

# WEST DUNBARTONSHIRE COUNCIL

## Report by the Chief Executive

Council - Wednesday 30<sup>th</sup> August 2006

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**Subject: Scottish Executive Consultation – Transforming Public Services**

### **1. Purpose**

- 1.1** This report provides a draft Council response to the Scottish Executive's consultation document, Transforming Public Services: The Next Phase of Reform.

### **2. Background**

- 2.1** The Minister for Finance and Public Sector Reform, Tom McCabe, published his 'thinkpiece' on Public Sector Reform in June this year. The final date for written comment is the end of September.
- 2.2.** In addition, the Scottish Executive is organising a series of forums throughout Scotland, to allow Council leaders, Chief Executives and senior officers of other public sector organisations to discuss the implications of the document.
- 2.3.** A copy of the document is available from the Chief Executive's Policy Unit, or on the Scottish Executive website, <http://www.scotland.gov.uk/Publications/2006/06/15110925/0> .

### **3. Main Issues**

- 3.1** In this document, the Scottish Executive sets a challenge for local communities and public services to work with it to identify reforms that will transform service delivery in their areas. The document states that the Executive wants to work in partnership to design a framework for public services that is sustainable, integrated, fit for purpose and user centred. It also states that public sector reform is not based on the assumption that public services are generally failing. Nevertheless, a basic premise of the document is that, 'the status quo is not an option.'
- 3.2** The document sets a context for Public Service Reform, which it suggests includes:
- a strong belief in the value and importance of public services
  - a need to deliver more responsive and effective public services
  - a need to improve economic opportunity and tackle social disadvantage
  - a likely reduction in the growth of expenditure on public services
  - changes in public expectations and aspirations

- changing demographics
- technological change
- a decline in political and public engagement

**3.3** The values underpinning the Scottish Executive's commitment to transforming public services are that they must:

- promote Social Justice and equalities; and
- build for the future, by fostering sustainable change

Following from this, the document identifies '5 fundamentals of reform':

- user focus
- quality & innovation
- efficiency & productivity
- joining up
- strengthening accountability

Further details of the possible areas for specific action, as identified by the Scottish Executive, are set out in appendix 1.

**3.4** It is evident that this document has links to a wider range of developments – such as the consultation on a National Strategy for Shared Services, which was considered by Council in June this year.

**3.5** The content of the current consultation document has been considered by the Corporate Management Team, and the draft response, which is attached as appendix 2, reflects comments from all services.

#### **4. Personnel Issues**

**4.1** There are no personnel issues at this stage.

#### **5. Financial Implications**

**5.1** There are no financial implications at this stage.

#### **6. Conclusions**

**6.1** The draft response to the Scottish Executive consultation on 'Transforming Public Services: The Next Phase of Reform', is attached for consideration and comment.

## **7. Recommendations**

### **7.1 Council is asked to:**

1. Consider the document and the draft response in appendix 2, and in particular identify any issues on which it would support change, and any which are non negotiable in terms of political control and direction;
2. Add to, or amend the comments suggested;
3. Agree the submission of the final response to the Scottish Executive by 30<sup>th</sup> September 2006.

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**Background Papers:** Scottish Executive Consultation Document – Transforming Public Services: The Next Phase of Reform Scottish Executive website, <http://www.scotland.gov.uk/Publications/2006/06/15110925/0>

National Strategy for Shared Services – West Dunbartonshire Council Report  
28<sup>th</sup> June 2006

**Wards Affected:** All Council Wards.

## Transforming Public Services

### Summary - Areas for Action Identified by the Scottish Executive

1. The Scottish Executive's stated aims include:
  - Services which listen to the concerns of their users, ensuring that customer satisfaction is a key component of how we measure performance consistently across public services
  - A more meaningful choice of service provision
  - Proper and fair accountability for organisational performance
  - Greater trust of public sector organisations to decide on their own how they will achieve outcomes, through the detail of outcome agreements.
  
2. To achieve this, the Executive suggests that it may consider action in a number of areas. These include:
  - Recognition that there have been a range of new initiatives since devolution but also acknowledgement that there has also been an increase in the bureaucracy of planning, performance reporting and funding. It is suggested this may require a review of all minor levels of local authority funding streams, which could also consider how to reduce monitoring requirements and to provide incentives for demonstrably high performance.
  - Action to improve the distribution methodology used to calculate local government funding and consideration of whether funding should be more dependent on the contribution to agreed priorities
  - A review of reporting systems, where they discourage new ways of delivering real benefits for the public (although the Scottish Executive will continue to roll out Best Value across the public sector).
  - Action to adjust targets and performance measures
  - Working with stakeholders to produce an improved local government performance management framework, including consideration of the current SPIs
  - Fundamental consideration of the arrangements for inspection, regulation and audit of the public sector, to ensure that scrutiny is not a burden on organisations. (*This is already underway as an 'Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services in Scotland'*)
  - A longer term possibility of reducing the 60 or so plans currently produced by councils to 5 or 6, combined with a dramatic simplification in performance reporting and rationalising of funding streams
  - Development of greater trust and freedom for public bodies through the removal of unnecessary bureaucracy, but it is suggested that this will be combined with a consideration of the powers of intervention which may be appropriate if there is a significant service failure
  - Exploration of the potential benefits of a more unified complaints system

- Development of a clearer picture of the unit costs of services and how they benchmark against other providers
- Consideration of the issues surrounding Community Planning Partnerships (CPPs), as identified in a recent Audit Scotland review. (This could include examination of the role CPPs could play in planning and co-ordinating integrated services, looking at ways in which local councillors could participate further in, and scrutinise the work of partnerships, and consideration of whether community planning might help rationalise the many partnerships and structures which operate at a regional level).
- Examination of any further potential for local authorities and local councillors to act as advocates and guardians for their communities
- Consideration of options for strengthening the accountability of senior managers and ensuring that there are proper sanctions when managerial authority is not exercised
- Development of national priorities which are outcome focussed, including testing ways of using outcome agreements across the functions of a local authority or CPP
- Consideration of incentives and sanctions
- Development of ways to involve citizens and local communities more
- Consideration of the potential for streamlining the relationship between central agencies and local agencies

***Transforming Public Services: The Next Phase of Reform***

***Draft Response from West Dunbartonshire Council***

**1. General Comments**

- 1.1. This Scottish Executive's document sets a challenge for local communities and public services to work with it to identify the reforms that will transform service delivery in their area. The proposals state that it wants to work in partnership to design a framework for public services that is sustainable, integrated, fit for purpose and user centred. West Dunbartonshire Council welcomes this commitment. The paper also states that public sector reform is not based on the assumption that public services are generally failing. This too is welcomed.
- 1.2. The Council agrees with the vision and values identified in chapter 2. However we do not believe that Social Justice and Equalities issues are fully reflected throughout the proposals in the document.
- 1.3. The proposal to review unnecessary bureaucracy and create greater freedom for public bodies is welcomed, as is the recognition that there is a need to review both 'ring fencing' and the monitoring requirements for funding streams. The desire to ensure that scrutiny is not a burden on organisations and the initiation of a fundamental review of arrangements for inspection, regulation and audit is timely.

Nevertheless, since it has been the Scottish Executive that has introduced the multi layers of bureaucracy and scrutiny, there must be some scepticism about its willingness to introduce major change and create greater freedom for public bodies.

- 1.4. The Council welcomes the desire to cut the number of plans and this fits well with a move to a KPI process. Similarly the recognition that the Executive wishes to give priority to outcomes rather than the production of plans is significant. (In West Dunbartonshire the advantages have been demonstrated through developments such as the Better Neighbourhood Services Fund and the Anti Social Behaviour Outcome Agreement.)
- 1.5. While a review of the distribution methodology to calculate local government funding is welcomed, (see paragraph 3 of this response), we consider that the desire to look at whether funding should be more dependent on the contribution to agreed priorities should be treated with caution. This could mean that councils which have made a significant contribution from their own resources to tackling national priorities, would be favoured less than councils which had not tackled these issues.

It is important that resource allocations are fair, and reflect real spending pressures such as multiple deprivation.

1.6. The 5 fundamental elements identified are that public services should:

- be user focused and personalised
- drive up quality and encourage innovation
- improve efficiency and productivity
- join up services and minimise separation
- strengthen accountability

While the Council would fully accept these, it appears that this document is starting from a low baseline, and does not recognise that in many instances, considerable work has been undertaken by local authorities. In some cases the Executive's 'next phase' is our current phase. For example, the drive to improve efficiency and productivity has been continuous. In West Dunbartonshire the resources allocated to management costs have reduced significantly since 1996.

1.7. Some of the points which the paper makes regarding accountability are of concern. The first is that the Executive will consider what powers of intervention may be appropriate if there is a significant service failure. Since this power is in place through the Best Value audit process there should be no requirement to pursue this in relation to local government.

1.8. A second point relates to the desire to strengthen the options for the accountability of senior managers and ensuring that there are proper sanctions when managerial authority is not exercised. Again, we would presume that this is not directed at local government, since it has clear accountability and disciplinary processes in place. These points reflect the inadequacy of attempting to apply a broad brush approach to all of the public sector.

1.9. The Council would agree that the role of Community Planning is important to the development of any new approach. Audit Scotland's recent initial review of Community Planning provides a basis for discussion, however it is clear that the mechanisms for monitoring the impact of Community Planning require refining. The Executive suggests CPPs could play a more direct role in planning and co-ordinating integrated services but also wants to consider serious issues surrounding Community Planning Partnerships. Audit Scotland has assessed that, over the past 2 years, the Executive has provided around £1.2 billion intended for partnership working, through around 40 different funding streams. It recommends that the Executive and CPPs should agree a small number of strategic priorities where CPPs can add value through partnership working. This requires further development.

The West Dunbartonshire CPP is developing its co-ordinating role. The new structures include a greater involvement of Elected Members, and reflect the 'added value' model. We believe that the involvement of elected members is

key to CPPs playing a direct role in planning and co-ordinating integrated services.

- 1.10 The document suggests that there is further potential for local authorities and Councillors to act as advocates and guardians for their communities. We believe that in West Dunbartonshire we have been proactive in developing this approach. This includes both the role of elected members in general, and the track record of this Council on issues such as asbestos and welfare rights campaigns. It would be helpful if the Executive would expand its comments on this issue.
- 1.11. This document follows the Scottish Executive consultation on “A National Strategy for Shared Services” (which was considered by this Council on 28 June 2006). There is a clear overlap of issues. It is therefore surprising that the distribution of the current document has not been timed to include responses to the shared services consultation. We would also suggest that many of the comments which the Council made regarding the Shared Services consultation could also apply to this consultation.
- 1.12. We believe that overall, there are some inherent contradictions in some of the stated aims. This is illustrated by the emphasis on centralised delivery, while stressing the importance of meeting local needs and ensuring local accountability. In addition, where the document recognises the benefits of a local approach, it does not acknowledge that this is unlikely to reduce costs.
- 1.13. To conclude the general points, we note that the document attempts to embrace all of the public sector. While we believe that it essential that any review or reform considers *all* public services, we nevertheless note that the current document addresses this in a way which is too broad to be meaningful on many of the points raised, (e.g. see paragraph 1.7 of this response).

## **2. *Comments on Specific Discussion Points***

The following comments reflect on some of the specific discussion points raised by the document.

<b>2.1. What more can we do to ensure public services are driven by a desire to create as much user focus as possible?</b>
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The Scottish Executive:

- Provide more information and examples of effective services that have been redesigned around the user
- Recognise that it may not be possible to provide services that are more user focused and personalised at no cost or at a cost that is manageable through savings derived from transforming government or shared services
- Consider redefinition of what local government is and what services should be delivered locally, regionally or nationally. Rather than seeking to re-organise again, it may be worth examining which additional services should be accountable through a multi-purpose local governance via local authorities.



- Recognise that developing user focus to include discussions with a wider range of people and groups currently under-represented is essential, but has significant resource implications.

Local authorities:

- Improve understanding of effective consultation and mechanisms and ensure service users are consulted regularly, (this will build on existing good practice, but must also recognise the dangers of overload on some representatives).
- Develop closer links with private sector organisations that may use alternative methods, and learn from, and adapt best practice.
- Ensure that equalities issues are at the forefront of definitions of user focus.

## **2.2. What more can we do to ensure that the public are able to make informed choices about the services available to them?**

The Scottish Executive:

- Recognise that widening the choice for people will not be at no cost, a wider choice will mean higher cost.

Local authorities:

- Continue to identify the Public's priority areas and tackle these
- Ensure that sufficient good quality information is available to the public

## **2.3. How can we ensure that complaints relating to public services are resolved at the first point of contact rather than escalating the process?**

The Scottish Executive:

- Improve governance around reporting on complaints and actions taken to redress complaints

Local authorities:

- Continue to improve training and development.
- Continue to ensure that sound and robust complaints procedures are available to the public.

## **2.4. What more can be done to foster a culture of innovation and creativity in public services?**

The Scottish Executive:

- Report and disseminate good practice
- Consider combining agencies to improve synergy (e.g. the Improvement Service, the Centre for Change and Development in the NHS, and the Social Work Inspection Agency)
- Promote the development of a standard leadership course/qualification which senior managers should achieve and which would be seen as a means of career progression.
- Encourage public bodies to aim for quality management standards which would assist in providing assurance of management systems being in place.

Local authorities:

- Ensure services develop staff effectively and continuously and plan for the future
- Ensure that recruitment continues to address issues of under-representation of some groups.

## **2.5. How can we strengthen the Best Value process?**

The Scottish Executive:

- Ensure Best Value is concerned with joint performance, (as is already in place in relation to Joint Futures, Criminal Justice - amongst others)
- Reduce the levels of scrutiny, which will assist in targeting resources at delivering front-line services rather than spending disproportionate time managing a scrutiny industry. Scrutiny is important, but should be more focused on the reduced numbers of plans mentioned in Para 52 of the document and on local performance indicators which should replace SPIs.
- Refine the Best Value Audit process to provide greater support for continuous improvement, linked to local priorities.

Local authorities:

- Develop the use of the Best Value Audit process to check that they are delivering against the priorities set by local people.

## **2.6. How best can we identify and ensure minimum service standards across public services?**

The Scottish Executive:

- Support development of a definition of minimum standards, (although this would need to be adaptable to local circumstance). We recognise that

definitions may be difficult. We could compare with other countries, other industries, and/or consult with service users.

- Ensure that definitions of service standards do not result in another layer of inspection/audit/performance management.

Local authorities:

- Set service standards for a range of service provision, (at least to national minimum standard), and report variations annually.

## **2.7. What more can we do to drive up efficiency and productivity in public services?**

The Scottish Executive:

- Recognise that there may be a need to be more radical in redesigning services, and promote developments which move beyond short term political objectives
- Facilitate development of a national approach to efficiency and productivity, which would prevent the inconsistencies likely to arise from a more piecemeal approach.
- Analyse the lessons of current activity, e.g. how can a local education service be fully effective when main curriculum drivers are controlled at a national level or, how effective has joint futures been in reducing bureaucracy?
- Recognise that the use of technology can also increase costs. (Paragraph 19 of the document refers to the use of technology procurement centralisation. This needs to happen in a controlled and planned manner to avoid inefficiencies and threats to service.)

Local authorities:

- Develop opportunities to involve Trade Unions and staff in driving up efficiency and productivity – there is currently a danger that Trade Unions in local government are not fully engaged in this process.
- Consider appointing staff from different types of organisation, encourage more movement of staff between public and private sector bodies and facilitate networking/shared practice opportunities.

## **2.8. How best can we move to radically streamline funding, planning and performance reporting?**

The Scottish Executive:

- Recognise that higher unit costs are not always a reflection of inefficiency. It is important to ensure we are comparing like with like, as different unit costs may be influenced by differing needs of service users.

- Recognise that reporting performance should focus on outcomes that matter to service users rather than the artificial SPIs which can lead to work being directed at less important performance issues.
- Recognise that reporting of efficiency gains should not assume that all services start from the same point of inefficiency. This may not be the case, e.g. WDC has had ongoing budget reductions since 1996. This may imply that WDC are more efficient than other Councils which have not had the same levels of funding pressures.

Local authorities:

- Ensure targets make sense in a local context to service users and the public generally.

<p><b>2.9. Are there legislative changes which would help public sector organisations to work more closely together?</b></p>
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The Scottish Executive:

- Commission an analysis of the full implications of incorporated status for Community Planning Partnerships, and for individual partners
- Consider any legislative change which might be recommended as a result of such an analysis

<p><b>2.10. How can we make more effective and accountable regional partnerships and structures?</b></p>
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The Scottish Executive and Local authorities:

- Ensure that Community Planning is more integrated with local authorities' and partners' planning processes.

<p><b>2.11. What do we need to do to provide more strategic leadership in relation to e-government?</b></p>
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The Scottish Executive and local authorities:

- Recognise that ICT is important and can make a difference in providing more efficient services, but that this must be planned carefully to ensure that front line services do not become remote from the back-office function (which may lead to delays in service provision). e.g. The methodology adopted for the distribution of MGF funding seems to have led to e-government developing at different speeds and in different specialisms throughout Scotland.

The Scottish Executive:

- Examine past projects to ensure that expected service improvements have been evidenced before any further significant investment. For example call centres and one stop shops are expected to be efficient means of delivering services, but is there evidence from existing projects that they actually do provide efficiencies and better services to the public? If all they do is redirect people, then they may be a waste of money. Strategic management is required to examine the options for e-government and to assess those areas that actually do make a difference and may allow savings to be achieved.

**2.12. What role should elected councillors have in relation to public services - whether or not delivered by the local authority?**

The Scottish Executive and Local authorities:

- Develop the scrutiny /governance role, and input to strategic planning, (although it is recognised that the short-term nature of political administrations – both locally and nationally - can inhibit effective strategic planning).

**2.13. What should be the relationship between local authorities and other agencies delivering public services in their area?**

The Scottish Executive:

- Support the development of a clear definition of relationships and accountabilities.

Local authorities:

- Further develop the role of Community Planning Partnerships to clarify and develop relationships at a local level

**2.14 How can we strengthen the accountability of Chief Executives and senior managers of public bodies for high performance and for achieving agreed outcomes?**

See the general points made in paragraphs 1.6, 1.7, and 1.8 of this response above.

The Scottish Executive and local authorities:

- Recognise that benchmarking is important, however it is important to have successful and meaningful comparisons. (There may be a role for CoSLA in setting standards for benchmarking.)
- Recognise that local authorities have robust performance management systems and assessments for Chief Officers

**2.15. How can we develop strong, consistent and non-bureaucratic systems which will:**

**Improve the reporting to the public of the performance of public bodies?**

**Ensure that customer satisfaction and user experience are measured and used to drive performance improvement?**

The Scottish Executive:

- Recognise that performance reporting and target and standard setting should be done in an open environment and should be based on consultation with the public about what standards and targets are important to them
- Widen local accountability by widening the role of local authorities to cover some services currently provided by other organisations. If there is little scope for this, then the role of councillors as advocates becomes more important.

Local authorities:

- Further develop reporting to ensure it is tailored to meet needs of different stakeholder groups.
- Improve understanding and awareness of good practice (e.g. ensure action is taken as a result of feedback - close the loop)

**2.16. What are the potential benefits and drawbacks of a radical move to an outcome based approach?**

A focus on headline outcomes would be welcomed.

**2.17. What more can we do to incentivise success - in achieving outcomes or high quality, efficient services?**

The Scottish Executive:

- Recognise that there is already a high level of motivation.
- Recognise that incentivising success could be a complex route. Not all success/failure is directly related to the performance of a public body (e.g. partner organisations and the public often have a significant role to play). Also, incentives may result in performance being exaggerated and measured differently across the country. Short term 'failure' could result in a downward spiral of underachievement. If funding is based on previous performance, this could result in a reduced ability to fund improved performance, thereby providing a perverse incentive, as it could actually result in lower and lower levels of performance.
- Recognise that financial sanctions are not a way forward in the kind of progressive partnership desired by the Executive. Reduced or increased levels of regulation should be based on a certainty that performance measures are honest and consistent. Sanctions remain with the electorate. If

performance reporting is improved to reflect locally agreed targets, elected members can be held accountable for outcomes, and they in turn can hold senior managers to account by means of improved performance management systems.

**2.18. Are there areas where structural change would bring better outcomes than improved working together across boundaries?**

The Scottish Executive:

- Recognise that the number and size of public bodies should not necessarily be an issue - nor should there be a perceived ideal size. There is evidence that smaller organisations can work just as well or better than larger organisations; (e.g. recent awards for UK Council of the Year, best HMIE reports, and best Council Tax collection, etc). It could be that more local control and democratic accountability of services is a good thing, as services are managed closer to the user base, rather than remotely in a larger institution. Some of the services listed in paragraph 95 are specialist services e.g. Police, Fire, Further and Higher Education, etc. - but perhaps these services need to move towards more local control and utilise shared services with other public bodies. As suggested in paragraph 98, a move towards more local delivery with outcome agreements with central government in place seems a good idea.

**2.19. Are there better models for the relationship between central and local agencies?**

We would suggest that the disruption and cost of restructuring would not be helpful - nor particularly desired by the general public.

**2.20. What are your proposals for locally developed reform initiatives?**

The way forward for the structural issues could be for more local delivery and management of services linked to better locally agreed performance indicators. The shared services agenda, together with better partnership working, should produce structural and organisational efficiencies.

**3. *Comments on Proposals to Change Funding Distribution Methods***

- 3.1. To ensure that public services are driven by a desire to create as much user focus as possible there must be a move away from the premise that all populations are equal. Currently the GAE formula is based 53.7% on population size, 35.8% by school age and 1.2% by retirement age, irrespective of the needs and the levels of deprivation in these different population groups.

- 3.2. Current funding approaches take no account of the dynamics of these 3 groups and use a 'one size fits all' formula. Continuing in this way will always disadvantage communities such as West Dunbartonshire, and will make the creation of a 'user focus' very difficult as we struggle to provide basic services.
- 3.3. West Dunbartonshire has a falling population which should seem to mean that we require to spend less on providing services. However, the portion of the population that is being lost in West Dunbartonshire is the very part that generates prosperity, supports dependent populations and sustains local services. Projections indicate that, unless there is a rapid economic recovery, West Dunbartonshire will lose a significant number of each of the younger population groups, while increasing population in the very oldest age ranges. Future age structures also depend on key demographic factors such as the extent to which the death rates fall. However, the fact is that the current health of a large proportion of the population is very poor, and requires significant resources. This includes, improving outcomes for the younger age groups, and caring for both an unhealthy middle aged population and an older population who carry a higher risk of age related disease.
- 3.4. Funding decisions which take account of these assumptions must be core to the Transforming Public Services agenda. Re-allocating GAE on a per capita basis ignores important issues around population characteristics. If this continues it will create more, not less, inequality amongst Scottish local authority areas.