ensure that we eradicate inefficiencies and have the right people in the right places covering the right posts. That is a three-year programme, and we are hitting all the stages. At the moment, we are taking out efficiencies.

However, there are all sorts of issues that the committee needs to be aware of. The budget planning cycles for the council and the health board are different, and there are tremendous issues to do with how we can ensure transparency on spend and how we can put our money together to best effect, which we are trying to crunch through at a local level with our local partnerships. We are making progress, but anything that the Parliament and the Government can do to help us in that regard would be extremely helpful.

I am firmly of the view that it is local leadership, within a nationally set framework of outcomes and expectations in which we as local partnerships can deliver those changes, that will make them happen—that will be the most effective way of doing it.

The Convener: You mentioned the difference in the budget planning cycles. Do you mean the short-term cycles—in other words, the annual cycles—or the long-term cycles?

Andrew Lowe: The issue is that most local authorities prepare their budgets in the autumn and usually have them settled by the end of January or early February. At that point, the health boards are not in a position to do that work—it happens much later. There is a lack of alignment, which leads to problems with what can be committed.

The Convener: So it is a problem every year.

Andrew Lowe: Yes, it is a routine, structural problem.

The Convener: That is helpful.

Kezia Dugdale: I want to go back to what Lorraine Gillies said in her opening remarks about youth offending and the change funds. Will you say a wee bit more about the conflict that you see there—or the lack of clarity that we need to address?

Lorraine Gillies: There is no conflict. It is simply that we have tentative, unconfirmed figures for the older people's change fund and the early years change fund but not for the one to do with offending, unless someone knows something that I do not. We are glad that the fund is there, but we are keen to have a chat about what contribution we should make, what contribution we should expect and which partners we will be working with.

Kezia Dugdale: So it is just a question of detail.

Lorraine Gillies: Yes.

Kezia Dugdale: My second question is about preventative spend and how we define it. If that is all that we talk about, everyone will start to redefine what they do as preventative spend. Do we need to have local definitions and a national definition? Does such a structure require legislation? Who will set it?

Lorraine Gillies: That is a set of issues that we are all working on. I think that we have a local definition. We are clear that preventative spend is a different approach that, rather than being about dealing with a problem when it has occurred, is about using our intelligence differently and using our years of experience to make predictions and shift our services so that we can get in a bit earlier.

As far as I am aware, there is no absolute definition. In our response to the Finance Committee on preventative spend, we suggested that it might be helpful to have a collective discussion about what everyone thinks that we are trying to move towards.

Preventative spend is one of those commonsense ideas, which we all think we know the meaning of and which we are all trying to do something on because we believe in it and know that it makes sense. I am hesitant to look for new legislation, new frameworks and new strategies. It is more useful to look at cultures and to think about the conversations that we need to have together about what preventative spend means for us and how we can start to do it.

Kezia Dugdale: Does Andrew Lowe want to comment?

Andrew Lowe: I think that, with prevention, the understanding is that we should work on outcomes. If we set clear outcomes for people, they will spend in ways that prevent the bad things from happening and achieve the outcomes that have been set.

For work with children and families, for example, I have a set of statutory responsibilities that have to be funded and fulfilled, but there is a range of other things to support families who might otherwise get into crisis that I do not have to do. It is easier to trim money from the latter than from the former, but if we do not invest in the support

services that prevent problems from happening I will get more and more problems. That is one example of how I understand the need for preventative spend, and it would apply in any sphere of our activity.

Kezia Dugdale: That is helpful. I think that the living wage is preventative spend, too. If we improve the quality of people's work and livelihoods, we reduce their dependency on other services. You are both nodding, so it looks as though you agree with me, but let us imagine that you did not agree with me. How would we deal with conflicts between different parts of a local authority or different Government agencies when one defined something as preventative spend but another thought that that was a joke?

Lorraine Gillies: Collectively across the community planning partnership and taking on board the views of people in our communities, we have come up with a set of short-term, medium-term and long-term outcomes that we want to achieve together to address people's health, social and economic needs. We are not going to achieve those outcomes if we do not shift towards being more preventative.

That does not completely answer your question, but we have a set of agreed outcomes that sit under the single outcome agreement that we have signed up to and adopted. The CPP and the community health and care partnership are on board, and we have invested a huge amount in that because we absolutely believe that that is what we want to do.

Those are the changes that we want to make happen, but some of those things are tricky to achieve. For example, the early years outcome that we want to achieve is simply that children will be ready to start nursery and that parents will understand their children's developmental needs. That is fairly simple, but an awful lot of work will need to happen underneath that—and a lot of that will be preventative. At the moment, we do not routinely assess children early enough for us to do that confidently, so we will need to do some things differently to help us to achieve that outcome.

Kezia Dugdale: So you think that the key is to start with the outcome and to look at what preventative spend is needed to achieve that objective.

Lorraine Gillies: We must start with the outcome. We have to pin up clearly what we are trying to achieve and start plotting the things that we need to do, the things that we need to do differently and the things that we can no longer afford to do or that are not having the impact that we want them to have.

Kezia Dugdale: You mentioned the work that you are doing in West Lothian. Can you give us an

example of something that you will no longer do? Are you at that stage?

Lorraine Gillies: We have started to agree some examples. We have started to look closely at our youth work provision—our diversionary activity provision—and not to provide as much activity in areas where all the evidence tells us that folk are doing fairly well. Instead, we have started to reinvest in areas where we know that people need additional support. We have some good examples of voluntary sector organisations that have stopped investing in areas in which they have made a big difference over the years and started to invest in other areas in partnership with health and education services. That is a flavour of what we are trying to achieve.

I do not think that we have enough evidence to say that things absolutely are not working, as it is early days in our outcomes approach, but that is where we need to get to. We know where we need to get to, but it must be evidence based—we cannot just chop things. There are some examples of our starting to shift resources and some areas that will receive less support, but we must ensure that we do not drop the ball or create a bigger problem.

Andrew Lowe: You interpreted my smile as support for the living wage, but what you may have seen on my face was a smile of support for social inclusion. It is vital that we ensure that as many people contribute as much as they can. I am very concerned that the welfare reform that is going through the UK Parliament at the moment should not impact as damagingly as it seems that it might on people who are in receipt of the independent living fund or the disability living allowance. I want to ensure that people can contribute and play their part, and the living wage is recognised as part of that.

11:00

The Convener: Before Kezia Dugdale asks her final question, I wonder whether Andrew Lowe is able to highlight any examples of when preventative spending has allowed spend in one area to be stopped.

Andrew Lowe: Yes. We have closed our day centres for older people and transferred that activity to the voluntary sector under a contract offering a very different quality of service that, instead of creating dependency in people, encourages and supports them to participate in their communities. We are also reducing the number of long-stay beds in our residential homes, and with our preventative spending approach we have created extra care beds for people to get short-term intensive rehabilitation and support and then return home.

The Convener: How much have you saved from that shift of spending?

Andrew Lowe: I have the figure in my papers, if you can give me a minute or two to find it.

The Convener: You could provide it in writing. It sounds like a useful real-life example.

Andrew Lowe: I can certainly do that.

The Convener: That would be good.

Kezia Dugdale: On the earlier comments about youth work in West Lothian, I agree that it is right to take the money out of an area that is fine and to put it into doubling effort in another, but that creates political problems, because councillors and politicians like me start ranting and raving about cuts. If such an approach is to be successful, is there a need for strong political leadership to make it clear that funding is being taken away from one area because it is better spent elsewhere? How else can you avoid the weekly cycle of local press headlines criticising what you are doing?

Lorraine Gillies: Without wanting to go far down this particular road, I think that we need leadership at all levels and very clear strategy and rhetoric linked to our national policy. We have managed to achieve cross-party support in West Lothian to deliver our aims. After all, the work is all about improving outcomes for people, and we have had strong buy-in for our efforts.

Leadership is very important, and it should run from the top to the bottom. We are investing hugely in empowering our staff to do things differently, and I guess that, in that respect, leadership will be incredibly important in getting us through this situation.

Mark Griffin: You have already highlighted certain barriers and obstacles to sharing budgets and services between community planning partners, including differences in budget cycles and so on. How far will the change funds address those obstacles and what else could be done to tackle them?

Andrew Lowe: The change funds are helpful in that, first of all, they require the involvement of the four local sectors: the local authority, health board, third sector and independent sector. In getting the approval for change fund expenditure, we have to secure buy-in from all those sectors and to seek to invest across them.

Although the Government's desire to set a target for achieving the outcomes across the partnership has been enormously helpful, the fact is that the nuts and bolts of that work have been left up to us. Local government is managed in one way and the national health service in another and, aside from any partnership aspirations that

they might have, they still have their own distinctive outcomes to achieve.

We can make—and are making—a lot of progress with the change fund. Indeed, I think that people were surprised at the speed with which 32 change fund applications were received. The fund was announced on 1 February, and 10 weeks later in April we were ready to go. We can do an awful lot working together, but there are problems. I have already mentioned the budgetary cycle, but it would also be helpful for health boards and local authorities to have rigorous joint governance.

Lorraine Gillies: I do not have anything to add; that is how I would have said it.

Mark Griffin: How would you propose to operate that joint governance?

Andrew Lowe: I am moving away from my brief here, but my thoughts are that we need an accountability framework that is binding on both health and local authorities and that we should be held to account by ministers and the leaders of local authorities. We need some formal mechanism whereby outcomes are set and we have to account for how we have progressed against them. It must be real and tangible while retaining our distinctive differences. We get an awful lot of creativity—the things that Lorraine Gillies and I have described come from our distinctive contributions. Being local is therefore important, but scrutiny and accountability need to be clear, transparent and carried out jointly.

Kevin Stewart: May I follow up on that? This question might be a little naughty. There has been a lot of talk about collaborative working, community planning partnerships and trying to integrate services with the health service. In order for preventative spend to work properly there will have to be co-operation and information sharing between lots of public bodies and agencies. In your areas, where are the difficulties in getting the public bodies and agencies to co-operate? I am sure that, if we asked around the table, we would hear about different problems in different parts of the country. Sometimes we are not honest enough in saying where difficulties lie. Can you tell us about the difficulties?

Lorraine Gillies: I am happy to admit that it has been difficult and tricky. We have been working hard on information sharing, and we are now at the point at which it is starting to come together in a much more productive way.

The problem is historical and has to do with issues of gate keeping and nervousness about sharing information. We have also been held up by our technical ability to share information, but we have done an awful lot of work locally on our partnership protocols for information sharing and our systems. We have tried to ensure that they

talk to each other and that we all understand what we are trying to achieve in our outcomes.

That approach has been incredibly helpful, because if individuals and families are receiving support from a lot of different agencies it is helpful for us all to know what is going on. It has been difficult and tricky, but we have moved more closely towards that goal.

A key part of the process has been the establishment of a very effective community safety unit based in our civic centre. The civic centre is new, and it houses the police, courts, court reporters and social work services all in the same building. That has been useful: the physical environment means that people are comfortable talking to each other and sharing information. The community safety unit is also based there, and it is a partnership unit. It has been successful in breaking down barriers to sharing information. The joint tasking and strategic assessment process has been very useful in giving us comfort that we share the right information for the right reasons. We are not there yet—we have a bit of a way to go—but we are getting there. You are right to identify information sharing as a barrier, and we are trying to do something about it.

Kevin Stewart: But no naming and shaming.

Lorraine Gillies: No.

Andrew Lowe: There is information and there is information. Personal information has all sorts of technical and governance challenges, which we have overcome one by one over the past few years. There is financial information, too, and other sorts of information that are sometimes more difficult.

I agree with everything that Lorraine Gillies said. West Lothian Council has been a model of bringing stuff together and integrating systems, and I have shown great interest in the work that it has done. There is no doubt in my mind that information sharing becomes easier the more you work together. If we place our services in similar settings, we get a much readier response for sharing information.

The Convener: Margaret, did you have a question?

Margaret Burgess: It has now been answered. Thank you.

The Convener: Okay, that is great. There are no further questions, and I thank the witnesses for their evidence. It will certainly help us in writing our report on the budget and spending review.

11:10

Meeting suspended

11:17

On resuming—

The Convener: On our second panel of witnesses on the draft budget and spending review we have: SallyAnn Kelly, the acting director of Barnardo's Scotland; Callum Chomczuk, the senior policy and parliamentary officer for Age Scotland; Douglas Sinclair, the chair of Consumer Focus Scotland; and Ian Paterson, the chief executive of Aberdeen Council of Voluntary Organisations. We hope to be joined soon by Matt Lancashire, the senior policy officer of Citizens Advice Scotland.

Time is pressing and we have a lot of witnesses so, as I did with the previous panel, I invite our witnesses to outline briefly the main issues that they see arising from the draft budget, particularly in relation to local government.

Ian Paterson (Aberdeen Council of Voluntary Organisations): In a different world, in the late 1990s, I was involved in best value. If a good number of statutory authorities had taken on best value at that stage, we might not be in the position that we are in now. Earlier, I was telling a colleague about how I tried to argue the case with chief constables for making police forces move towards having common services. I am concerned about the suggestion that we have a national police force—I know that that is a political point—but I support the view that we should examine everything that we do to see whether we can do it more effectively.

Aberdeen Council of Voluntary Organisations is not connected with Aberdeen City Council. I say that only to make the point that we are a separate organisation, not because I have any concerns about Aberdeen City Council. We are the voluntary sector's interface for Aberdeen and we represent about 4,000 small and large organisations, a good number of which are beginning to appreciate that they must apply business principles. With regard to the budget, and particularly the list of suggested savings, we have had to take on board a good number of things.

We have just rearranged the community planning process in Aberdeen to make it less bureaucratic. We are a bit more focused now. There are five thematic groups that tie in with the five themes that the Scottish Government has identified. We believe that there is still room for making efficiencies, reducing contract costs, and sharing and outsourcing services. We have a concern that some of that might impact on jobs. As members know, Aberdeen City Council has made cut after cut. On the other hand, because our sector has low overheads for a number of reasons, we believe that we can do a good

number of things in that regard. Some of our senior colleagues have had discussions with Valerie Watts, the chief executive of Aberdeen City Council, about outsourcing.

The issue is not just about our organisations taking over services to allow the council to get rid of staff. We happen to think that it makes sense to have our organisations doing those tasks. Yesterday, I met colleagues from NHS Grampian—we are involved with its senior management team on a number of things—who are trying to determine what NHS Grampian does that is not core to its business. As you know, the WRVS has been in most hospitals for years. Hospitals do a good number of things that could be done by other organisations. With a bit of arm twisting from the Scottish Government, most of the statutory authorities have realised that there is room for us to do those tasks.

The change fund is a perfect example of that. A good number of health sector organisations have taken money to carry out various processes and projects. They are optimistic about showing NHS Grampian, in year 1, that it is possible to help older people—and to save money, in the long term, which will enable the health service to do more for more people.

With regard to the main points—efficiencies, reducing contracting costs, and sharing and outsourcing services—we think that there is more that can and should be done, which will be to the benefit of all.

Douglas Sinclair (Consumer Focus Scotland): I would not want to minimise the potential impact of cuts on consumers, which has been well exemplified in the evidence that has been put before the committee. However, consumers are also interested in whether we can prove that we get value for money for the huge amount of money that we spend on public services in Scotland. A recent Ipsos MORI poll showed that 75 per cent of the public believed that the United Kingdom deficit could be resolved through ensuring that there is better value for money. That is simplistic, but the subtext is compelling. As you know, Scotland has 25 per cent higher per capita spend on education and health than elsewhere in the UK. However, the question is, are those services 25 per cent better here? The issue stems from the problem that Scotland has a lack of comparative cost information in each of our services, which makes it difficult to compare spending. We need to address that.

We have made little progress on the issue of shared services. That reflects the fact that councils are never willing to give up control of their part of the world. I also think that that is probably the wrong starting point. We should start from the understanding that, although councils provide,

generally, the same services, the cost of their back-office services varies enormously from council to council. The cost of the collection of council tax differs hugely. Some of that can be explained by the differences between rural councils and urban councils, but differences exist even within similar councils.

Consumers want transparent information that proves value for money. If council tax can be collected for, say, £10 in council A, why does it cost my council £40? We need to get behind those figures. Cuts are important, but the question of how we can get better value for money from the huge investment that we make in our public services is equally important.

SallyAnn Kelly (Barnardo's Scotland): The key issues for Barnardo's have been well documented publicly. We acknowledge the extent of the financial crisis and how it will impact on Government spending over the next decade and beyond. That brings us to a compelling argument about how we make decisions about how money is spent.

Barnardo's work is concerned with outcomes for children. It is important for all levels of government to think hard about how we evidence what we are achieving with the services that we provide. Our view is that the evidence about the quality of services and the impact on children of those services is not consistent enough across Scotland. There are still significant groups of very vulnerable children in the population with very poor outcomes. As a society, one of our fundamental challenges is to improve things for those children.

We are clear that we want to consider how the single outcome agreements can be strengthened to have a much more service-based outcome focus so that we can use them as evidence tools to look at what is being delivered in local government. The proper participation of children and families in service delivery is at the heart of the matter. We have a way to go in Scotland to engage families co-operatively and collaboratively in the services that are provided to them. We are clear that we want to have a clear focus on early intervention and prevention, but that needs to be based on the concept of working alongside families as opposed to simply delivering to them what we think is good for them. How we deliver those services is a real challenge for us.

When we talk about preventative services, we are talking about a range of early intervention and early years services, which need to be proactive rather than reactive. There is a real and fundamental challenge for the Government in looking at what works for people across the spectrum of need, how what works is evidenced, and how it is ensured that decisions at the local government and national Government levels are

evidence based and based on what is in the interests of the population that will receive the services.

Callum Chomczuk (Age Scotland): There has been concern this year about the number of budget cuts that are affecting older people's services. Care and repair services have closed, and such services are due to close in at least one local authority next year—I think that I detailed that in our submission to the committee last week. We are also seeing cuts in community transport and in many low-level services on which older people rely.

From our point of view, we are simply storing up more costly interventions at a later date because local authorities are not investing in early intervention services. On free personal nursing care, the cost of putting someone in a residential care home could be around £25,000 a year; the cost of care and repair to support someone living in their home could be around £30 a week. We are already seeing cuts at that level in Scotland this year, and we are concerned that there may be greater impacts on older people over the next few years, which will obviously have huge impacts on public finances and the quality of older people's lives.

Age Scotland welcomes a couple of the Scottish Government's initiatives, particularly the change fund that was introduced last year and the health levy that was introduced this year. That can have a real impact in supporting preventative measures. However, many lessons can be learned from this year's health and social care change fund. The six-month assessment shows that only around 19 per cent of the money was directed towards preventative spending; there was a more institutional focus for much of the other money. It is clear that that is an area for the Scottish Government to work on with the local authorities. They can either sharpen up the guidance or make what the money can go towards more prescriptive. That said, there has been a real step forward. If we see the learning from that extending to local authority spending, there is hope that we can reshape services to better meet the needs of older people.

Matt Lancashire (Citizens Advice Scotland): Citizens Advice Scotland's view is that local government in Scotland faces a reduction in income that will have significant impacts on public services provision and will lead to tough choices for local authorities about where spending should be reduced. I think that the Scottish Parliament information centre's financial scrutiny unit estimated that, in real terms, 11.3 per cent of local authority budgets would be lost by 2014-15. Obviously, that will add pressure to the services that local authorities deliver. If we add to that the

UK welfare reform changes and their impact on public services—our clients' disability living allowances will be cut by 20 cent, and housing benefit changes will potentially take £38 million out of local authority coffers annually—the hard choices will be there to be seen.

Where should local authorities place their new budgets? How will they restructure? How will they provide services for vulnerable people? Will they concentrate on statutory services? If they do, non-statutory services such as independent advice services—provided by citizens advice bureaux, for example—will miss out. It is a fact that a person who goes into a citizens advice bureau the first time that they go into rent or mortgage arrears will be given advice first up that is far cheaper to give than advice to people who are being made bankrupt or being evicted, or whose house is being repossessed.

All those issues are coming together. There are lots of different issues for local authorities around how they restructure things to cope with those two big effects: their reducing budget and the UK welfare reform changes, which are a major concern.

11:30

The Convener: Thank you. You raised lots of issues there. Somebody said that, if you could, you would have made these changes 10 years ago before the budgets were being squeezed and that we would therefore have had the benefit of preventative spending. Of course, we are where we are—budgets are being squeezed. It has been interesting to hear everyone agree that we need to move to preventative spending. I was particularly interested to hear Age Scotland's concerns about the fact that some of the savings might be a case of save to spend—we are making savings now, but that will cost us more. How can we ensure that that does not happen? We do not want to cause ourselves bigger problems in the future. Does anyone have any ideas about how we can ensure that the savings that we are making will lead to prevention?

Callum Chomczuk: The instance to which I referred was the health and social care change fund. There are great examples of that money being used for real preventative things. For example, £8,000 was given to a South Ayrshire carers group that gets in touch with older carers and gives them the support that they need. Clearly, carers are an important part of delivering the preventative spending agenda. The Government will be much better placed to talk about this than I am, but there will be instances where more money is being focused on institutional care and filling gaps in local authority

budgets rather than on real preventative spend measures.

There is a problem in that a lot of people might not know exactly what a preventative spending measure is. All of us have to assess outcomes much more thoroughly. Perhaps there should be a central repository where local authorities and other public bodies can better share advice and can share case studies and real examples of preventative spending measures, not just in older people's services but across all departments. That is the way we have to go.

The Convener: This is a big panel, so I do not expect everyone to answer every question, but does anybody else want to come in on that?

Ian Paterson: I just want to make a point about the change fund. We always welcome money, but it takes a wee while to get a group together. In respect of a lot of the things that have happened in Aberdeen, we have now rejigged ourselves on the basis that it looks as if there will be money next year—I think that there is a slightly different emphasis next year.

A huge number of old people do not have access to the internet. There is a group that got money through the change fund to train those people and provide them with equipment, because we all say that we should put things on a website now. We are finding that by training people, either at a centre or in their house, to use the internet we not only give them that knowledge but engage them in conversation, which is quite good from a medical point of view. As people see that funding is available—this is the benefit of knowing that it should be there for another three years—they will start to identify such items of work, which are of benefit in the long term and in the short term by giving older people more experiences and taking them out. Those are all the things that medical people are looking for.

I think that you will find that we will become a bit sharper. We had a meeting with the health board yesterday. We are concerned because it does not know what we do and we do not know what it does. We have started getting together and we have said, "Tell us some of the things that you think we could be doing." We should have been doing that under community planning. I am a whole-hearted supporter of community planning. I will not bore the committee with the details, but it was all going well in Aberdeen until things went a little aghy. I happen to think that community planning can do only so much at a strategic level; at middle management level there has to be working together.

Matt Lancashire: I am not sure whether this answers your question, but I would like to get it in. I return to what I said initially: good advice

ultimately saves money. Debt and welfare advice is significantly cheaper than homelessness and bankruptcy—and the social outcomes for clients are far better. I think that the New Economics Foundation found that for every £1 gained from welfare rights advice, an additional £1.70 was spent in the economy. Advice needs to be taken into account as part of any strategy for preventative spend. That needs to happen now, not further down the line. I know that it is being looked at at present, but it needs to be focused more now than further down the line.

Bill Walker: Following our previous panel discussion, I would like to ask you more or less the same question, which was augmented by colleagues and the previous panel. What is preventative spend? Coming from a local government background, I know that almost anything can be dressed up as preventative spend. How do we prevent that from happening?

Most people agree that prevention is better than having to apply treatment later. How do we measure the economic outcome and social benefit of preventative spend? Obviously, we do not have hours but any guidance would be helpful.

SallyAnn Kelly: Barnardo's Scotland has a clear position on that. We have tried to encourage preventative provision for many decades. In our view, it is about the avoidance of negative social outcomes further down the line that are usually much more expensive than the negative social outcomes that we are trying to prevent at any one point in time.

In the children's service delivery market, if I can call it that, we know who the children are, we know the families and where they live, and we know the postcode areas that they come from. We also know what the social consequences of poor service delivery are for those children, because they become involved in the looked-after system and the criminal justice system. There needs to be a clear, whole-system approach to support for the most vulnerable families, who have the same aspirations as we have for our children to achieve positive change in their lives. We need to go to those families with a clear, strength-based approach, talk to them about things that are meaningful to them and help them to put positive changes in place for them and their children.

Barnardo's Scotland has many examples in which that works very well. We work co-operatively with local authorities all over Scotland on preventative approaches, whether it be in education, social work or the employability field. I know that some members have visited our services in recent months and seen at first hand some of the positive outcomes for children. There are examples out there—they need to be evidence based and we use a clear, outcome-focused

framework for services so that we can show evidence of the difference that we make and the difference in children's lives that an intervention from Barnardo's Scotland makes.

Ian Paterson: When we look at outcomes, we are looking at qualitative rather than quantitative outcomes. The difficulty in the past has been that we have had to provide quantitative information, which is really quite difficult. I am an ex-police officer, and I know that a number of people here today will have heard the same thing. Taking a youngster home when they have been in trouble and speaking to their parents might mean that that youngster never offends again. That might mean a financial saving to the country, but the qualitative outcome comes when the young man gets a job two or three years later and becomes a contributor. That is the bit that is quite difficult to communicate.

There has been a slight change—I do not know whether it is political or not. A document that each of us is compiling for the third sector to give the Government a six-monthly update is more inclined towards qualitative information rather than quantitative. A lot of projects in our sector—Barnardo's projects, and projects for older people—find it difficult to give numbers. The numbers that are given can be quite small, but the big thing is not just about money, but about what the person is being given.

Bill Walker: We do not want to make everyone at the coalface do number crunching and bookkeeping all the time, but we need to be able to measure and to show the sceptics the benefits to people. The benefit, of course, is that the young chap that Mr Paterson talked about does not go into crime but stays on the straight and narrow. It would be good to have an index of that sort of outcome to show that the initiatives work. It is a bit like restorative justice, I guess. It would be useful to get a final comment on that.

Matt Lancashire: Returning to the advice on preventative spend, I do not have the figures to hand but we can see the financial gain that my clients are getting. I think that for every £1 funding, there is a £17 gain. That shows the outcome of good advice at the right time. That £17 then goes back into local communities and economies that support local authorities when their budgets are being cut. That is why advice needs to be funded from an additional funding pot in preventative spend.

Callum Chomczuk: Supporting people in their homes means less need for residential accommodation and less need for people to go into hospitals. We all know the figures. It costs about £3,000 a week to support someone in hospital and about £25,000 a year to support someone in residential accommodation. The

trouble is that a lot of capital costs are built into those figures. Keeping people in their homes will save a lot of money, but until we reach the point at which we can support people at home on a scale that means that we will be comfortable making the big decisions, closing down hospitals and having much more community-based services, we will not get the full realisation of preventative services.

Douglas Sinclair: I add a word of caution. I understand that £500 million has been identified in the draft budget for preventative spend, but it is not clear whether that is new money or a continuation of current money. We need to be realistic. Given the pressure that local government is under, there is a danger that the money will be diverted to support mainstream services rather than going into preventative spend. Callum Chomczuk alluded to that. As members know, the Government ended ring fencing when it entered the concordat with local government. I am not saying that there is now an appetite for ring fencing, but there is an issue. If we want to ensure that preventative spend delivers what we want it to achieve, there is a debate to be had between the Government and local government about how that is best achieved. I do not think that it will be easy.

Ruth Davidson: On that point, I am interested in the submission that Age Scotland provided to the committee. Callum, you have done your own assessment of the change fund and identified that only 18 per cent of the past six months' programme was put towards preventative and anticipatory care. What improvements do you seek to the assessment of the awarding of the funding? Is there an argument that there must be stronger monitoring throughout the programme? We know that change creates a ripple effect and we all want there to be a virtuous cycle, but we must also ensure that there are no knock-on effects that prevent that. How did you measure the change fund differently when it was making the awards and what changes do you want to see to make the auditing and assessment process more rigorous?

Callum Chomczuk: A level of involvement by the Scottish Government will be needed. When the change fund plans are put together, we often find that local authorities and health boards have taken the lead and the many third sector and independent sector organisations that are supposed to be partners at the table do not have the confidence or knowledge to feel that they can contribute fully. Their contribution to the focus on prevention has been somewhat marginalised.

As our submission states, there might be a need for the cabinet secretary to sign off spending plans for preventative measures so that we can assess whether the money is going directly to those measures or whether the partners who are involved are just filling up budget black holes,

which will be an increasing temptation for people in the next few years. Does that answer your question?

Ruth Davidson: Absolutely. Do you regard the mechanism of having a level of political sign-off, such as by a cabinet secretary, as one way of ensuring that there is no jiggery-pokery—for want of a better word—with the numbers?

Callum Chomczuk: It would help. We should also encourage local authorities and other partners to start thinking about a preventative approach. We are talking about £500 million, which is a serious amount of money. It is tempting to put it towards crisis management because that is clearly the headline issue, but with guidance and support from the Scottish Government, partners can look towards preventative measures. As Douglas Sinclair said, the committee and the Government might want to consider whether an element of the £500 million should be ring fenced. That would probably help.

Douglas Sinclair: An alternative to sign-off by the cabinet secretary is for the money to be allocated to the community planning partnerships. One pillar of the Government's approach to public service reform is better delivery of services at the local level. There is no reason why the money could not be allocated to the community planning partnerships, at which the voluntary sector will be round the table. That would give it a stronger voice. The danger of allocating the money to the council or the health board is that, human nature being what it is, they will say that it is their money rather than money that is owned by the community planning partnership. It would be a good test of community planning partnerships to hold them to account for the delivery of cross-cutting money.

11:45

Ian Paterson: I led a group on behalf of the alcohol and drugs partnership to establish a 10-year drugs and alcohol strategy for Aberdeen. We are identifying the actions to go in it, which is a big bit of work. In doing that, we are trying not to think about preventative spending as something that involves a bit of jiggery-pokery. I suggest that the country needs to do that, too. Preventative spending is one tool in a manager's bag. In the police, crime prevention involves about 10 officers out of 1,500, yet it is supposed to be the main purpose of having police.

People in various jobs have got into a way of doing things that involves responding to and dealing with issues. We must turn ourselves round and think of preventative work as our first bit of work. In our change fund meetings—we have one this afternoon—we are trying to think about how we can stop dealing with issues that come in and

how we can get ahead of ourselves and then work our way back. An example of that is our midnight football initiative, in which we took youngsters from difficult areas of Aberdeen and put them in a stadium to play football. FirstBus provided the transport. In the areas where the youngsters came from, police calls were down by 30 per cent on most nights. If we include the costs of community workers, accident and emergency and fire services, we are talking about a huge amount of money. The difficulty was that it was an initiative that we ran only every so often. That should be work that the community planning partners do all the time—it should be our stock in trade.

Kevin Stewart: I return to Mr Sinclair's comments about benchmarking, which is an issue that we have discussed in the committee quite a lot since its inception. We often find that we are comparing apples with oranges. Do any of the panel members have comments on the measurements that we take and on the fact that, in some places, people use different measurements, even though they should not, and have a different definition of what is being asked for? Comments on that would be useful.

In relation to benchmarking in the voluntary sector, can we have an indication of where panel members think they are doing well on preventative spend? I recently visited Barnardo's and I will be there again on Friday, so I know that it can prove that its work is preventative. As Mr Chomczuk said, other organisations can prove that the money is going on preventative measures.

SallyAnn Kelly: We are fortunate in that we are a voluntary organisation and have clear internal systems in place to consider how we price our services. On the general point, I agree that there are great inconsistencies among local authorities in how they price their services and in how they compare those prices with prices in the voluntary sector. We are often accused of being too expensive, but when we examine the details, we find that that is because internal costings in local authorities are not very sophisticated and often do not include things such as pension on-costs, which we must include. We clearly need to be much more specific about that.

That takes me back to the point about being outcome focused. Every service that Barnardo's delivers in Scotland—at present we have just shy of 100—has a business plan that details the costs and what we spend the money on. Every child who comes into contact with our services will have agreed with their worker outcomes that we are trying to help the child and family achieve. Our work with the child is based on those outcomes. Therefore, as Mr Stewart knows, we can clearly evidence the impact that we have on a child's life. I have been promoting the adoption by the

Government of a clear outcomes framework. Our outcomes framework is based on the high-level outcomes that the Scottish Government has identified in the getting it right for every child initiative.

On comparisons across the sector, we could be better at sharing information. However, one of the big challenges for us is the competitive nature of what we do. We are competitors. I want to try to follow the example of the numerous councils out there that want to deliver a partnership approach to the commissioning of services rather than continually going down the competitive tendering route. In Dundee and Edinburgh, for example, opportunities are being promoted in public-social partnerships. A commissioning approach based more on partnership gives the voluntary sector a much healthier opportunity to work collaboratively not only within the sector but with local government and private organisations. I would like to foster such opportunities.

The Convener: With a partnership arrangement, how can we ensure that we are still getting best value?

SallyAnn Kelly: Some of the processes are extremely rigorous. We have partnership agreements with a number of councils throughout Scotland. Each year we review the financial commitments of the councils and Barnardo's to those services. We look at the outcomes that we are achieving for children and we consider whether there are different ways of providing those outcomes.

Over the past four years, since I became, first, head of children's services at Barnardo's and, now, acting director, we have reviewed in excess of 80 per cent of our services in Scotland, jointly with local authorities, to consider how we can achieve better value.

We also look at whether local need has changed. Some services were established as long ago as 10 years, so we look at whether we need to redirect services and input to more vulnerable children. We have put that extremely effective strategy in place in council areas throughout Scotland. The strategy has been positive for us as an organisation but, more important, it has had a positive impact on the lives of the kids who receive the services.

Ian Paterson: We could make more use of the SOA. We have started to assess our performance in Scotland, with a new computer system that records the various third sector organisations at a national level. At the end of the day, the sector is beginning to organise itself differently.

The reason why the third sector is often looked at favourably is that it can do a bit of lateral thinking, it can be quite flexible and it can often get

things done more quickly. However, we have to be careful that, in benchmarking to that extent, we do not end up with the situation that I came across yesterday, when colleagues from NHS Grampian voiced concern that we would end up like them because they could see us providing a better service. I support some benchmarking, and we need to put more of what we do into the SOA.

Matt Lancashire: This is an interesting issue. In the second half of his question, Kevin Stewart mentioned outcomes and benchmarking for voluntary services. I will give you a quick overview of CAS. We dealt with 560,000 new issues last year in Scotland and more than 320,000 repeat issues, meaning that we dealt with just under a million issues.

When a bureau makes a funding bid, it shows how many issues it deals with each year, the impact of dealing with those issues and the amount of volunteer hours that go into running the service. If it was a job, it would pay £12.50 an hour, and the wage bill would be nearly £89,000 a week for every bureau in Scotland. You can see some outcomes just from volunteering: people learn skills from being a volunteer that can put them back into employment. All those outcomes are measured and put into a bid to local authorities.

Kevin Stewart: No one could dispute the amount of work that is done in citizens advice bureaux throughout the country but the difficulty that I have, wearing my other hat as a local authority member, is that I do not know the comparative cost of what Aberdeen is achieving and what Dundee, Edinburgh or Glasgow is achieving. I cannot see the comparative outcomes in those places. It is grand to get top-level figures about dealing with 1 million people, but if I was still helping to create the budget at Aberdeen City Council I would want to know the costs of the Aberdeen bureau and how many folk it helps compared with other bureaux throughout the country. Some bureaux will be ultra-efficient in that regard but others will not be—the same applies to local authorities. However, that is the kind of thing that we need to know.

The Convener: I will let Matt Lancashire respond to that.

Matt Lancashire: I take those points on board. I am not going to comment on how different bureaux report their outcomes. There is obviously work for local authorities in that regard, and comparative studies can be undertaken between local authorities. There is work for the Convention of Scottish Local Authorities and us to do to provide you with that information. It is something that we probably can take on board.

Douglas Sinclair: The principle is that robust performance information is required equally for the voluntary sector as for any part of the public sector.

On your point about performance indicators for local government, some indicators are fit for purpose but many are not. I mentioned the council tax. Another example is the performance indicator for the payment of invoices, which is the number of invoices that are paid within 30 days, not the cost of those invoices, so there is no comparison. I have also been intrigued by the fact that a number of councils have been closing their libraries. The performance indicator for libraries is the number of library books that are issued. That is useful information about library users, but it does not tell us the cost of issuing a library book. The danger is that a council may end up closing libraries without knowing the cost of running those libraries compared with the cost in other councils. That perplexes and bemuses consumers. How can a council close a library without knowing whether it can improve the efficiency of that library in comparison with other libraries, thereby forgoing the need for closure? The Society of Local Authority Chief Executives and Senior Managers and the Accounts Commission are beginning to address that issue. We need more indicators that are cost based and more indicators that focus on outcomes. There would be a benefit for local government in that approach, as the more effective their own performance information, the less they will be subject to scrutiny because they will have the evidence to prove how efficient and effective they are.

Kevin Stewart: Many of the performance indicators are old fashioned—the libraries one is a prime example. Lots of folk now go into libraries not to take books away, but for reference or to use computers. We may need to look at performance indicators in the future.

Kezia Dugdale: I really welcome the discussions about Christean preventative spend, but there is no point in focusing our efforts on Christean preventative spend if the impact of the Welfare Reform Bill blows a massive hole in local authority budgets. My question for the panel is simple: does the budget currently accurately account for the impact of the Welfare Reform Bill on services and its broader impact on the amount of money in the economy that is available to spend?

Matt Lancashire: I will start off. At the moment, no, it does not take account of the Welfare Reform Bill and the welfare reform changes that have been announced over the past 12 months. Citizens Advice Scotland has serious concerns that it does not do that. The welfare reform changes, such as the 20 per cent cut in DLA and

the housing benefit changes that I mentioned earlier—the £38 million that can potentially be taken out of housing benefit, which is income that goes to local authorities, meaning more pressure on homelessness services, community planning, rent arrears, evictions and all that kind of stuff—have not been taken into account, and we are concerned about that. There is also the Welfare Reform Bill's potential impact on the economy in Scotland. The Fraser of Allander institute has said that the bill will take £2 billion out of the Scottish economy by 2014, which will have a further impact on local jobs and employment in council areas, putting more pressure on housing services, advice services and community services. We would obviously like the budget to focus more attention on the Welfare Reform Bill and its potential impacts.

Ian Paterson: Our organisation exists to develop, support and represent the sort of groups that deal with those problems, whose knowledge of them is probably better than mine. Over the past year, we have noticed a marked increase in the number of individuals and groups coming together to provide something that is no longer there. People may say that the situation in Aberdeen is not nearly as bad as the situation in other places, but there are some areas of Aberdeen where it is just as bad as in other places. A good number of eastern Europeans came to us suggesting X, Y and Z. We did not appreciate that things were as poor as they were. Things are being noticed and, as a result, more organisations are being set up.

12:00

Callum Chomczuk: To echo Matt Lancashire's comments, the budget does not reflect the changes in the Welfare Reform Bill. The impact on older disabled people will be enormous, and we are finding that the situation is exacerbated by the increase in service charges at a local authority level for many older disabled people.

COSLA is developing guidance to bring about more consistency among local authorities. The issue is not just that people are paying a service charge—with which we have an issue anyway—but the inconsistency in the charging, the quality and the tapers at local authority level. The impact of the budget cuts, even at a Scottish Government level, will threaten local authorities' ability to develop a much more generous and consistent approach to service charges throughout the country, which will clearly impact on older people.

SallyAnn Kelly: Barnardo's has been quite vocal at a UK level about the potential impact of the welfare reform programme. Statistics such as the prediction that one in four children in Britain

will be living in poverty by 2020 raise serious issues for us.

I understand that the dialogue on the impact of the welfare reform programme is still on-going, but suffice it to say that we are very concerned about its impact on the most vulnerable families—the number of such families will increase given the rising number of people who are unemployed or in receipt of very low wages—and the impact on children.

Matt Lancashire: If the impact of the UK Welfare Reform Bill means that local authorities push more money into social care, communities and housing, that takes money away from cleansing, leisure and the other services that councils offer. There is an impact on local authorities with regard to how they reschedule or readjust their spending to deal with the impact of the Welfare Reform Bill.

Douglas Sinclair: To pick up Callum Chomczuk's point about charges, it is understandable in one sense that local authorities want to fill budget shortfalls with increased charges. However, they must be careful to balance the charge with the actual cost of the service. We should remember the problems that the banks experienced with the transparency of charges in relation to the cost of providing services.

There is a debate—which has not gone away—around which charges should be more uniform and more national. For example, the Scottish Public Services Ombudsman noted in his recent annual report the huge variation in the way in which the 32 councils approached income assessment for people going into residential care. There is a postcode lottery in that regard, and there is a debate to be had on which charges should be purely local. It is for councils and health boards to determine whether there is an appetite among consumers or users of services for certain charges to be more consistent and more uniform.

Matt Lancashire: People who have their benefit or disability living allowance cut may not be able to afford those charges any more. Where do those people end up?

Kevin Stewart: The charging situation is interesting. At present local authorities have the say on the vast bulk of charges. However, many of them have not gone down the route of priority-based budgeting. If the charges are set too high they may have a huge impact on other budgets and cost even more. That is one reason why local authorities need—especially just now—to take a different approach to the way in which they deal with budgeting and take account of all the pressures.

The convener said earlier that it is a case of save to spend rather than spend to save. Do the witnesses have any examples of where that has definitely happened?

Callum Chomczuk: Age Scotland runs a national helpline for older people, from which we have anecdotal evidence—we cannot call it much more than that. However, lots of people are withdrawing from services. If that happens, the problem is that unmet need will increase and people will need much more expensive interventions in a matter of years.

SallyAnn Kelly: Barnardo's Scotland is involved in working with several local authorities that have put in place clear processes to spend money to save money. There are a couple of good examples of that. One is from Highland Council, which has invested in a residential unit for young people who return to the authority's area from very expensive out-of-authority placements. I appreciate that several members are involved in local government; they will understand the cost of such placements and the pressures that they place on budgets. Highland Council has engaged well with Barnardo's on looking at how it could reduce the budget for such placements.

Other examples come from Falkirk Council, West Lothian Council and Aberdeen City Council. People have engaged proactively in looking at the education and social work budgets for children with social, emotional and behavioural difficulties and at how we can put in place intensive support in classes and for families to reduce the likelihood that such children will have to move on to more expensive education or residential provision elsewhere.

We have developed an early years programme called you first. We were pleased that it won the care accolades innovation award this year. The programme identifies young mums who are under 21 with a first baby who is under a year old and who live in the lowest-income postcode areas. We work with them in a 20-week programme to look at the key issues for them in their communities, how they can support their babies better and how they can link into local resources.

The outcomes have been very positive. A number of young women have told us how going through the programme has been the first time that they have felt engaged in their community. They have kept in touch through local networks that they have developed themselves, so the programme builds their capacity. That is about ensuring that those young women continue to look after their babies and do not have to rely on specialist, more expensive services and that the babies achieve better outcomes as they grow.

Douglas Sinclair: I will add a quick example. Consumer Focus Scotland recently published a report on the opportunity for more Government and local government services to be delivered through post offices. There are one or two positive examples where councils have closed a network of local offices but the public have not lost out, because the services have subsequently been delivered through post offices. The benefit has been the retention of local post offices that might otherwise have been under threat.

Ian Paterson: A difficulty is that several of the organisations that we represent are commissioned or contracted to do certain things and, in doing that, they provide extras free of charge. From an Aberdonian's point of view, the word "free" is important.

As organisations are working on what they are commissioned to do, they can no longer provide a few of the freebies that they used to provide, so the situation will worsen in some ways. Much of that work is not recorded, so any attempt to record the different services will be of benefit, because it will let us see how many services are provided. I understand that one third of all medical research in the country is paid for by the voluntary or third sector, so we are speaking about a big amount of money. If we found that contracting had an effect, the Government would also feel that, because a loss would occur.

Matt Lancashire: I do not have the Scottish figures with me, but citizens advice bureaux in England have received cuts of 10 per cent from local authorities, which have led to a 7 per cent decrease in the number of people whom they see. The phrase that was used was "save to spend". Where has that 7 per cent of people gone? I am not sure whether they have just disappeared because of the economic situation and the welfare changes that we have mentioned. If the same thing happened in Scotland—if bureaux lost 10 per cent of their funding—where would the 7 per cent who do not turn up at bureaux go? That goes back to the save-to-spend argument.

Margaret Burgess: I want to go back to something that Matt Lancashire and Ian Paterson said earlier about local authorities focusing on statutory services and leaving behind the third sector, which is still providing preventative services. I would like them to elaborate on that and suggest ways in which we could address the matter.

Ian Paterson: In a number of areas, such as children's services and alcohol and drug services, we are partners. Often, however, statutory authorities think that they have to be the leading partner. For example, with regard to the alcohol and drug strategy, some of our organisations sat down with service users to find out what they

wanted from the services. That was written up in a document that was given to the commissioners of the services. However, we feel that they have missed out some of the elements of the document that related to families, which we believe must be included when we try to address the needs of people who abuse drugs and alcohol. Our sector is now considering that issue.

Because some third sector organisations are not seen as professional by the statutory authorities—I do not mean that in a nasty sense—the statutory authorities feel that they have to lead. However, if we are partners, the third sector bodies could lead in some circumstances and the statutory partners could support them. That could be a cheaper option. Barnardo's and a number of other organisations have led programmes that have been supported by local authorities, but that does not happen often enough. There are experts in our sector, just as there are experts in local authorities. If we could shift the balance a little, the statutory authorities could benefit. For example, if one of our organisations asks Tesco or Asda for something, there is a good possibility that it will get it. However, a health board or a local authority would be less likely to. We have to take advantage of all of the things that the different sectors can do.

Matt Lancashire: The reduction in local government income will have an impact on the third sector, as that is where a significant part of its funding comes from. The likely impact of that is that third sector organisations will reduce their services and undergo cuts in their resources and will have to reshape and remodel themselves in order to be able to provide services. In some cases, they will cease to provide services altogether. The issue is whether local authorities will concentrate their reduced resources on statutory services at the expense of non-statutory services.

As I have said before, many non-statutory services, including advice services, are relied on by service users. Those users are already facing cuts in services as a result of local authority cuts as well as the impact of the UK Welfare Reform Bill, which I spoke about earlier.

There is a gap in the arrangements for advice, and non-statutory services, such as independent advice services, bridge that gap and provide that advice in people's time of need.

SallyAnn Kelly: This might be controversial, but I think that local authorities have an opportunity to think differently about how they provide services. For me, a big question in all of this is, "So what?" Services are provided all over this country—so what? What impact do they have on children? Do they improve children's lives? We have to be able to answer those questions honestly.

That brings me back to my first point, which is that councils and their partners need to think fundamentally about what they deliver, why they are delivering it and what difference it makes to children and their families. They should think about that not only on a year-to-year budget basis but in the long term, in relation to sustainable change for families. We have something to bring to the table in that regard, as we can evidence the impact of our involvement. For me, the question is not one of structural change; it is about cultural change and thinking differently about how we deliver services.

I worked in children's services in the local government sector for 20 years before I went to Barnardo's. During that period, I was struck from time to time by the futility of what we were doing. It sometimes seemed that what we did had little impact. We need to understand that achieving change for people is about developing relationships, acknowledging people's strengths and listening to what they have to say about their life experiences and what we can do to help them change their life in a positive way. That is the cultural shift that needs to take place in Scotland. The difficult times that we are in present us with an opportunity to make that shift, if the right decisions are taken at all levels of government.

12:15

Douglas Sinclair: I agree with that, from the point of view that I believe that we should design services around users. It suits people in local government to be able to say, "My service is statutory, therefore it needs to be protected." However, everything that a council does has a statutory basis—even the discretionary services that it provides. If the starting point involves asking communities what services they want, we might find that many want advice services and other services that fall within the category of discretionary services. When it comes to budget decisions, we need to stop the big battalions in local government hiding behind the sort of language that involves a distinction between statutory services and non-statutory services.

Budget decisions are about choices and priorities, and those choices and priorities should reflect what consumers and users want and should add value to the quality of their lives and the outcomes that we all want for people in Scotland.

Matt Lancashire: I take issue slightly with what Douglas Sinclair just said. We have spoken about the £2 billion that is coming out of the Scottish economy, the impact of welfare reform, the reduction of local authority budgets and the fact that there has been a 7 per cent drop this year in the amount of clients that citizens advice bureaux

in England and Wales are able to see. There is room for discretionary and non-statutory services to be part of those discussions and to work in partnership with statutory services to ensure that everyone in every community has a point of advice and support at a time of reducing budgets.

The Convener: As there are no further questions, I thank our witnesses for their attendance.

We will now move into private session.

12:16

Meeting continued in private until 12:50.

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 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

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

e-format first available
ISBN 978-0-85758-875-3

Revised e-format available
ISBN 978-0-85758-892-0