

## **Future delivery of Public Services in Scotland**

To: All Chief Executives, Main Contacts and Email Contacts (Scotland)

cc All Chief Executives, Main Contacts (England, Northern Ireland and Wales)

This briefing highlights the main issues and findings of a Scottish Government initiated review into the future delivery of public services in Scotland. The review is often referred to as the Christie Review/Commission.

### **Key Issues**

The Commission's report found a number of shortcomings in the current arrangements for delivering public sector services and suggests future arrangements must:-

- Empower individuals and communities receiving public services by involving them in their design and delivery.
- Integrate service provision and improve outcomes by ensuring public services work in partnership.
- Prioritise preventative spending to reduce demand and inequalities over the longer term.
- Improve efficiency to raise performance and reduce costs.

The Commission subsequently offers a range of recommendations/solutions in response to the challenges for consideration by the Scottish Government and public service organisations. The solutions include the need to:

- Tighten oversight and accountability of public services, introducing consistent data gathering, benchmarking and performance comparators.
- Give Audit Scotland a greater role in performance improvement and value for money.
- Legislate for public service organisations to have a outcome based responsibility.

- Utilise the Community Empowerment and Renewal Bill to accommodate community involvement in the design and delivery of public services.
- Apply commissioning and procurement strands consistently and transparently to achieve competitive neutrality between suppliers of public services.
- Review specific public services in terms of the difference they make to communities. Such reviews being conducted in line with the Commission's criteria as set out in their report.

## **Background**

The Scottish Government established the Commission for the Future Delivery of Public Services in November 2010. The review was chaired by Campbell Christie, former General Secretary of the Scottish Trade Union Council. Campbell Christie was supported by an Independent Panel with members drawn from a range of different backgrounds including local government. The Commission had a broad and challenging remit to look at the long term pattern and models of service delivery in the public sector against a background of increasing demand and resource constraint. APSE made a full response on behalf of its membership to the Commission and is quoted in the final report.

## **Challenges Facing The Public Sector In Scotland**

The Commission's report sets out the daunting financial challenges facing Scotland's public services. Firstly, as a consequence of the UK government's Comprehensive Spending Review and deficit reduction plan, public sector spending in Scotland will fall by an estimated 11% by 2015. The report confirms spending levels in Scotland are unlikely to return to the record levels as witnessed in 2010 for a 15 year period. As a result of this some £36 billion will have to be unlocked and removed from the Scottish Government budget. The report provides significant background in the "income" pressures facing the Scottish Government and makes reference to the work of the Independent Budget Review Group which reported last year on a whole range of measures which could be deployed in order to "plug" the potential funding gap the Scottish public sector will face. Secondly, the report by the Commission indicates that the demand for public sector services will grow significantly. The main cause for this increase in demand relates to the economic

downturn and a growing elderly population amongst other factors. This creates further pressures which are estimated to cost a further £27 billion, this equates to the annual budget of the Scottish Government.

From a local government perspective a funding gap of £3.5 billion is forecast by 2016. Up to 50% of this funding gap is entirely demand led.

The Commission's Report also addresses the significant amount of concentrated deprivation and poverty that exists in parts of Scotland. Equally important is the growing inequality between the top and the bottom 20% in domains such as income, employment and health. The report identifies significant policy and financial issues for the public sector in this regard. The consequences of disadvantage impose huge financial costs to the public sector, the report estimates that 40% of all public sector spending is deployed in 20% of Scotland's most deprived areas. In addition, despite significant increases in investment it is difficult to gauge whether outcomes have improved on such areas. The report rightly recognises the crucial contribution public services make to the Scottish economy and to all localities. The report also exposes the myth that public services are a significant drag on economic progress.

### **The Case for Reforming Scotland's Public Services**

The report identifies a number of principles which should inform the future delivery of Scotland's public services. These include:-

- Services being designed around people and communities.
- Working together to achieve outcomes.
- Prioritising prevention, reducing inequalities and promoting equality.
- Improving Performance and Costs.

### **Services Being Designed Around People and Communities**

The reports recommended solutions start with positive approaches that allow services and communities to work together to decide what needs to be done making the best use of all the resources available taking a long term and preventative approach. The Commission draws heavily on the former English Total Place pilots.

Building services around communities is a key feature of the report and defines community as "place" based and "interest" based. The report recognises the need to further empower and incentivise communities to develop such approaches. The report recognises the potential need for legislation in this regard.

The report places an emphasis on the workforce and rightly recognises employees have a key role in the transformation of public services. Such transformation needs to be rooted in a strengthened public service ethos which is based on enabling and empowering communities and citizens. The report suggests that increasingly this needs to be a core competency for all public sector employees. In addition, bottom up systems thinking is an approach highlighted in the report, illustrated with a case study that highlights the dangers of divorcing front and back offices.

### **Working Together**

The second solution is that all public service organisations need to work more effectively to deliver and achieve outcomes. The report addresses the need for an outcome based approach to strategic planning in a given area. The report rightly addresses barriers and challenges to the outcome based approach which include different accountability frameworks, statutory duties, performance management regimes, different funding arrangements and objective/target setting regimes. The report makes the "right" recommendation that requires and incentivises organisations to deliver an integrated pattern of services for a given area. The report favours totally integrated service solutions as opposed to a centralised and aggregated models of public sector service delivery and makes no reference to the marketisation model. The preferred approach is to retain the outcome based approach as per the Single Outcome Agreements and to strengthen the role and purpose of Community Planning Partnerships. To enable this to occur there needs to be common powers and duties on all organisations, together with budgetary flexibility and sharing to reflect the totality of spending in an area. Again this reflects the English pilots on Total Place/Community Budgeting.

The overall aim is that all public service organisations operating in a local authority area should collaborate and view themselves as part of an areas corporate delivery

arrangement and model. This implies a common ground and identity, e.g. Public Services North Lanarkshire. Public service organisations would then be assessed and judged on their contribution towards achieving the agreed strategic outcomes for a given area. The report suggests a more radical option of moving towards a fully integrated public services organisation/authority for a given locality over a period of time.

### **Prioritising Prevention, Reducing Inequalities, Promoting Equality**

The next solution in the report is that public services should prioritise prevention, reduce inequalities and promote equality. The report urges the public sector to develop preventative approaches/interventions to prevent negative outcomes in order to take demand out of the public service system. Over the longer term the report advocates pooling budgets and redeploying spend away from reactive service areas which often focus on treating negative outcomes.

### **Improving Performance and Reducing Costs**

The report addresses the need for all public services to improve performance and reduce costs and increasingly are open, transparent and accountable. The report suggests public service organisations should move from an input based approach to budgeting to one that focuses on achieving outcomes. To support this move the report places a significant emphasis on the need for robust approaches to benchmarking with organisations being required to use key data to assess and evaluate performance particularly in relation to the need to deliver outcomes. This supports the move towards a model of "contribution analysis" in the Scottish public sector, with organisations being asked to demonstrate their value/contribution in relation to the delivery of agreed outcomes.

To help achieve this, the Commission sees a greater role for Audit Scotland. This role would encompass, certifying information, initiating reviews and identifying opportunities for improvement including changes to organisational structures and boundaries as appropriate.

The report also addresses procurement and rightly suggests it needs to be rebalanced and move from cost efficiency towards effectiveness and outcomes. There is a recognition that competitive neutrality should apply during a tendering process.

The report rightly avoids the issue of organisational structures, there is a recognition that the public services strategy should drive structures in the sector.

### **Criteria for the reform of public sector services**

As mentioned, the Commission avoided the issue of structural options in the form of reorganisations. This may have disappointed many stakeholders who expected boundaries to be addressed. Instead it identified key criteria or design principles which should be used to assess any proposal for structural change, and these include:-

Proposals for the reform of public services should:

- first and foremost, be shown to support the achievement of outcomes – real-life improvements in the social and economic wellbeing of the people and communities of Scotland;
- be affordable and sustainable within the budgets expected to be available to Scotland’s public services;
- include appropriate arrangements for services to account to the people and communities of Scotland, both directly and through their democratically elected representatives, so that public confidence in and support for the delivery of services can be maintained;
- ensure that services are built around the needs of people and communities, to increase individual and community capacity, resilience and autonomy;
- allow and encourage services to empower front-line staff and allow them to give of their best;
- support the local integration of service provision;
- encourage services to pursue preventative approaches, tackle inequality and promote equality;
- improve transparency over plans, expenditure and performance;
- contribute to the simplification and streamlining of the public sector landscape; and

- be consistent with and support the wider reform and improvement of Scotland's public services.

### **APSE Comment and Conclusion**

Public sector reform has been a recurring theme of both UK and devolved governments for at least twenty years with most administrations having produced reports and white papers on the subject. APSE welcomes the Christie Commission's report in that it sets out a set of principles for reform over the medium to longer term which are firmly based on the Scottish public services model which values collaboration rather than competition. It also emphasises that "public services are central to the fair and just society we aspire to". The move towards an outcome based approach through the Single Outcome Agreement work is particularly welcomed by APSE in that it emphasises the need for organisations to collaborate more effectively to aid public sector service delivery. APSE is encouraged by the Commission's line of avoiding the need to reorganise the structures and boundaries of public services except when reshaping services makes it absolutely essential. APSE is of the view that changing structures often gives the impression of action but rarely leads to improved outcomes or a better service. APSE supports the need to invest in prevention. Many of pressing problems communities face will not be solved by providing more of the same in service terms. APSE recognises the need for individuals to take action themselves in terms of lifestyle choice, this can assist in managing issues associated with the demand for public services.

APSE fully supports the suggestion that public services should be integrated locally rather than aggregated and centralised. The priority needs to centre around ensuring services are accessible, affordable and wherever possible seamless. Collaborative working can support the delivery of seamless public services without the need for disruptive public sector reorganisations. The move therefore to a public service organisation/authority in a given locality/area should be accelerated.

The move towards benchmarking in order to secure performance improvement is a key APSE policy. APSE has an advanced approach to benchmarking which has been developed and refined over the past thirteen years. A significant amount of performance information has been gathered which in turn produces reliable service benchmarks which

can be used to aid performance improvement. This is entirely consistent with the Christie Commission recommendation.

Despite the report the Scottish Government and all of the public sector organisations have an immediate problem which focuses on less resources to deploy in the short/medium term. In order to meet the fiscal challenges which lie ahead the Scottish Government and public service organisations will have to shrink their respective budgets. The Christie Commission report has not offered solutions in this regard. The work of the Independent Budget Review Group is more appropriate and its recommendations may need to be revisited in terms of framing the next Spending Review in September 2011.

### **Next Steps**

To deliver on the public service reform the Scottish Government has recently established a Cabinet Sub-Committee to deal with this matter.

A full copy of the Christie Commission Review can be found at:

[www.publicservicescommission.org](http://www.publicservicescommission.org)

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