



OFFICIAL REPORT
AITHISG OIFIGEIL

Finance and Public Administration Committee

Tuesday 20 June 2023

Session 6



The Scottish Parliament
Pàrlamaid na h-Alba

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - www.parliament.scot or by contacting Public Information on 0131 348 5000

Tuesday 20 June 2023

CONTENTS

| | Col. |
|--|-------------|
| CONVENER | 1 |
| PUBLIC SERVICE REFORM PROGRAMME | 2 |

FINANCE AND PUBLIC ADMINISTRATION COMMITTEE
19th Meeting 2023, Session 6

CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

DEPUTY CONVENER

Michael Marra (North East Scotland) (Lab)

COMMITTEE MEMBERS

*Ross Greer (West Scotland) (Green)

*Douglas Lumsden (North East Scotland) (Con)

*John Mason (Glasgow Shettleston) (SNP)

*Liz Smith (Mid Scotland and Fife) (Con)

*Michelle Thomson (Falkirk East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Cleland Sneddon (Society of Local Authority Chief Executives and Senior Managers Scotland)

Sarah Watters (Convention of Scottish Local Authorities)

CLERK TO THE COMMITTEE

Joanne McNaughton

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament
Finance and Public
Administration Committee

Tuesday 20 June 2023

[John Mason opened the meeting at 09:30]

Convener

John Mason (Glasgow Shettleston) (SNP): Good morning, and welcome to the 19th meeting in 2023 of the Finance and Public Administration Committee. We have received apologies from the deputy convener, Michael Marra, who cannot attend today's meeting. That means that, as the oldest member of the committee, I will convene the meeting for the first item of business, under which the committee will choose a convener.

I put on record our thanks to Keith Brown for his work during his time on the committee, and I welcome back Kenneth Gibson.

The committee has agreed that only members of the Scottish National Party are eligible for nomination as convener of the committee. That being the case, I nominate Kenneth Gibson.

Kenneth Gibson was chosen as convener.

John Mason: I congratulate Kenneth on his appointment and hand over the chair to him.

The Convener (Kenneth Gibson): I thank the committee for my appointment, and I thank in particular my colleagues Michael Marra and John Mason, who have convened the committee's meetings in my absence.

As I rejoin the committee, I declare that I have no relevant interests.

Public Service Reform
Programme

09:31

The Convener: Under our next agenda item, the committee will continue our inquiry into the Scottish Government's public service reform programme. Today, we will hear from Sarah Watters, who is director of membership and resources at the Convention of Scottish Local Authorities, and Cleland Sneddon, the chief executive of South Lanarkshire Council, who is representing the Society of Local Authority Chief Executives and Senior Managers Scotland. I welcome both of you to the meeting.

I intend to allow up to 75 minutes for this session. If the witnesses would like to be brought into the discussion at any point, they should indicate that to the clerks, please, and I will call them. We will move straight to questions.

I was impressed by the quality and detail of your joint submission, which is an excellent piece of work. There was one very clear and overriding statement from local government. Paragraph 9 in the summary of key points states:

"Local Government requires fair and sustainable funding and greater empowerment."

Such themes run right through the document. However, something that I have found frustrating with COSLA on a number of occasions is the fact that, although there is talk of fair and sustainable funding—I think that everyone on the committee is very sympathetic to that; for example, three members of the committee who are here today are former councillors, and Douglas Lumsden was, of course, a council leader—there is no detail on what that really means. It would be good if that could be expanded on a wee bit. We will touch on that and then go on to other points.

Cleland Sneddon (Society of Local Authority Chief Executives and Senior Managers Scotland): Thank you for inviting us to provide evidence today.

On fair and sustainable funding, I will give an illustration, which is in the submission. If Scottish local government had shared the same fiscal fortunes as the Scottish Government over the period from 2013-14, we would have around £1.289 billion more in our collective budgets. Audit Scotland did some work for us that looked at the comparative real-terms changes in our budgets. Over that period of time, the Scottish Government's budget went up by 4.3 per cent in real terms and the Scottish local government budget went down by 4.2 per cent in real terms. However, we asked Audit Scotland to do a little

further work to identify the true impact on core budgets for Scottish local government if directed funding for delivering on a number of Scottish Government priorities was removed. The real-terms reduction in that period was 9.6 per cent, so the difference—the swing, if you like—in fiscal fortunes is 13.8 per cent.

We are not looking for more than anybody else, but we believe that the impact of that has meant that we have had a period of 15 years—since 2008—when we have delivered very significant efficiencies. In my authority’s case, we have delivered well over £200 million-worth of efficiencies in that period, but the impact of that is starting to appear in the delivery of public services. It is no longer sustainable to continue to deliver what we deliver on behalf of our communities, and that is at a time when demand is at an all-time high.

I will give a quick example, which relates to homelessness. The homelessness case load for my authority is 70 per cent greater than it was last year. In the recent period, homeless presentations went up by around 10 per cent. There is tremendous pressure on Scottish local government. A lot of people are looking to us to help to mitigate the cost of living crisis and to deal with a range of challenges but, as I said, the fiscal position has been very difficult for us.

My final point is on the flexibilities that are afforded to local government in how it uses the resources that are available to it, which is an issue that I am sure that we will return to. In the year from 2021-22 to 2022-23, directed spend increased from 18 per cent to 23 per cent. I hope that that gives you a starting point for the discussion.

The Convener: I do not want to talk only about budgetary stuff, because our inquiry is more about reform, but that is at the core of a lot of what you have been saying, so I will ask one or two questions on that before I bring Sarah Watters in.

The figures that you mentioned are from paragraph 46 of your submission, in which you talk about

“an increase of 4.3% in Scottish Government funding of other areas over the same period”,

but would that be the case if you were to take out the funding for the national health service, for example? The difficulty has been that we have an ageing and more frail population. We could argue about the percentages here and there, but any Government of any colour would have put a disproportionate amount of additional funding, when it was available, into the NHS because of it being demand led. An example of that is the fact that, pre-pandemic, there was a 25 per cent increase in accident and emergency cases over

five years. There has been a 50 per cent increase in radiographers and a doubling of the number of psychiatrists in the NHS, but that is still not enough.

Is that not the context in which we operate? You responded in such a way as to suggest that we are all heading in the same direction at the same pace, but there are some areas of the Scottish Government where the pressures are absolutely in your face. You can argue about priorities—it is crucial that we do that—but is that not the background picture, in a period in which, overall, we have had a fairly flat funding settlement over a number of years?

Cleland Sneddon: The intent is not to do a direct comparison with the NHS, which undoubtedly has pressures, but the same language of demand-led services applies to local government. We would recognise your characterisation of demographic change and changes in demand. Unfortunately, the fiscal fortunes that we have enjoyed since 2008 have not been in keeping with those particular pressures.

I am very proud of the work that Scottish local government does; we innovate and we have been extremely creative. We would not have been able to survive those changes in fiscal fortunes if we had not been so creative. We are at a bit of a tipping point. When we have relatively protected service areas such as education and adult social care, all the other services—everything from roads through to environmental health, the value of which we saw during the pandemic—have been and will continue to be impacted. Especially given the inflationary context that we all face at the moment, it is difficult to see how we can ensure that those services will be maintained over the next couple of years.

The Convener: I will ask you about those kinds of issues as we move on. It is interesting that you keep saying “since 2008”, but as I recall, the previous Administration had a policy of top slicing 3 per cent of local government funding year in, year out. That would have been its policy, so we would have been in this situation regardless of which Administration we had had.

I have a question for Sarah Watters—fair funding sounds good, but how much is fair funding? That is the issue. Given that local government is as aware as the rest of us of the financial pressures that the Scottish Government and indeed the United Kingdom Government are under, how realistic is it to expect additional funding for local government over and above any average increase in the settlement that may come to the Scottish Government over the next year?

Sarah Watters (Convention of Scottish Local Authorities): You are absolutely right—“fair funding” is a term that COSLA has used for a number of years. We also talk about core funding and directed funding. There is a lot of transparency and scrutiny around things such as ring-fenced funding and directed funding, but there is less transparency around the huge chunk of funding that sits in the general revenue grant that is distributed via the grant-aided expenditure formula.

In terms of the fiscal framework this year, we would like to get into that and to ask, “What do you need for a minimum service provision?” As part of the work on the fiscal framework, we have been leading some work with directors of finance to get under the skin of that and to ask what the key cost pressures and the key cost drivers are in delivering the services that people expect. That goes for all the services that Cleland Sneddon has mentioned, such as the education services and the social care services, right through to roads and the other range of services. We have called out the differences between those two tranches of funding, but we have not got into the detail, which is what we hope to do.

There is also a fundamental flaw with some things—for example, you have a financial memorandum that is written at a point in time and you have a pot of funding that is then lobbed into the settlement. COSLA calls, quite rightly, for that to be put into the general revenue grant, which gives flexibility, but it is subject to demand and inflationary pressures and we do not revisit those amounts of funding.

There has been a lot of talk recently about whether the early learning and childcare funding should be baselined but, again, just because there might be fewer children and young people in the system, that does not mean that local government can just close nurseries or take out provision. Minimum standards are required. You need a certain amount of properties to deliver early learning and childcare in rural areas. You need a certain number of staff in terms of ratios, and people who are working in that sector also need to be paid a fair wage. There is a lot of talk about sustainable rates, which is absolutely right, but to pay those rates, you need to factor that in to the overall envelope of funding that you have available.

We need to have a very honest discussion with our Scottish Government colleagues about what is and what is not affordable from the envelope of funding that is available. If there is no more funding available, we need to start talking about what we stop delivering. As Cleland Sneddon said, local government has managed and managed, but things such as the local government

benchmarking framework are starting to show cracks in some areas.

It is really regrettable that some of the decisions that have had to be made could be leading to reductions in satisfaction and so on, but that is the reality of the situation. Some things will have to stop. We cannot continue to salami slice things. We are hoping that, through the fiscal framework development, we can find a space for those robust discussions.

The Convener: Yes, I think that that is a positive development. I certainly hope that it will prove to be so.

One of the things that the Scottish Government has been doing is increasing benefits relative to south of the border, such that, by about 2028, the figure will be about £1.4 billion. I have spoken to people in local government who have told me that some of that money would be better spent on the local government services that help to underpin work to reduce poverty.

Has local government in Scotland undertaken any cost benefit analysis to look at the benefit of a pound being spent in local government, for example, compared with its being spent on one of the measures in relation to benefits or, indeed, any other measure in the Scottish Government’s spend, so that we can be clear about the value for money aspect of the work that local government does?

Cleland Sneddon: I will make a couple of remarks before Sarah Watters comes in on the value of local government services and the impact that they have.

I will give an example that is related to child poverty. You will find that the child poverty action plans of most authorities or community planning partnerships will generally have three strands. The first is about maximising the income of the household, the second is about managing the cost of living and the third is about supporting people into sustained and valued employment. The first two are really helpful, and are critical supports for households in need, but they will not lift households out of poverty by themselves. The third one, which is about skills development, employability support and getting people into sustained employment and paying them a decent living wage, is the route out of debt and poverty.

09:45

I will narrow down my answer, because your question related to a broader point. When we consider local government services, we need to think about individual interventions that local government makes. We cannot do a cost benefit

analysis on local government because of the breadth of things that we do.

The budgets that relate to employability are the ones that are under the most pressure, even with the no one left behind supports and the flexibilities on that expenditure, which were very welcome. Those are the areas where we could intervene to help families. It is about giving families and households a hand up, rather than a handout. I am not, by any means, critical of the moneys that have been routed into households through enhanced benefits—those are extraordinarily welcome—but I have to question how sustainable that is in the long term. Could we not, in the longer term, use some of that money more strategically to help people out of poverty, as opposed to creating a dependency on an enhanced benefit rate?

Sarah Watters: I would be happy to follow up on the point about pounds spent in local government. We have information on that, but I do not have it to hand. We have pulled heavily on research by the World Health Organization and the Health Foundation that looks at the importance of investing in the determinants of health, such as housing, employability support, transport and so on.

Let us consider adult social care, for example. There are very stark examples of the benefits and the cost benefits of keeping older people in their home, not allowing them to trip or slip and avoiding their having to go to A and E. I think that it costs £25,000 to treat a hip fracture, and a lot of home care support can be provided for £25,000.

Cleland Sneddon talked about getting people into work, but we can take a step back from that and think about the support that is required in the classroom. If we can provide support to pupils with additional support needs at an early stage in the classroom—that is not necessarily support from a teacher; it might be one-to-one support that gets them on the road to achieving and attaining at school—that will give them a better chance in the employment market. We can take a step back and give councils the flexibility to provide whole-family support, some of which could be delivered directly in the classroom.

The Convener: The medium-term financial strategy states:

“it is for individual public bodies ... to determine the target operating model for their workforces and to ensure workforce plans and projections are affordable in 2023-24 and over the medium term”

Do you consider that to be realistic at this time?

Sarah Watters: You will see a diagram in our submission that shows the local government reform agenda. Also, in our submission we clearly demonstrate that we have been on that journey for quite some time. There is now also the public

service reform agenda that sits with the Scottish Government, and there is an overlap point that we are concerned about. If public service reform happens in one area, and local government continues to reform in another, my concern is that they are being done individually. We need to think about what services are needed in individual places and about how public service bodies interact with local government on the ground. There is a danger of unintended consequences if everybody is ploughing their own furrow because we could be cutting services in one place that would have been well delivered in partnership with local government.

We need to think about how community planning partnerships can be more empowered to make decisions and plan the services that they need, and how national bodies can enable that. There is a danger, if reform is done in silos, that we will miss the overlap that we need in order to get better services.

The Convener: An important part of reform is digitalisation. It is clear that there has to be co-operation between the Scottish Government and local government, so I am a wee bit concerned about some of the comments on that in your submission.

For example, in paragraph 43, you talk about the myjobscotland portal, which you say is managed by COSLA and

“has streamlined the recruitment process for councils and other public sector bodies (although the Scottish Government and its agencies have opted not to use it)”.

In paragraph 70, you say that, in the digital strategy,

“both COSLA and the Scottish Government committed to develop and expand DigitalBoost as ‘our primary programme of support for SMEs’.”

You go on to say that

“Despite this, the programme saw its budget reduced by 25% for 2022/23 and indications are that it is unlikely to be funded in 2023/24.”

Clearly, the collaboration is not working as well as it should. Why is the Scottish Government not using myjobscotland and why is the digital strategy support for SMEs not being continued?

Sarah Watters: We in local government believe that myjobscotland is a world-class product. I am unsure why the Scottish Government and other agencies are not using it. We have had discussions on that, but as part of the reform agenda we need to go further with those discussions.

Sometimes, the initial steps are difficult. The Scottish Government and its agencies have their own systems that they are used to, so it will be a bit painful, at some point, but the cost benefits of

using things such as myjobscotland are absolutely clear. We have clear statistics that show that the portal is very cost effective, and that we are reaching 2.5 million people across Scotland, which represents a huge percentage of the working-age population. Therefore, we need to have those discussions again. They might have been had at some point; we now need to go further.

The situation with the DigitalBoost investment is disappointing. We have had various discussions about that programme, which business has absolutely appreciated. Unfortunately, COSLA has had to make two staff redundant because funding has not been continued for the posts. We will develop ways of delivering support for business, and we will use digitisation to ensure that we are delivering it. Those two dedicated posts reaped benefits for business, which we know because we have evidence from business surveys on that.

Cleland Sneddon: I will pick out another example. Sarah Watters mentioned that the authorities have gone on a digital-first journey. We have moved an awful lot of our services on to digital platforms so that customers can interact or transact business with us at a time and location of their choosing. One example that I want to pick out is the work on the SEEMiS system, which evolved from the education computer support unit in what was Strathclyde Regional Council. Local authorities migrated on to the system one at a time, as their existing contracts expired, so we now have a fully integrated system that covers all schools and early learning establishments in Scotland. We do not lose children any longer, because we have to create a record to delete a record, and vice versa. The benefits from development of the system are substantial, and it is going through a further evolution of its early learning module and its secondary module.

I said that I was not going to make comparisons between sectors, but I am about to contradict myself, because I want to give this example. In healthcare, a plethora of systems are used by general practitioners, in primary care settings, in acute settings and so on. When someone walks through the door at an accident and emergency unit, it is very difficult for the medical professional there to access records from that person's GP, so they do not know chronologies and so on. If you go into A and E and are referred back to your GP, A and E staff send letters and so on. There are a lot of manual transactions in healthcare.

The route that we have taken with SEEMiS is the exemplar. Right across the Scottish public sector, we need more of that type of thinking. We need more bold decision making to migrate services on to a single platform. With the equivalent system for our social care services, it is like having a charger for a different type of

handset—you do not know where to plug it in, because it does not fit. I could not give you the figure for the number of different systems that general practices in Scotland currently operate. It cannot be outwith the wit of man to think about how we might migrate to a single system over time.

We have embarked on things such as the single health and social care record, which is a unique identifier. We are doing that in conjunction with colleagues in the Scottish Government, but that is only the tip of the iceberg. We should be looking at whole systems such as the SEEMiS model. I commend that model, but there are many other examples.

The final thing is that you will see in our submission that there is a reference to myaccount, which is another exemplar system that gives the opportunity for 40 organisations to have a single sign-in service for public services. We understand that there is work on-going on a service called digital identity Scotland. It would duplicate and compete with that system. I cannot, I must admit, understand why we would look to develop in Scotland a competitor system for something that is already up and running.

The Convener: That is a point well made.

I know that Sarah Watters wanted to come in, but I am trying to move on because I want colleagues to come in. I could spend the whole evidence session asking questions, because there is so much really good detail, but I will just ask one more question about best practice.

What is good about the document is that there are tremendous examples of good practice—for example, Renfrewshire Council's tackling poverty commission, North Ayrshire Council's skills for life programme and East Dunbartonshire Council's snack and play programme. You also give the example of North Ayrshire Council's community wealth building programme, which is expanding throughout Scotland.

I have asked over many years on a number of committees how such good practice can be spread throughout local government, because a concern that I have always had is that council X might have a great project and council Y might have another brilliant project, but there is not as much sharing and cross-cutting as there should be to ensure that those projects are implemented more widely.

Cleland Sneddon: I am sorry, convener—Sarah Watters can probably give you a more rounded answer to that question.

There are two things to say on that issue. The first is about is continuation of short-term pilot funding—pilotitis. To be honest, we kind of know

what works, although it might look slightly different in different areas, and it might have a different title and so on. The North Ayrshire work on community wealth building is an exemplar but is by no means unique; you will find that a number of authorities have very similar programmes. The East Ayrshire Council programme on vibrant communities—the submission hints at 65 community asset transfers—is also an exemplar, but it is by no means unique.

Through colleagues in the local government Improvement Service, we have the knowledge hub and a range of other mechanisms, including professional networks such as the Society of Chief Officers of Transportation in Scotland for roads and so on, and Heads of Planning Scotland. Those mechanisms exist to share good practice and to consider what would work in members' local areas.

The problem—if I could describe it that way—is that we almost get to a point of seeing something that works, but it does not automatically give you an immediate disinvestment. The best example that I can give you on scale is the work that was done on the early learning collaborative that then became the early learning and childcare collaborative. It will probably take a generation for the children to see the true benefits of that.

Again, the pressure on short-term local government budgets that contribute to work such as that—including budgets for leisure and sport, healthy lifestyles, opportunities for our young people and so on—means that there is a difficulty in sustaining services. However, I do not have concerns about our internal mechanisms for sharing good practice then thinking about what would work best in our locality.

The final point I make is that delivering some services on Tiree, for example, will look dramatically different to delivering them in rural Aberdeenshire or the east end of Glasgow. Delivery has to be place specific. I do not know whether Sarah wants to add anything.

Sarah Watters: The committee will be aware that we had a Covid recovery strategy programme board until fairly recently. It met a couple of weeks ago and is looking at options for the future. The community planning improvement board was one of the key players in that. There are in the submission some examples of pilot work that is being done in Dundee and the pathfinder work that is being done in Glasgow.

The community planning improvement board's work had three strands: climate change, financial security and child poverty. Those map closely to the three missions in the First Minister's prospectus. The three pilot workstreams included people from the Scottish Government, the Scottish

Council for Voluntary Organisations, Scottish Enterprise and all sorts of other stakeholders. A few things came up in every workstream: funding fragmentation, sustainability of funding for the third sector and data sharing. The pilots and the community planning improvement board work are telling us about things that have been around for years. Some of those things, such as data sharing, were issues when I was a community planning co-ordinator 20 years ago.

10:00

We have to take the issues out of those spaces and ask what we can do, through the partnership agreement between local government and the Scottish Government—which we will sign next week, I hope—to drive the improvement that is required so that we have an environment in which we can share data securely, in a much less fragmented funding landscape that is much more sustainable, so that we can start to plan. However, as Cleland Sneddon said, there is no problem regarding sharing—we have a lot of good mechanisms to do that—but sometimes it is really frustrating that the same issues keep coming up and we do not address them. The pilots highlight issues but we need to take them and make them the big issues that need to be tackled.

The Convener: Thank you. I will now open up the questions to colleagues.

John Mason: As you may have realised, we have already heard various evidence on the subject. One of the things that we have been told is that having to find efficiencies to address the current budget pressures, which you have both mentioned, is not the same as fundamental reform. Do you agree with that? Is reform something different; if so, what is it?

Cleland Sneddon: We are at a crossroads. The partnership agreement sets the platform for having a greater shared narrative. Recently, I told elected members in my authority that efficiencies will not get us out of the current situation. Communities will not be able to save the day and mitigate the full impact of what we face.

My authority—I will bring it down to one—is looking at a budget gap of about £60 million next year. To put that in context, that is on a revenue budget of £845 million which has, to put it one way, limited flexibility. We will probably mitigate that £60 million gap through some of our service concessions in order to buy us some time for reform.

Even a big authority such as South Lanarkshire, which is the fifth biggest in Scotland, has only so many staff and managers who can work on a reform agenda at any time. Elected members are now going to face some difficult decisions about

what services the council will provide with the resource that we have.

John Mason: I was thinking of something more fundamental. Police Scotland told us that we went from however many police forces to one. No local authority would suggest that we should go from 32 local authorities to 10 or 15. That would have to be a suggestion from central Government, would it not?

Cleland Sneddon: It would require legislation.

John Mason: It would also save on chief executive and other costs.

Cleland Sneddon: Possibly.

Let me put it this way: show me the business case that moving from 32 to 15—or 10 or whatever—local authorities would substantially change the resource position for local government and then let us have a conversation. I am old enough to have gone through the previous reorganisation, which was a significant eye-opener in terms of loss of capacity, knowledge and experience. I am not sure that the change merited that disruption.

I will come back to the point about having a shared narrative, which is very important. We need to have a dialogue with communities and our taxpayers, residents and businesses in order to be able to say what is affordable, what will be delivered going forward, and what priorities that will reflect.

I will give you an example in relation to last year's budget of the challenge involved. The challenge for our communities was that COSLA colleagues published a budget reality statement that indicated that Scottish local government required £1 billion more because of the—

John Mason: With all due respect, I am not really here to hear that you want more money. I understand that and we will look at that in the budget process. I am asking about public sector reform. I will come to Ms Watters in a moment. If we are not going to change the number of local authorities, are there too many other bodies? We used to have health boards and local authorities—two bodies. Now, we have health and social care partnerships in the middle, so there are three bodies. We used to have two enterprise bodies—Scottish Enterprise and Highlands and Islands Enterprise—and now we have three, because we also have South of Scotland Enterprise. Are there just too many bodies out there?

Cleland Sneddon: If I may, I will talk briefly about the local governance review. During the first phases of that, I was the chief executive in Argyll and Bute Council. We conducted a roadshow, which we took around all the main communities. We had a set of presentation boards and people

would come in—there was a drop-in session in the morning and workshops in the evening. We tried to include the logos of all the public bodies that are active in Argyll and Bute. People know what the NHS and council logos look like, but a huge number asked, “What’s that organisation?”. We would tell them, and they would ask, “What do they do?” We would tell them, and they would ask, “How do they connect to me?” If the person had never heard of an organisation, it probably had not had a connection with them.

In some sectors, you will find quite a cluttered landscape. You can fill the bits in yourself from evidence that you have taken from individual sectors. However, you will have seen that there have been a number of reviews that have reported recently—you can see where I am going with this—that say, in effect, that there have been name changes but not rationalisation. There are something like 130 public bodies in the scope of the local governance review, excluding local government and the NHS. Therefore, the public sector in Scotland is undoubtedly quite cluttered. There have been discussions, for example, around—

John Mason: Perhaps I can move on to Ms Watters now, to give her a chance.

Ms Watters, you said that the funding landscape is cluttered. We have Scottish Enterprise, Business Gateway, local authorities and we now have the Scottish National Investment Bank, too. Is it all too cluttered?

Sarah Watters: I do not think that it is cluttered if you look at it from a place-based perspective and think about the strategic planning that needs to happen in a particular place. Partners are pretty clear about what they need locally, which comes back to the point that we would like to conclude the local governance review, because that will establish what we need. By “we”, I do not mean local government but public services, because it is a local governance review. We must extend it to other partners who are key players in place-based services. Therefore, it is about fiscal empowerment, functional empowerment and, as Cleland Sneddon said, community empowerment. What do communities need? We need to conclude that review.

The Local Government, Housing and Planning Committee ran an event a couple of weeks ago looking at the relationship between the Scottish Government and local government. The headline to report is that there is a democratic deficit in Scotland. There is a democratic deficit in the UK, too, but the difference between the structure of democracy in Scotland and the structure in other countries is marked. I argue that we should be thinking about what we need in places and what makes sense in terms of place, what people

associate with and how they would like their services to be delivered.

However, I also argue that local government is one of the key players, but it reaches in to so many other areas. It is about what needs to be delivered in an area. Take the logos away: who do you need to help you to deliver those services? Can you move resources from one bit of a service to a bit of a council service, for example, if they are doing things that are absolutely complementary and it would make sense, from a business or poverty perspective, to pool the money and deliver a consolidated service?

John Mason: That is a good point about pooling the money. Rather than changing the number of organisations, is it therefore more about the relationship between them? For example, we have the city deals, which seem to work to some extent. In Glasgow and the west of Scotland, authorities have worked together, as I understand it, and some health boards sometimes do things jointly because they are not big enough to do them individually. Is better co-operation the way to go?

Sarah Watters: I think so. In the submission, there are lots of examples of good strategic planning within local areas to get the best for that area. You have mentioned the city deals, for example. You will not see a community plan or a local outcome improvement plan across the country that does not refer to economic development, child poverty, net zero and so on. However, the enablers are varied and the ability to pool resources and so on is just not there.

You asked about budget pressures versus reform. Everybody retreats into their “I must prepare a balanced budget” silo and does what they have to do back at the ranch to make that budget balance. They come up for air around April to look at all that reform stuff, and then go back in when they are approaching budget time again. We have to get out of that cycle.

John Mason: I have one more question to ask of either of you. The islands, in particular, have suggested the idea of a single authority by putting together health and local government in Shetland, Orkney or the Western Isles, or even Fife, where they are already quite coterminous. Is that something that we should be looking at?

Sarah Watters: It is part of our local governance review. That is what we want to look at.

Cleland Sneddon: It is about what suits the locality. It should not be mandated from the centre that every area should have exactly the same model.

The idea of a single island authority has been around for a number of years. It was generated

within that locality because the development of health and social care partnerships initially required the Western Isles to create a new entity, and it would be madness to mandate that. However, the local governance review should look at permissive legislation, so that whatever structure or partnership suits that particular area can be delivered with a presumption in favour of it. Ostensibly, the single island authority would cover health and the council’s functions, but you mentioned enterprise agencies earlier and those could work in a certain locality where it might make sense to integrate the teams. It could be any one of the other 130 public bodies, but it should be what suits that particular locality.

Ross Greer (West Scotland) (Green): Your submission calls for the empowerment of local government in a number of places, which will be no surprise to committee members as it is a long-running scheme for COSLA. Can you distinguish between the powers that are currently exercised nationally that you think would result in better outcomes and more efficiencies if they were exercised locally versus powers that do not exist that you wish to see created for local government. In the first instance, what powers are exercised nationally that you believe would be more efficiently exercised or would achieve better outcomes if they were devolved to local government?

Cleland Sneddon: We have the opportunity locally to consider how we make better use of the resources that we have—Sarah Watters talked about a flexible fiscal framework—and it is for us to determine how best we use those resources. I do not want to make this about teachers and teacher numbers because that is too trite and too good an example.

Ross Greer: I have a specific question about teachers that I will ask in a moment, so, if you want to get into it, feel free.

Cleland Sneddon: I was going to say that it is too obvious an answer, but I might just expand on that. A number of inputs could be used in our classrooms that would help our young people to move towards their achievements and that do not necessarily require a teacher. In fact, we could bring in people from different professions and with different qualifications all the way down to primary schools. You cannot tell me that a primary school teacher is always better placed to provide two hours of physical education than someone who has sports and leisure qualifications. That is just an example.

I have another quick illustration. As part of learning catch-up, our authority decided to put some of its reserve to use, so we temporarily funded a number of teaching posts and temporary pupil equity funding posts. When the census rolled

out in December 2022, we had 114 supernumerary teachers on temporary contracts.

We then got a letter that said, "If you reduce your teacher numbers, we will financially penalise you by the same value." I did not have the budget for those posts, because they were temporary. To then have a further restriction placed on the use of budget is a real challenge for us.

10:15

The second part of your question was about what our powers might look like in the future. We would like the flexibility to look at how we make use of our resources and how we generate resource. We would also like the opportunity to be able to plan in a much more longer-term, strategic way.

I will jump into the world of capital for a second. The experience that many authorities had with the levelling up fund was really poor. The fund was unnecessarily competitive, so an awful lot of resource was left on the cutting-room floor when awards were made. It got tighter and tighter each year, so it became a game of, "What can you spend by the cut-off date?" rather than, "What would you spend it on to get the best strategic outcome?" That situation illustrates the type of long-term financial and fiscal empowerment that would help us to plan in the longer term.

I will add something quickly, because it might be of interest to the committee. The Shawfield site, which straddles Glasgow and South Lanarkshire, is the most contaminated site in Europe. It contains hexavalent chromium, which pollutes the water table and means that the water quality down at the Gantocks fails the test. That is how devastating the contamination is.

We have had decades of investing tens of millions of pounds in that site; we probably need another £50 million to £60 million just to deal with it. If we do not, the water table will, over time, recontaminate the land that we have remediated.

That is an example of something that is longer term and has a big strategic impact. The economic development potential of that site is enormous, as we have seen from the remediated land. That type of fiscal empowerment in the future would allow us and our colleagues in Glasgow, and potentially the Scottish and UK Governments, to invest over the longer term and reap significant economic and environmental benefits. It is an example of the type of planning of which, at the moment, we are absent.

Ross Greer: Thank you—there is a huge amount to unpack there, but I want to bring in Sarah Watters first.

Sarah Watters: The obvious answer is local taxation and the power to raise revenue locally. We absolutely welcome the current joint consultation on a visitor levy—we have worked really hard for a long time on that—but we would have preferred a general power to raise revenue, with local government being trusted to engage as required with the business community and with other communities of interest when a local tax is being proposed.

It is about having that level of trust, instead of having to go back to the beginning and go through the whole legislative process. It will be another two or three years—two years, I think—before any council can actually use the visitor levy. It will be welcomed by some councils, but it will not be used by others. General revenue-raising powers are needed. There is also—

Ross Greer: I am sorry to jump in, but the point about general revenue-raising powers is important. Is that one of your preferred outcomes of the new deal for local government, the fiscal framework and the wider package of work and discussions that are taking place? Are you currently advocating for that with the Scottish Government?

Sarah Watters: Local revenue raising has been a long-held ask of COSLA. Through the fiscal framework development, we are getting there. We are developing a process for exploration of revenue-raising powers, which is welcome, but, if we had those powers, we probably would not need that step. Nonetheless, it is a good opportunity for local government, experts in the Scottish Government and our professional associations to say, "We've got an idea—let's explore it together."

The benefit of doing that is that a couple of local authorities might have the same idea, which others have not thought about, and that process can bring it to the fore. Again, more of a trusted revenue-raising power would be preferable.

Ross Greer: Cleland Sneddon, you mentioned the UK Government's levelling up fund. This committee is very much trying to re-engage with the UK Government on that—we are trying to get Michael Gove to come back to the committee to give evidence on it.

However, your joint written submission also makes the point about the value of multiyear funding, which is another area that is ultimately in the gift of the UK Government. The Scottish Government cannot give multiyear funding if it is not getting a multiyear settlement.

I am interested in knowing what direct engagement SOLACE and COSLA have had with the UK Government. Every year, when we come to the point of setting the grant for local government in Scotland, it feels very much like a

two-way discussion between local government and the Scottish Government. One of your key asks, and the overall financial envelope, are ultimately in the power of the third level of Government that we are talking about here. What direct engagement do you have annually with the UK Government?

Cleland Sneddon: I can answer first. I will make a distinction: quite often, COSLA and SOLACE Scotland talk on the same topics, but SOLACE is a professional network of senior executives. Our engagement with senior civil servants in the UK Government and potentially even with ministers or members of Parliament is therefore different from the formal engagement that COSLA would have.

There is a very interesting document, “Beyond Holyrood: Unlocking local growth in Scotland”, which has just been published. It is authored by Iain Stewart, who is the MP for Milton Keynes South but originates from Hamilton. He has looked at city growth deals as the successor to the current programme, because the Glasgow programme will reach maturity next year. The report takes into consideration the learning from the LUF, shared prosperity funds and a range of other funding.

There are two interesting takeaways from the report’s executive summary. First, it calls for better engagement between the UK Government and the Scottish Government to help to define shared outcomes. After that, it talks about long-term European-style programmes—which is the interesting point for us—over seven to nine years. There would be a commitment from a single fund, rolling all the individual component parts in, enabling local partnerships, co-ordinated through the local authority and sometimes, as members have mentioned, continuing on a regional basis through the existing growth deals, to decide how best to deliver on those outcomes over the longer term.

I come back to my earlier comment: it is better to plan strategically based on what will give the best outcomes rather than based on what we can spend by an arbitrary cut-off date. That would allow for better, longer-term, more impactful investment in our communities.

That is the kind of conversation that SOLACE Scotland has had with senior civil servants in the UK Government, but it has also been an opportunity for us to meet MPs and ministers who are working on that agenda. That is happening in a more informal space; perhaps Sarah Watters can talk about the more formal one.

Sarah Watters: Yes—COSLA’s president and vice-president meet people in the Scotland Office fairly regularly, and Mr Gove is coming to the

COSLA leaders meeting next week to speak to leaders. Levelling up funding will dominate that discussion, but I think that the leaders want to move into other spaces as well.

As the committee will know, we have very structured processes around settlement and distribution issues, through a settlement and distribution group involving professional associations. If we get to a situation in which the UK Government is making funding available for local government, we will of course engage on that, but we would want to see more structure. We would argue that bid funds are absolutely not the best use of funding. Next week, the settlement and distribution group will consider a bid fund for £500,000 in total—

Ross Greer: That is not a good use of your time.

Sarah Watters: That is not from the UK Government—it is Scottish Government funding coming from a portfolio. We do not think that that is a good use of anybody’s time.

Ross Greer: Just to check, does COSLA lobby the UK Government to give the Scottish Government a multiyear settlement? That is the only way in which local government is going to get a multiyear settlement.

Sarah Watters: Absolutely—multiyear funding is our ask through all spheres of Government. A few years ago, we almost reached the point of having a spending review period of three years, but a lot then got in the way, which was disappointing.

Ross Greer: I have loads more questions, convener, but I am conscious of time.

The Convener: Indeed. I call Douglas Lumsden, to be followed by Liz Smith.

Douglas Lumsden (North East Scotland) (Con): Thank you, convener—it is good to see you back. It was good that you brought up the local governance review. As you pointed out, it is a local governance, not a local government, review. I often bring up the review in committee and ask the Government about it, but I do not seem to get any answers on where it is and when we will see some output from it.

What is your understanding of the local governance review, and when do you think that we will be able to see something coming from it? For me, that is public sector reform—it is what we should be focusing on right now.

Cleland Sneddon: To borrow a phrase from Sarah Watters, a number of things have got in the way, such as Covid and, latterly, cost of living issues.

We had the outcome of the first phase of the LGR, which pointed to a second phase of discussion. If my understanding is correct, that has now been dusted down, and community conversations—as I think they are called—have been proposed, to take place during autumn this year. Those discussions will be convened, although I am not sure who the Scottish Government has appointed to facilitate them.

I have one observation from my time as chief executive of Argyll and Bute Council: such an approach needs a deeper dive and a longer session with real people, not only representatives of community organisations, although they obviously have a role to play. I am looking to replicate that approach in South Lanarkshire. If you convene a single session for a community conversation, you will get representatives of the usual community organisations turning up and participating.

In Argyll and Bute, I had the opportunity to land—literally—in a community, open the doors, give people a coffee and a scone and have a conversation. That was much more enlightening about what people genuinely wanted. There are an awful lot of assumptions about what people really want, in particular when there is talk about community empowerment, as if the communities are all homogeneous and all ready to grab the handles of various services.

In general, people want good-quality public services and an opportunity to influence how and where they are delivered. They do not necessarily all want to form themselves into organisations that become employers and run some of those services, with all the rest that goes alongside that.

We need to have that type of valuable conversation with wider communities, so we would look to complement the work that is planned for this autumn. As to when the review will report, I am not sure that I have that information—sorry.

Douglas Lumsden: Okay. That question might be for Sarah Watters as well. Will the review give us an idea of how funding should work between different organisations, or is it not going down to that sort of level?

Sarah Watters: With regard to the formal local governance review, phase 2 of the democracy matters initiative is being launched again, as Cleland Sneddon said, and it will go through the steps that he outlined.

Work on the single island authority model seems to be getting a lot of traction in the Scottish Government, but we encourage Government to go back and look at the submissions from all parts of local government. There were a lot of other ideas out there that were submitted at the end of 2019; the last meeting with the Cabinet sub-committee

was held just before Covid, so we want to revisit all those ideas.

As part of the partnership agreement, we will need to establish some governance arrangements. At the heart of the agreement is local governance and local empowerment. We need to be cognisant of the two aspects, as we do not want to create structures that do not speak to each other. We had joint political oversight for the local governance review, but if we have that and we have a partnership agreement governance structure, we need to ensure that the two things are speaking to each other.

We now have monthly relationship meetings established with Mr FitzPatrick, and the local governance review is a standing item on that. We really want to get the pace back into that. The commitment to do something in the current session of Parliament was there from the Scottish Government, but I suppose that it depends on whether we need primary or secondary legislation and on what we are actually proposing.

We are proposing in part more flexibility and empowerment at local level through things such as community planning partnerships, which are a key part of the partnership agreement. We need partners to come to the table—we cannot have councils holding the baby locally; we absolutely need all partners to be engaged. For too long, that work has been seen as something that councils do to partners. We need it to be seen as a local mechanism for strategic decision making about matters in local areas.

Douglas Lumsden: I completely agree. We are talking about reform today, which is ideally to save costs, and a key element of that is early intervention and prevention. It seems to me that local government is at the heart of early intervention and prevention, but the problem that local government has is that, while you are saving money for the people, you do not actually get it back. For example, sports facilities will help to save money in the health budget later; libraries, economic development and education will help to tackle poverty; and working with communities will reduce the justice bill. If we are looking for reform, how does that money flow back into local government? That will help to reduce the overall Scottish budget. Even though it is not the local government budget, it is going to help.

Cleland Sneddon: I mentioned earlier that we broadly know what works, but it is extremely challenging when our child protection activity increases significantly such that our social work staff are spending a greater and greater proportion of their time ensuring that we are appropriately investigating child protection. That is absolutely our top priority, but it limits the time that we are

able to spend working with families pre-crisis to do that early intervention work.

I gave the example of homelessness earlier. Every local authority in Scotland has an outstanding prevention programme to help people to sustain tenancies and prevent homelessness, but the scale of additional presentations that we are facing and the need to support people in temporary accommodation and try to find further accommodation for them limits the capacity of the system.

I link that to the comment that I made about watching that we do not get pilotitis, when everything comes in short, small bites. The whole family wellbeing fund is a good example of something that has tremendous potential as it allows us to intervene upstream to improve parenting skills, provide supports to young people and identify their needs at an earlier stage. That gives us greater capacity to level the playing field by the time they hit formal education. The line of sight that we have around that in the budget is welcome, but having a permanent, sustained budget for it that we could rely on year on year would make a significant impact.

Some of these impacts will affect a generation of children. If we look at receptions into residential care, for example, the high-capacity ones tend to be for children in the 13 to 16-year-old bracket. The seeds of some of the challenges that those children face will have been growing from their earliest years, and we can be investing for 10 years before we see the true outcome.

When Sir Harry Burns was the chief medical officer, he called for "stickability". We know what works, but we have to invest in it, keep doing it and have that stickability, rather than doing three years of one thing and then trying something else. We should not be giving things a new name and a new bit of funding and constantly moving the services around. I hope that that is helpful.

Sarah Watters: There may be a misconception in the local governance review that fiscal empowerment is just about getting a set of rules to govern the relationship between local government and the Scottish Government. It is actually about having fiscal empowerment across the system so that the totality of resource in a place can be used in such a way that it goes to the places that it needs to go to in order to do the early intervention.

Unfortunately, the acute stuff will always take up a huge amount of the money, but we have to start to gradually move it. When we do a youth work intervention that takes children off the streets and puts them into leisure centres and the police find themselves with less to do on Friday and Saturday evenings, we have to take a leap of faith at some point and say that we will be better off putting the

funding into youth work, given that those police officers will not be as busy as they were when the youth work was not happening. We have to start moving the money around.

Fiscal empowerment is not just about the rules; it is also about the ability to move the money and use it where it is needed. Again, that comes back to the importance of doing place-based community planning. Community planning gets a lot of flak. In many areas, it works really well, but in some areas it maybe works less well. However, if it did not exist, we would have to invent it. It is where the place leaders come together, but they need to be more fiscally and functionally empowered to do the work that they need to do.

Douglas Lumsden: Is it a case of some of the health budget or justice budget coming to local government because you are spending it on early prevention?

Sarah Watters: If we are focusing on outcomes, that is absolutely what we need to start doing, but we are in this one-year budget situation, in which we retrench into our silos to make our budget balance, as opposed to thinking how can we focus on outcomes.

Douglas Lumsden: This is my final question. How could data sharing make an impact and remove costs from the overall public purse?

Sarah Watters: There are clear examples of benefits from the pilot that Dundee City Council is working on. We can get more information on that for the committee. Greg Colgan would be more than happy to share some of that information.

Councils could do simple things such as pushing benefits, reliefs and so on towards families. They are very well placed to do that, but sometimes there are barriers in the way. We need to get over those barriers and empower our local benefits teams to be able to push benefits towards families, as opposed to waiting until there is a crisis, but we keep stumbling against the same data barriers.

Douglas Lumsden: Is that data shared between different organisations, such as between Welfare Scotland, local authorities and health boards? Do all those people have access to the same data?

Sarah Watters: The Department for Work and Pensions is a key player in that, but it is also about the joined-up systems that Cleland Sneddon talked about. The community health index number is often cited as being the unique identifier for people in a locality, but is it really? I am not sure that it is in the same way that the SEEMiS identifier works for young people. Digitisation comes into that. There is still work to be done across councils, but many councils are investing in

their own customer portals and making sure that they are joined up before they join them up with others.

Cleland Sneddon: Very briefly, because I would not like the committee to be under the impression that data sharing is an immature area, we have made very significant inroads across organisations. We talked about the DWP and Social Security Scotland, and the sharing of information between councils on their work with those organisations is quite a mature thing. That has come at a very fast pace because of the introduction of Social Security Scotland and so on. We participate in things such as the national fraud initiatives. During the Covid period, the roll-out of additional benefits, which was handled by local government from a standing start, was testament to how well we shared the information between organisations.

There are undoubtedly some areas that we could improve, and we touched on some earlier in relation to system development, but we have some really good examples, which we can provide to the committee, of how we have used data to digitise processes, transact and do things in a much more seamless and human-free way—if that makes sense. There are some extraordinary examples of that. We will continue to try and get efficiencies from that.

Liz Smith (Mid Scotland and Fife) (Con): I wonder whether I could explore what I think is the tension at the heart of the issue. You have both been very clear in your evidence this morning and in your written evidence that there is no disagreement between national and local government about the principles of what we are trying to achieve, whether that is in addressing child poverty or net zero or whatever those principles are.

You have also been clear that there has to be much greater co-operation between national and local government but, at the same time, you seem to suggest that there are difficulties around delivery and different approaches. I will take the example of the national care service, because COSLA was clear a few months ago in response to the committee when it said:

“The Scottish Government should not consider breaking up the Local Government workforce as by doing so would have a negative and damaging impact on the cohesion and effectiveness of it but should instead ensure proper funding is provided.”

My question is that, although we want to establish much better-quality social care, particularly in relation to demographic changes, there seems to be a fundamental difference of approach between national and local government. Am I right in thinking that national Government, quite rightly in my opinion, wants to ensure that there are national

standards of good-quality care, but local government thinks that delivery has to be done by local providers because they understand it best? Is that the fundamental tension in the policy?

Cleland Sneddon: This could be my specialist subject, so I will keep my comments as short as I can. The work in the original Feeley review relied heavily on lived experience and first-hand testimony. It demonstrated how people felt about the process of accessing care in Scotland, and differences in standards were a key part of that. However, the review did not go on to consider or report on the real challenge that underpins all that, which is that people’s experiences come from decisions to rationalise care. Those are decisions about who gets care and who does not, and decisions that people should get a particular level of care when they think that they need more. Those decisions, and the rationalisation of care, come from the resource context.

There was a leap from that set of conclusions to a conclusion that we need structural reform that rips out the core of local government—about a third of it—and puts it into a new bureaucratic structure, without having any evidence as to how that would lead to better care outcomes. We have found that to be a challenge all the way through and, thankfully, this committee has been helpful in reviewing the work that has been done to date and exploring the potential financial consequences of doing that without putting a penny more into care.

We have said all along, right from the beginning of the Feeley review, that we share the same aspirations but we think that there are better, more fundamental and quicker ways to improve care outcomes than creating a national service. I have one caveat to that. As the submission that COSLA and SOLACE made to the original national care service consultation says, there are certain things that would benefit from a national approach. You have alighted on one of them, which is standards, but other areas, such as workforce planning, would benefit from a national approach. However, decisions on commissioning of services and the delivery of services belong at a local level.

I think that almost every stakeholder who has participated in the work has now confirmed the same position. Therefore, we are quizzical as to why the vehicle is still hurtling downhill, costing a significant amount of money. I think that, at the last count, 178 civil servants were working on something that everyone knows is unaffordable. We would welcome a more open discussion about how we improve care outcomes and do certain things at a national level but leave delivery local.

Liz Smith: I will come to Mrs Watters in a minute. Mr Sneddon, is that a problem with the consultation process? Can we achieve improved national outcomes and certain quality standards

as well as the right delivery in local circumstances? Is there a structural problem, or is it just a matter of consultation and ensuring that national and local government work better together, as you said earlier?

Cleland Sneddon: This is a personal view, but I think that we now have more of an opportunity to jointly agree the approach to care services. We can badge something as a national care service and certain bits would sit neatly within that that would benefit from being undertaken at national level. However, there is now more of an opportunity for colleagues in the Scottish Government and local government to agree our priorities and how we go about that.

As I said, it would be helpful if somebody would just stop the vehicle—just put the brakes on right now—and refocus on what would improve care outcomes as opposed to taking a structure-first approach. The financial memorandum, as sparse as it was, indicated a cost of between £250 million and £500 million for the structure alone. We could put that money to far better use at local level.

We need to value care as a service, a sector and a workforce. I will give a very quick example. A Domino's Pizza delivery driver can get £12 an hour plus £1 per delivery. Compare that with someone providing the most important and vital personal care who is paid considerably less than that. That is why we have recruitment challenges in the sector and why we are constantly struggling to ensure that people get the care at the right time in the right place. That is just a personal view.

10:45

Liz Smith: That is very helpful. If the vehicle is still running and you would prefer it to stop, are there on-going discussions between local and national Government about how to improve matters?

Cleland Sneddon: There absolutely are. This is a broader thing. There has been a bit of a reset in relationships, which we worked proactively towards and welcome. There is on-going discussion in a number of fora to try to find the right outcome for care services. We will fulfil certain aspirations at the national level, but we will leave the commissioning and delivery of care as local services, because that is what we hear people saying that they want.

Sarah Watters: I echo that. There are some constructive discussions at the moment about finding joint governance arrangements that will allow both the Scottish Government's aspirations and local government's hopes for social care to be realised.

I do not know whether the timing is good or bad, but we are going to sign a partnership agreement. Developing something with that level of tension could have been problematic, but we are taking a pragmatic route through it, looking at what we can call a national care service and what it can usefully do.

If we rewind back to the start, the commitment to create a national care service was in the programme for government without there being any early engagement with local government. We hope that the partnership agreement will avoid things like that, and that there will be earlier discussion about what sort of thing might be put into the programme for government, whether we think that will work, how it would operate locally, and so on.

Liz Smith: I have two short questions to finish. First, do you have a timescale for those new discussions between local and national Government? Secondly, do they include discussion of your respective perspectives on the financial commitments that will be involved?

Sarah Watters: On the timescale, COSLA leaders will meet next week and will consider early proposals that are being jointly developed. I understand that the Cabinet also has to consider that.

I also understand that the timetable for stages 1 and 2 of the National Care Service (Scotland) Bill has been pushed into the new year, which is helpful because it will allow us to get into the trickier financial discussions that absolutely must happen. At the moment, we are focusing on what can be done to support both spheres of government, but there is a lot of detail, so it is helpful that the timescale has been pushed into next year.

Ross Greer: You talked about early engagement about the programme for government. Does COSLA accept that trust in that process would have to be robust and to work both ways? To be brutally honest, there have been issues in the very recent past when there have been leaks from COSLA about Scottish Government policy announcements. We would have to move quite dramatically away from that culture, which I presume is not an officer culture but is the reality of COSLA being led by 32 councillors from various political persuasions. Early engagement on the PFG, which is confidential until the moment when it is published, could not work if the level of leaking that we have seen from the COSLA leaders group were to continue.

Sarah Watters: The issue boils down to the culture that has been created in recent years. We do not get sight of things until very late. There is

political capital in some of the leaks, but having a more constructive relationship earlier in the process would create a much better culture. The aspiration for the partnership agreement is to create a far more positive culture across both spheres.

Cleland Sneddon: On the subject of discussion about the programme for government, what would be ideal—and my ambition for the partnership agreement—would be if future policy announcements could consider the implications of putting resource or priority into one particular area. The most frustrating thing for me or any local authority colleague is to take the decisions that are necessary to balance our budgets but then to face criticism of that or to hear public calls for decisions to be reversed, without any ownership.

Before other people pile in, I can give you a very quick example. No one has ever, not once in 34 years, written to me to say that the most important thing that I could do was to provide free bus transport to people under 22. That is a perfectly legitimate national policy, however, and it went forward, but the consequences of putting resources there leave us considering rationalising swimming pools, leisure centres, libraries, Money Matters services and all the other things that we have had to cut. There is no shared ownership or a shared narrative.

My ambition is that, if we are going into straitened, difficult times, central Government and local government should share a level of narrative, so that we can explain to our constituents exactly what we are facing and why certain decisions are taking place.

Michelle Thomson (Falkirk East) (SNP): Good morning. This has been a very interesting discussion, and I think that you have fairly reflected the complexity of the matter at hand. I agree with the convener that your submission is excellent.

I have a question, however. I still do not understand why we do not have a shared services centre and why we need 32 different finance directorates and human resources departments across councils. I suppose that I would throw in legal services, too.

I can understand the complexities in creating shared functions in digital and estates, Argyll and Bute being a good example, and I could also mention procurement. However, the financial element in particular is fundamentally about accounting for money in, money out. My question to both of you, therefore, is: why have you not been considering creating a shared services centre for that as a simple way of bringing about public sector reform?

Cleland Sneddon: You will find reference in our submission to some work by the local government Improvement Service. As it indicated, it mapped 373 separate collaborative or shared services arrangements in Scotland. Those are just the tip of the iceberg—they are just the ones that the Improvement Service mapped in that particular exercise. If you go across all authorities, you will find a huge number of similar examples.

These are complex businesses, but without it being obvious. My organisation has 16,000 employees, an £845 million revenue budget and a housing revenue account beyond that, as well as two capital programmes. They are big and complex organisations.

Michelle Thomson: I agree. I read that bit of your submission with interest. I agree with you that, clearly, a lot of work has been done on shared services, but I am specifically asking why the finance function is replicated across 32 councils. In some respects, the work that you have done is arguably more complex than creating a shared services centre. I do not understand why that has not been considered. Even if you think that it is not within your gift to consider that, do you think that it is something that should be mandated by the Government?

Cleland Sneddon: To answer that straightforwardly, no. I come back to the complexities. If we were—

Michelle Thomson: Sorry to interrupt but, if it is about complexity, what specific complexities are there for a council finance director function that merits having 32 of them? I can see how, according to a framework principle, every council will have different partners and different methods of payment, but the function itself is duplicated, and I do not understand why we need 32 of them.

Cleland Sneddon: You will find reference in the submission to local authorities having made efficiencies of about 25 per cent of the costs of support services such as the ones that you have given examples of. Each authority is a sovereign state and has a different background and make-up. They have different loan portfolios and investment portfolios, different asset bases, different liabilities, different contracts and so on. One of my colleagues who was due to be here today would give you a director of finance answer on this, but I think that it is extraordinarily difficult to imagine a single service that was centralised in some form that could give the same level of individual care and attention to the finance functions of the local authority.

If you are referring to transactional stuff, such as payroll, I would say that the cost of payroll in local government would compare favourably with any other part of the public sector and a good

proportion of the private sector. I do not think that pulling it all into one big building somewhere centrally in Scotland would be feasible. You would have 32 different sets of terms and conditions for a central human resources team to try and administer, and it would be remote from the locations. I simply do not think that it would be a practical way forward. It would also not generate a massive efficiency, given the efficiency work that has already been done.

Michelle Thomson: I have two points on that to finish off.

On HR, you have actually made an argument for a centralised function in that we have 32 different sets of terms and conditions, particularly where many particular role types are broadly similar. There are large global companies with a footprint in a multitude of different countries that have a shared services centre. I therefore struggle to see how on earth we cannot have that across 32 different councils.

Critically, holding the data set in one area also gives us greater insights into making improvements.

I will ask my final question, which I know that Ms Watters may want to come in on as well. If it is not something that you have considered, is it because you have not really thought about it, or should it be mandated? I will hear your last point before I bring in Ms Watters.

Cleland Sneddon: To answer directly your question as to whether authorities have thought about shared services arrangements, yes, they have—every one of them has. Many of them will have gone through the business case development to see whether it is worth while. To take the HR example, it is about the local service response that you would get and whether it would be worth while in financial terms.

It is also about whether it is worth while in community terms. Again, if I go back to my old patch of Argyll and Bute, in Campbeltown, you have the centralised finance and transaction teams and benefits teams in that one community. If those jobs were exported into somewhere in the central belt, the impact on that particular community, in terms of community wealth building, would be significant. Would I support central Government mandating that all authorities put their HR functions into one? No, I would not.

Sarah Watters: I do not think that any entrepreneur out there would design a business that is like a local authority, because you simply would not want to be providing all those services, from collecting waste through to caring for older people and everything in between. In many cases, we are the provider of last resort, which comes

with a number of challenges from a workforce and financial perspective.

We share workforce data, and we would welcome national approaches to workforce planning. I am, in fact, meeting the Scottish Government's public sector pay policy team this afternoon to look at pay policy across local government teaching and other parts of public service.

If we were to do what you are suggesting, the opportunities for fiscal empowerment and reaching into the place-based services that we need would be absolutely hampered. There is a bit of a tension at the moment between replicating what we are all doing and being able to be responsive locally. As Cleland Sneddon said, every community is different and has inherited different assets, liabilities and policies. If we are truly to empower local governance, local authorities having that unique function is still very important.

The Convener: I have one final question regarding the fact that local authorities were not asked by the Scottish Government to submit reform plans to inform the 2024-25 Scottish budget. How do you feel about that?

Sarah Watters: I think that we were asked to take a complementary approach in relation to the resource spending review. We feel concerned about what is happening in the public service reform space and we want to ensure that we are involved with it. There is a danger that this reform happens over here, and does not overlap with what is happening on the ground.

There are practical examples such as the roll-out of electric charging points. You could be doing that across a public service estate locally, but there could be plans afoot to change that public sector estate, which would be completely illogical. We will get on with reforming locally as we have done for many years—as the submission says—but we are concerned about the plans that others are putting in place, because they will touch us on a local level. We want to make sure that we are involved with them.

The Convener: It would be more effective and efficient if it was done collaboratively.

Sarah Watters: Collaboratively, yes.

The Convener: I thank you both for this excellent evidence, which was very interesting. It was a really good discussion. Do you want to make any further points before we wind up the session? Is there anything that you feel that we have not covered?

Cleland Sneddon: The questions probably did not allow us to touch greatly on capital or zero emissions/net zero.

The Convener: We just ran out of time, to be honest.

11:00

Cleland Sneddon: That is fine. I just wanted to say in reference to that that, again, we probably need a more in-depth dialogue with Government around those aspirations. The Accounts Commission colleague who came along to the SOLACE conference last year said that they could not understand why local government is not shouting from the rooftops and reporting that it has no prospect of hitting the zero emissions target in 2038, given the current financial context.

South Lanarkshire Council has replaced all its 148 schools and 88 early years establishments in the past 15 years, bar two refurbishments. We have, by a country mile, the most modern school estate in Scotland, if not in the UK. Nonetheless, when my team looked at what it would require for us to take my non-domestic stock to zero emissions, the figure was £550 million—and that is in last year's money, so we can probably inflate that to get the figure in today's money. My capital grant this year was reduced to £21 million, which is for every commitment.

There is a point around capital that we did not get the chance to get into today, but I wanted to note that it needs to feature as part of the conversation. It is one planet, and it is our planet, and we are as committed to hitting net zero as everybody else, but we need to stop playing at it.

The Convener: As Sarah Watters has no further comments to make, I thank you both once again for your evidence.

We will continue to take evidence on the Scottish Government's public service reform programme at our next meeting.

That concludes the public part of today's meeting. The next item on our agenda, which will be discussed in private, is consideration of our work programme. We will have a five-minute comfort break to allow official report staff and our guests to leave.

11:02

Meeting continued in private until 11:28.

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

All documents are available on
the Scottish Parliament website at:

www.parliament.scot

Information on non-endorsed print suppliers
is available here:

www.parliament.scot/documents

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: sp.info@parliament.scot

