



transforming **public services**
THE NEXT PHASE OF REFORM

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MINISTERIAL FOREWORD



Our public services form **an integral part of modern Scotland**. They enable our communities to be safer and stronger; our young people to be educated and inspired; our citizens to be cared for at different stages in their lives; and they protect the most vulnerable in society. Not only do our citizens benefit from public services but many are involved in their delivery. These individuals are committed to the provision of quality public services for every citizen providing the education, care, protection and encouragement for our great country to flourish.

However, Scotland is a small country with a population of around five million people and whilst this has never stopped us from taking a lead we must strive for our position on the world stage. We have **big ambitions for Scotland** and our public services are in a prime position to use their powers and capacity to help realise these ambitions. Not only do we want our public services to be the best in the UK but the best in the world and to achieve this we must be prepared to transform the way that they are organised. Public service reform will enable us to meet the changing needs of modern society and to deliver the outcomes that create a fairer and more equitable society.

Scotland is competing in an ever changing world with improved technologies and the emergence of dominant economic forces such as China and India. This does not mean that the quality or quantity of public services should decline, in fact the opposite. Since devolution we have invested hugely in public services delivering more teachers, police and nurses. Of course there must be limits as investment alone will not produce results; to maximise benefits investment must be coupled with reform.

The **creation of our Parliament** in 1999 presented us with many opportunities and many challenges. We have already sought to tackle these challenges in different public services through, for example, Delivering for Health, the creation of the Transport Agency, a Teacher's Agreement for the 21st Century and Efficient Government. It is not our intention to disturb the progress of these substantial ongoing reforms but to build on strength where it exists and on valued principles which underpin delivery, for example a health service free at the point of delivery and time of need, and a comprehensive, non-selective education service offering equality of opportunity to all and excellence locally. Rather we must treat our progress on reform as an opportunity upon which we can build by taking the chance to look at **public services in their entirety**, consider our long- term options and deliver an improved framework for the people of Scotland.

Our continuing commitment to reform is about making a **real difference to users and communities** whilst remaining realistic about public spending. The prize of continual improvement for the public will be multiple – providing simpler access to a universally high quality of service; new services delivered in new ways; straightforward redress when things go wrong – with support where needed; a real say in how services are planned and delivered; greater choice for individuals in how they use public services and what services they can obtain; clear, transparent information about services and performance allowing citizens to evaluate the delivery of local services; and measurable progress on the priorities set by the people of Scotland.

If the luxury of starting afresh ever presented itself, few would disagree that we would aim for far more

clarity, far less duplication, far greater symmetry and cooperation. The overriding aim of this complex and substantial work is not just to help us **sustain the volume and quality** of our public services; it is to radically improve on both and to recognise the need to rationalise our organisational structures wherever necessary.

Our reform journey is predicated on the belief that we must value those dedicated, and often highly qualified, individuals who ensure consistently high standards of public services are provided to those who need them most. We will endeavour to work to support their efforts whilst ensuring that we generate the **maximum benefit from every public pound spent**.

We seek a new and **mature climate of trust** between central government, local government and various delivery organisations, recognising the elected status of local government. There can be no place for self interest, be it professional or institutional.

This document will seek to provoke debate around the many aspects of reform including geography, structures, processes, culture, people and legislation. Each is important in its own right but they must all be pulled together as we seek common workable solutions. For instance, in our drive for efficiency we must ensure that unnecessary duplication is removed enabling public services to function effectively with the most appropriate but supportive legislative, audit and accountability frameworks.

Greater flexibility in the way organisations deliver public services will generate opportunities for increased cooperation and integration.

We must also consider the responsibilities that senior professional officers hold for the delivery of our public services. With these responsibilities comes the need to strengthen the levels of accountability and to identify the management obligations which accompany these senior posts. Professional, managerial and organisational **leadership** must become the norm and not the exception.

The provision of world class public services which protect, nourish and empower the citizen through all of life's stages is an imperative. World class public services are needed to drive the economy and help bind our communities together. In reforming our public services we will ensure that our greatest asset, the potential of the Scottish people leads us to deliver sustainable, productive and rewarding effects across the whole economy and society.



Tom McCabe

Minister for Finance and Public Service Reform



chapter **one**

INTRODUCTION

1. This document sets out our vision for reform, describes the approach to developing that vision to build on the progress already made, and aims to provoke discussion and ideas about how reform can be deepened in the years to come.
 2. Reform is an ongoing process of change and there are already examples of reform taking place within many areas of our public services. This document and dialogue process is not intended to divert or delay these existing reforms. Rather it is intended to learn from where we are improving the quality and efficiency of our services, drive and encourage continuous improvement in service delivery, and challenge those areas where the service is unacceptable.
 3. Throughout the document, we highlight discussion points about particular issues. These questions will be explored in depth in a series of events during 2006, which will help shape the future direction of the long-term transformation of public services in Scotland.
 4. We have a window of opportunity in 2006 to agree the direction of change and we would urge all those involved not to be constrained in their thinking about how best to organise our public services for future generations but to embrace the chance to use their imagination and think about what would really make a difference to the people of Scotland. The process of change will be continuous over the long term with the key period for implementation occurring during 2007-2011.
 5. Our ambitions for service transformation apply across the whole public sector. The proposals and options in this paper are relevant to local government, police and fire services, the NHS, the enterprise networks, further and higher education institutions, the justice system, the Executive itself and the range of NDPBs and executive agencies.
 6. We do not propose to adopt a 'one-size fits all' approach to the vast range of public services, and different communities across Scotland. Some services are delivered nationally, some regionally, and others locally. **Our challenge to local communities and public services is to work with us to identify the reforms that will transform service delivery in their area.**
 7. **The challenge to reform applies equally to the Executive.** We must transform the way we plan, fund, direct, and oversee public services and remove barriers to service transformation. We want to work in partnership to design a framework for public services that is sustainable, integrated, fit for purpose and user centred.
- The context for reform*
8. We start from a strong belief in the value and importance of public services. They are there for all of us in times of need; and they bind society together. Efficient public services help drive our economic performance by helping to equip people with the education and skills required in a competitive economy, and by providing the infrastructure for enterprise to flourish.

9. We have invested heavily in public services since 1999, and that investment, combined with the measures we have put in place to improve performance and efficiency, has delivered real benefits. The case for reform is not based on an assumption that public services are generally failing.
10. But there is no doubt that our public services have to be more responsive and effective and that we face a number of long-term challenges over the next 20 years, which we cannot meet unless we accelerate the pace of modernisation and reform:
- We have a more diverse and individualistic society with different aspirations and expectations. People are better equipped to make assessments of service quality and to judge service quality against the best elsewhere, and they expect services tailored to their needs.
 - The unparalleled growth in expenditure on public services in recent years is **not likely to continue indefinitely**, particularly when our economy faces increasing competition from Eastern Europe, India and China.
 - We are experiencing unprecedented technological change – with opportunities to deliver services in new ways, but also risks of increased inequality.
 - The proportion of people of working age in the population is shrinking. The fact that so many of us are living longer is a cause for celebration, but we cannot deny that it will put public services under increasing pressure if we do not reform.
- There is declining engagement with the political process and generally with the public sphere. This could fuel a loss of trust in public services unless we can demonstrate that they are valuable and efficient, and match the best that can be found elsewhere.
 - Our determination to improve economic opportunity is informed by the social disadvantage that is still experienced by too many in our country.
11. The establishment of the Scottish Parliament and the Scottish Executive was a once in a lifetime change to the governance of Scotland. But the Parliament and the Executive were grafted onto the existing institutional landscape. That landscape was a result of many different changes, including the creation of the post war welfare state, the local government reforms in the 1970s and 1990s, and the transfer of central government delivery to Executive agencies in the 1980s. **It is time for a new settlement in the public sector**, to give us a framework which will equip us for the challenges of the next 20 years and beyond without making the mistakes of previous costly reorganisations.

chapter **two**

PRINCIPLES AND VALUES OF REFORM

12. The **vision** which guides our approach to reform is that we can aim to have public services which we will know to be amongst the most successful, effective and innovative in the world.
13. The **values** underpinning our commitment to public services are that they must:
- **promote social justice and equality;**
 - **build for the future** – fostering sustainable change, which supports a growing economy, a better environment and strong communities.
14. There are five elements which are fundamental to our approach to reform. Public services need to
1. be **user focused and personalised** to ensure that services are organised around the needs and aspirations of service users and citizens, not the convenience of the service provider;
 2. drive up **quality and encourage innovation** – setting high standards, tackling poor performance, promoting innovation and creativity, and building in continuous improvement;

Sustainable Development

Following the signing of the UK Framework on sustainable development in March 2005, we published the Scottish sustainable development strategy 'Choosing our Future' in December. It is built around:

- the well-being of Scotland's people;
- Scotland's thriving communities;
- Scotland's natural heritage and resources; and
- Scotland's global contribution;

together with the education, learning, structures and processes needed to support delivery.

This document recognises the need for the public sector in Scotland to have the administrative structures to support delivery, where we use public procurement to maximum effect and where we continually seek to reduce our global environmental impact.

To achieve these outcomes, we must:

3. **improve efficiency and productivity** – reducing unnecessary bureaucracy, embedding a culture of efficiency across public services, and strengthening leadership;
4. **join up services and minimise separation** – joining up services across organisational boundaries, and sharing best practice;
5. **strengthen accountability** – moving power and resources to the frontline, strengthening local responsibility and accountability and efficient and effective governance.



chapter **three**

FUNDAMENTALS OF REFORM – USER FOCUS

15. First and foremost, services must be designed around the needs of service users. Scotland has always valued public services, but there is still a perception that many of these public services reflect a post-war welfare state model, which could be regarded now as paternalistic; where users had little say in what that service should be and the amount and quality of service is strictly rationed.
16. We are moving away from that approach towards more flexible, user centred services, but we must go further. In doing so, we need to learn from other sectors, be it voluntary or private, whilst respecting what is valuable about the public service ethos.
17. Public services can never be wholly identical to private provision – precisely because they are public. They exist to provide the intangibles of safety, community cohesion and law and order; working with communities to achieve a smart successful economy and protect the most vulnerable, delivering social justice and quality of life, and safeguarding the living standards of the generations to come after us.
18. So public bodies have many complex roles (and, with local government the addition of elected status) including direct service delivery, planning and commissioning services, regulating and protecting the public, advocacy, and adjudicating between competing interests. We need to apply the principle of user focus in the right way for each service.
19. Making user focus our primary goal means that we are committed to greater responsiveness to individual needs, lifestyles and work patterns, and:
 - Working with service users, and recognising the contribution that they themselves make to outcomes;
 - Testing out new ways of delivering services, including through technology;
 - Ensuring people have the information and support to access the services that they want and need, and to hold services to account;
 - Widening the choice people have over the kind of services that are on offer.
20. The other elements of reform underpin the aim of user focus, through:
 - Ensuring consistently high service standards – so service users do not have to seek out adequate services;
 - Making the most efficient use of resources – so the quality of frontline services is never compromised;
 - Organising services around the needs of users, not institutional silos;
 - Strengthening the accountability of services to communities.

User focus and personalisation – how we are delivering

Delivering for Health commits us to a health service where services are provided in partnership with patients and their carers. More services will be delivered locally, and there will be dedicated resources in less well off areas, to reach out and help those at higher risk of ill health. We will expect care to be tailored to the needs of individual patients, and we will increase support for self-care.

The **21st Century Social Work** report 'Changing Lives' sets out a vision for social work which engages people as active participants, delivers accessible, responsive services of the highest quality, builds new capacity in individuals, families and communities, and focuses on preventing problems before they damage people's life chances. The review was guided by a diverse, active and valuable panel of users and carers. Their insights and priorities were integral to the review process and underpin the report. The panel is developing the concept of 'Citizen Leadership' which will involve the development of structures for the input of users and carers to the implementation of the review's findings and to the long-term future of social work services at local level.

The **Customer First** programme is creating a national data sharing infrastructure which will allow local authorities to offer a much more customer focused and efficient service to their citizens. This infrastructure will support joined up Customer Relationship Management systems, ensuring that at least 75% of service requests can be dealt with at first contact, and a national entitlement card system providing more convenient access to public services.

Choice, voice and personalisation

21. The options for empowering service users are sometimes characterised as 'choice' or 'voice'. We wish to strengthen both in our public services.
22. We want to see more meaningful choice for service users, wherever this is consistent with fairness to others, and in various forms – choice of the type of service that meets the person's needs, and when and how to use it. In some services, this will mean an increased diversity of service providers or public provision itself offering more choice and new ways of meeting the needs of individuals within current delivery frameworks.
23. This is already occurring within our public services. Within NHSScotland there are situations in which a user can choose which hospital they attend for a major operation requiring a significant recovery period enabling them to be close to family and friends that can offer personal support. For example, an older person living in Glasgow can choose to have their major operation in Dundee so that they can be near family and friends and recuperate with them.
24. This choice exists now but we also want to go further – offering users more choice tailored to their needs. For instance, offering services out of hours to fit in with individuals' lives enabling users to get a GP appointment, make a statement at the police station or ask for information at the council office out of hours. This added value to the service will encourage greater participation from citizens in our community facilities securing their sustainability.

25. There has always been a mixed economy of public services in Scotland, with services delivered by public sector bodies, the voluntary sector, private organisations and individuals. For most public services, the most important issue for the user is not who runs the service, but whether it can be accessed locally and how best to secure high quality, efficient services which are accountable to them.
26. “A Vision for the Voluntary Sector – The Next Phase of Our Relationship”¹, emphasised the contribution the sector makes to Scotland including its role in service delivery. The vision discussed ways of assisting the sector to grow this role and we will continue to explore this as part of this strategic discussion on public service reform.
27. We also recognise, though, that user choice cannot be the only solution to improving public services. For some services, a choice of provider is simply impractical, or would require wasteful surplus provision. After all, choice in public services is different from the choice an individual might expect in the private sector where supply outstrips demand, where everything is priced and where the user is constrained by their personal budget. If choice in public services is to be worth anything, it has to make a difference to what the user gets.
28. Our vision is for personalised public services, which not only view service users as consumers, but also as **participants and citizens** – working with public services to create better lives for themselves and their communities and having responsibility for the choices they make. This will not only help to make services more user focused; it is often more cost-effective, by drawing on the potential and resources of citizens and their knowledge of their own problems and potential solutions.
29. Services must also listen to the concerns of users. Being responsive to feedback and complaints is vital for successful private businesses, and should equally be a mark of good public sector bodies.
30. Strengthening ‘voice’ means giving all service users the means to speak out about services – not just the articulate and well-informed.

Strengthening ‘voice’

The **Mental Health (Care and Treatment) Scotland Act** is one of the most innovative pieces of mental health legislation in Europe. For the first time it set out a legal principle that the service users views must be taken into account, even when receiving compulsory care, and a statutory duty to provide advocacy services for patients.

The **Scottish Schools (Parental Involvement) Bill** seeks to encourage parents to be involved in their own child’s learning, strengthening the links between parents and schools, and improving parental representation. Research shows that when parents are involved in education, children do better.

¹ “A Vision for the Voluntary Sector – The Next Phase of Our Relationship”, Scottish Executive, December 2005

31. Where service users are unhappy with their service, the ideal is to resolve the issue locally and informally wherever possible, with simple and easy to access complaints and review procedures, where this is not sufficient. There has been a lot of work done to develop modern responsive complaints systems, but many people still feel intimidated and unsupported by the procedures involved. Improvements could be as simple as the ability to speak to a real person rather than an automated system making all the difference to the user. In addition, complaints systems are still often linked to specific service providers which may not be enough in a world of joined up service delivery.

32. We want to explore what more we can do to strengthen user voice, including the potential benefits of a more unified complaints system across public services. A responsive complaints system should progress in line with people's needs and input giving the user feedback and using complaints to shape future policy and improve service delivery. We also wish to consider how the implementation of Best Value duties² can more effectively support our aims for personalised and user focused public services.

Discussion points:

- **What more can we do to ensure public services are driven by a desire to create as much user focus as possible?**
- **What more can we do to ensure that the public are able to make informed choices about the services available to them?**
- **How can we ensure that complaints relating to public services are resolved at the first point of contact rather than escalating the process?**

² One of the key Best Value duties is responsiveness and consultation. Local authorities and other public bodies are required under Best Value to be able to demonstrate responsiveness to the needs of their citizens and customers.



chapter**four**

FUNDAMENTALS OF REFORM – QUALITY AND INNOVATION

33. We are determined to achieve public services that instil a sense of confidence and pride in the users and providers, and for Scotland to have a deserved reputation for world class public services. We already have much to be proud of. We have world class higher education – with two of the world's top five universities for life sciences. The attainment of Scottish school pupils has increased – across the board – since 1999.
34. But world-class quality is not universal across our public services and all too often it is those members of our society least well equipped to speak up for themselves that have to tolerate poor quality. In order to achieve our aspirations we must recognise the penalties for not delivering, and we must do more to:
- Foster innovation
 - Build in continuous improvement
 - Set and achieve universally high standards
 - Tackle poor performance

Continuous improvement

The **Standards in Scotland's Schools etc. Act of 2000** made fundamental changes to school education in Scotland.

The 2000 Act had two principal strands in relation to the delivery of school education; each of which is a radical development in its own right, with long-term consequences for Scottish school education:

- giving every child in Scotland a **statutory right** to a free education designed to fulfil the individual potential of that child. This is a visionary entitlement, founded in the terms of the UN Charter on the Rights of the Child; and
- a requirement on local authorities and Scottish Ministers to plan for **continuous improvement** in school standards. Underpinning this, the Act gave Ministers power to determine **National Priorities** in education to direct improvement and frame school and authority planning. The 5 Priorities set in regulations under the Act have remained consistent pillars for improvement activity since 2001; providing stability and coherence while driving improvement forward.

Fostering innovation

35. As a small, well-connected country, Scotland has the conditions to be a public sector hothouse for innovation – finding new solutions to old problems, and tackling emerging issues.

36. The centre has a role in helping to identify, support and spread knowledge of new ideas. But most good ideas emerge locally – from the people and organisations at the front line. We need to create a culture which recognises innovation, builds on it and spreads it around the system, and we need to ensure that we have the structures and incentives that allow innovation to flourish.
37. That means sharing good practice across the public sector and learning from the voluntary and private sector and internationally. It may also require us to adjust targets and performance management and reporting systems if they discourage new ways of delivering real benefits for the public.
39. As we move towards increasing public service integration and a greater focus on outcomes, our Best Value arrangements may need to evolve, to focus on the outcomes that a variety of public service organisations deliver jointly, rather than primarily on internal processes within organisations.
40. The Centre for Change and Innovation in Health and the Local Government Improvement Service have been established to support improvement and innovation in the NHS and local government respectively, and the Joint Improvement Team and the Joint Futures Unit work across Health and Local Government to secure joined-up working and improved service delivery. We are already exploring how these organisations and other initiatives can work more effectively together to support change and improvement across public services, and to strengthen the capacities of public services to learn from evidence of successful practice.

Quality and innovation – Student Awards

The Student Awards Agency introduced online applications in 2002 – a year ahead of the rest of the UK. This year around 24% of applications were made online (compared with 3% in England and Wales).

Through use of technology and process improvements, the Agency has reduced the average time to process applications from 28 days in 2000 to 11 days. SAAS is around 5 times as fast and a third less expensive than the comparable service in England and Wales.

38. Our framework for continuous service improvement is Best Value, which sets a common standard for public service management. The Best Value regime has proved a major driver of reform and modernisation in local government, and the Best Value audit process is increasingly challenging under-performance, as well as identifying success. We will continue to roll Best Value out across the public sector, and will learn from experience elsewhere.

Universal standards

41. The Partnership Agreement set out our commitment to national service standards, where appropriate, reflecting what any citizen in Scotland should have a right to expect from their public services.³ We wish to explore how we can strengthen that service guarantee for the public, while retaining diversity and flexibility of provision.

³ 'To make sure that everyone across Scotland can be sure of the quality of service they can expect, we will set, where appropriate, national standards to be met or, ideally, exceeded': A Partnership for a Better Scotland, 2003

Intervention

42. Our approach to reform involves greater trust and freedom for the bodies that deliver public services – removing unnecessary bureaucracy, allowing services to work in new ways, and focusing on the outcomes that matter, whilst guaranteeing that greater freedom goes hand in hand with a determination to ensure that service failure is not tolerated, in any part of the public services.
43. Our work on developing an outcome approach, which is set out from paragraph 83, will consider what powers of intervention may be appropriate where there is significant service failure, or a serious risk of such failure. We will also consider what other powers of intervention might be appropriate, for example through the Best Value regime.

Discussion points:

- **What more can be done to foster a culture of innovation and creativity in public services?**
- **How can we strengthen the Best Value process?**
- **How best can we identify and ensure minimum service standards across public services?**



chapter **five**

FUNDAMENTALS OF REFORM – EFFICIENCY AND PRODUCTIVITY

44. Improving efficiency and productivity across the public services will continue to be a major element of our reform agenda. We will reduce the burdens on the public services and give greater freedoms where services are managed well – and we will expect those services to deliver substantial efficiency gains.

Efficient Government

45. Across the public sector, we are fully committed to our programme of Efficient Government. We aim to deliver £1.5 billion of annually-recurring efficiency savings by 2007/08⁴ and have already identified projects which will deliver £1.27 billion of that. But Efficient Government was always about much more than our initial targets. We said in the Efficient Government plan that –

“we will have succeeded when efficiency is fully part of a culture of continuous service improvement – everywhere in the Scottish public sector”.

46. That change is happening –

- We are working with CoSLA and the Local Government Improvement Service to deliver new arrangements, which will form a part of councils’ normal business planning processes, which will allow more accurate annual reporting of local government efficiency gains;
- The recent review of procurement led by John McClelland set the framework for the public sector to realise the substantial efficiency gains to be made from smarter, more joined up procurement, supported by the eProcurement Scotland system;⁶

- Our strategy for shared support services across the whole Scottish public sector was published for consultation earlier this year.⁵ It looks at the whole range of approaches – including national and regional service hubs, sharing within sectors and, where appropriate, outsourcing to private sector suppliers.

Efficiency gains – achievements

There are a number of significant initiatives underway across the **NHS in Scotland** aiming to release £523 million worth of efficiency savings by 2007/08, released for reinvestment in the ever-increasing demands that are being placed on the delivery of high quality public health services.

Concerted effort has been made to build upon the collaborative procurement arrangements that were previously in place, with the establishment of the **NHS National Procurement Organisation**. In one year cash savings of £33 million have been realised through these revised procurement arrangements.

In the Primary Care setting, pharmacy advisors throughout NHS bodies continue to ensure that the right medicines reach the right patients at the most cost-effective prices. Consequently the first year’s efficiency target of £5 million has been exceeded.

And through a series of pilot projects led by the Centre for Change and Innovation, by refining GP and outpatient booking systems and by redesigning the delivery of certain outpatient specialties, we are ensuring that more patients are being seen sooner, and at a time and in a setting which is more convenient to them.

⁴ “Building a Better Scotland – Efficient Government – Securing Efficiency, Effectiveness and Productivity”, Scottish Executive, 2005

⁵ A shared approach to Building a Better Scotland – a consultation paper on a national strategy for shared services, Scottish Executive, 2006

⁶ Review of Public Procurement in Scotland – Report and Recommendations, Scottish Executive, 2006

Efficiency gains – achievements (continued)

One year on, **our reform of the High Court** is delivering tangible benefits. Evidence in the case is made available much earlier by the Crown to the defence. New preliminary hearings mean that cases only go to trial when they are ready, and the evidence of more witnesses can be agreed – so they do not have to appear in person. More people who intend to plead guilty do so before the case comes to trial. And almost all trials go ahead when planned, in contrast to the previous pattern of frequent adjournments.

As a result – almost 70% fewer witnesses have been asked to appear in the High Court. When they do have to attend, their experience is less frustrating because the trial is much more likely to go ahead on time. Greater efficiency, but also a better public service to key stakeholders on whose participation the justice system depends.

47. We know, though, that there is more we can do across public services to strengthen management and accounting systems so that we have a clearer picture of the unit costs of services provided and how these costs benchmark against other providers and against alternative approaches, leading to more informed decisions and better value for money.

Efficient Arm's Length Bodies

48. We review the role and performance of NDPBs and agencies on a five-yearly cycle. The application of Best Value to NDPBs on a continual assessment basis will complement these periodic reviews of performance – external scrutiny of an organisation's own arrangements will come from Audit Scotland.

49. We are determined to ensure that opportunities for efficiencies are taken up by all public bodies. All Ministers will be reviewing their areas of responsibility to ensure that the groups of bodies in each portfolio, or across portfolios, have fully embraced the efficiency agenda and that services are best configured to ensure the delivery of the desired outcomes for citizens.

Simplifying planning, funding and reporting

50. The investment in public services since devolution has led to a wealth of new initiatives – but this has brought with it an increase in the bureaucracy of planning, performance reporting, and funding. We need to ensure that checking does not become an obstacle to doing. That means the Executive has to be more proportionate in its monitoring, and to be prepared to place responsibilities for functions in the right place and resist attempts to duplicate that function within another service provider.

51. In the short term, each portfolio in the Executive is committed to a measurable reduction in the burdens of planning and performance reporting by 2007. We will also undertake a review of all minor levels of local government funding streams, as they often demand disproportionate amounts of officer time to manage. We will also consider how to further reduce monitoring requirements to incentivise demonstrable high performance.

52. In the longer term, we want to move to a radically streamlined approach. This could be based on identified outcomes in key priority areas. This would mean that the 60 or so plans which councils currently have to produce could be cut to around 5 or 6, combined with a dramatic simplification in performance reporting, and rationalisation of funding streams.
53. We will also consider how far reductions in monitoring requirements could be linked to and could incentivise demonstrable high performance.
54. Alongside this, we intend to look for ways to improve the distribution methodology used to calculate local government funding and work with stakeholders to produce an improved Local Government Performance Management Framework, including consideration of the current Statutory Performance Indicators (SPIs).
57. Alongside the review, we will work with scrutiny bodies through a reconvened Joint Scrutiny Forum to develop and apply best practice.
58. We intend that the review should lead to more flexible, proportionate and risk based scrutiny but, more fundamentally, it should ensure that scrutiny is not a burden on organisations, but an engine that drives performance improvement and service transformation.

Discussion points:

- **What more can we do to drive up efficiency and productivity in public services?**
- **How best can we move to radically streamline funding, planning and performance reporting?**

Scrutiny

55. A robust scrutiny regime is vital – to protect the public, and to provide reassurance that services are performing well. We therefore intend to conduct a fundamental review of the arrangements for inspection, regulation and audit, of the public sector – including procedures for formal external investigation of complaints.
56. The review will be headed up by Professor Lorne Crerar (currently chair of the Standards Commission). It will set out principles to guide scrutiny and will then go on to consider the implications of those principles of effective scrutiny for the current institutional arrangements, and report to Ministers in 12 months. Although independent, the review will be informed by the development of the wider public service reform agenda over that period.



chapter **six**

FUNDAMENTALS OF REFORM – JOINING UP

59. Many of the biggest challenges we face – like health improvement, eradicating poverty, environmental threats, creating a dynamic and entrepreneurial culture, and regenerating our most deprived communities – need effective and strong public services; but they cannot be solved by any single agency.
60. There are also areas where the current structures create duplication of effort – possible examples include regeneration and economic development.
61. So we need to be prepared to go further in looking at services from the user's point of view, and do away with organisational, professional and governance barriers which get in the way of effective delivery without compromising safety and standards. In some cases this may involve structural change, (discussed at paras 96 – 101), but this has significant costs, and no structure can abolish all geographic and functional boundaries. To tackle complex, multi-dimensional problems, public services need to be flexible, involve local communities and users, and work together across common boundaries to meet agreed priority goals. That needs cultural change within agencies, and it needs government to remove barriers to joint working.
62. We aim to:
- strengthen the current mechanisms for joint working;
 - work with public bodies to test out new ways of delivering integrated services; and
 - use technology to support service transformation.

Joining up the Arts

“Scotland's Culture”⁷ – Set out a vision of culture as a shared responsibility across government and public life, with local cultural entitlement backed up by national support from cultural talent and excellence, and with culture a fundamental part of wider policy – from regeneration to education.

Community Planning

63. Community Planning has been developed as a locally driven process and is the formal mechanism which underpins joint working. It has four key objectives, which are central to our ambitions for reform:
- People and communities should genuinely be engaged in decisions about the public services which affect them;
 - Public sector organisations should work together to improve services;
 - There should be better co-ordination of initiatives and partnership working;
 - The links between national priorities and those at regional, local and neighbourhood levels should be improved.
64. The emerging conclusions of the review of Community Planning Partnerships by Audit Scotland, and our discussions with other organisations, raise serious issues which need to be tackled if Community Planning is to become everywhere a real driver for better, more joined up service planning and delivery.
65. The issues we want to consider include:
- How best to ensure that local communities are aware of and involved in the Community Planning process;

⁷“Scotland's Culture” Scottish Executive, January 2006

- What more needs to be done to ensure that appropriate organisations engage fully in Community Planning. This may include extending the statutory duties to other organisations – but we also wish to consider how to strengthen the engagement of bodies already subject to a statutory duty;
- Whether Community Planning partnerships could play a more direct role in planning and co-ordinating integrated services – perhaps through outcome agreements to achieve agreed priorities, which are shared amongst different Community Planning partners;
- How we strengthen the democratic accountability of Community Planning building on local authorities' democratic mandate and community leadership role – including through ways in which local councillors can participate in and scrutinise the work of partnerships;
- Whether Community Planning can help to rationalise the many partnerships and structures which operate at a regional level.

Testing out new ways of joining up delivery

66. We have launched, in collaboration with local government and community planning partners, a project aimed at testing out different ways of joining up service delivery across public services.
67. The project will help us consider what ways of joint working might offer most promise in particular contexts, and will also identify practical obstacles – including restrictions on legal powers, and different and incompatible audit and accountability arrangements. We will take forward the lessons from the project to ensure that we identify and remove any unnecessary barriers to joint working.

Joining up service delivery

The **Highland Youth Action Service** is a partnership between the Highland Council's social work, education, culture and sport services – NHS Highland, Northern Constabulary, NCH Scotland, SACRO, BLAST (a local drugs service for young people), Apex Scotland, and the Scottish Prison Service. This multi-agency service operates in four localities across the Highlands and it provides a range of prevention, support and treatment facilities for young people to address substance misuse and offending; positive alternative choices; support to children affected by parental substance misuse; educational alternatives for young people at risk of exclusion and access to specific and intensive services for individuals.

The new **Community Justice Authorities** bring together local authorities, the Scottish Prison Service and key partners to make sure the right services are in the right place at the right time – an integrated approach with a shared task, to reduce reoffending. Local authorities and the Scottish Prison Service have specific duties and responsibilities to manage and challenge offenders as well as engaging others, e.g. police, health, housing, employment and the voluntary sector and victim support. This is designed to make a difference to the way in which we manage offenders and is helping to build a stronger, safer Scotland.

ICT and integration

68. The Scottish Executive is working alongside councils and other public bodies to develop innovative, Scotland-wide but locally responsive ways of improving service quality and efficiency, but more needs to be done to realise the full potential of ICT to transform services.

Joining up through technology

We and our local partners are using the **eCare Framework** to put in place a system of electronic data sharing to provide better and more joined up care, advice and assistance to the people of Scotland. Within a framework of consent, secure information sharing between professionals, such as doctors, nurses, social workers and teachers, is now taking place. The Framework is supporting a number of key integration policies; Joint Future, Child Protection, Additional Support for Learning and *Getting it Right for Every Child*.

The technology has been independently evaluated and we are currently examining ways in which the approach can be extended to other public sector agencies to support joint working and more efficient service delivery.

The **Scottish Schools Digital Network (SSDN)** programme is one of the most ambitious education ICT projects taking place anywhere in the world. It is made up of three key initiatives, each of which will bring long-term benefits to all Scottish schools, but which, together, will form a coherent programme that has significant implications for the way authorities and schools will work in the future.

The three initiatives are:

- the national intranet, an integrated package of services and applications for teaching, learning and education management, all within a secure online environment;
- the national interconnect, providing every education authority with a high-capacity link to every other authority and out to agencies (such as LTS and SQA) and to the wider internet; and
- the content delivery infrastructure (CDI), easing the flow of multimedia across the country by setting up storage systems which will speed up delivery and allow prior downloading of resources for use in the classroom.

68. We do not yet have a comprehensive overview of e-government activity in Scotland, which makes it hard to ensure it is joined up effectively. Information Communication Technology development has often been based in service silos, with limited opportunity for common issues to be addressed in a shared way. This can lead to duplication and wasted effort. The Openscotland Information Age Framework has provided a framework for developing and approving interoperability standards, but we do not have a common approach to the full range of technical issues needed to support joined up ICT.
69. We need to consider whether there should be overall strategic leadership of e-government activity in Scotland to oversee major projects, direct the use of relevant standards and ensure compliance with them, develop policy on common technical issues; and realise synergies through partnership working.

Discussion points:

- **Are there legislative changes which would help public sector organisations to work more closely together?**
- **How can we make more effective and accountable regional partnerships and structures?**
- **What do we need to do to provide more strategic leadership in relation to e-government?**



chapter **seven**

FUNDAMENTALS OF REFORM – STRENGTHENING ACCOUNTABILITY

70. The process of devolution has been a huge advance in accountability. We now wish to consider how to further strengthen accountability for Scottish public services delivered locally.
71. In a formal sense, almost all devolved public services (apart from those exercising judicial functions) are democratically accountable – directly to the Scottish Parliament, through Scottish Ministers to the Parliament, or through elected local councils. But we believe more needs to be done if the general public are to feel that services are demonstrably accountable – local people and communities need to know that they can have access to decision makers, participate in democratic involvement in major decisions affecting them, and obtain proper recourse where dissatisfied with service provision.

Strengthening democratic accountability

72. Our aim is to empower existing democratic representatives, to avoid the addition of unnecessary elected tiers, and to create the conditions for local flexibility and local initiative.
73. Clearly there must be a balance struck between national and local accountability. Some strategic decisions – for instance where a national or regional overview is required; the provision of specialist services; or the allocation of resources – should remain with Ministers and the Scottish Parliament.

74. However, at a local level we believe there is further potential for local authorities and local councillors to act as advocates and guardians for their community, in a world where services are not delivered by a single agency but by a range of providers, in partnership, through networks and through contractual arrangements.
75. We are also interested in views on whether there might be new and better mechanisms for accountability of arms length public bodies (NDPBs) to Ministers and the public, and on the role of the Scottish Parliament in holding services to account.

Accountability for performance

76. We need to examine carefully what decisions require to be democratically accountable, and in what way. Flexible, efficient and modern services cannot be delivered through a model which depends on referring all decision-making to the top. Expertise about delivery generally lies at the point of delivery – whether with professionals like doctors and teachers, or local management.
77. So we need to ensure that, in addition to democratic oversight, there is proper and fair accountability for management decisions, and effective accountability for organisational performance. This means strengthening the systems which measure performance – both on costs and quality, while reducing the burden of collecting unnecessary data. In particular, we wish to examine the potential for clearer and more transparent benchmarking against alternative providers or comparable organisations of cost and quality of service.

Accountability for performance – Citistat

The Scottish Executive is currently supporting the piloting of the Citistat model of performance management within two local authorities (Aberdeen City and City of Edinburgh) and two Health Boards (Ayrshire & Arran and Tayside). The model, originally pioneered in Baltimore USA, is being adapted to test its applicability to the Scottish political and social context. It is based on four key principles:

- i. Having the right data for managing performance and identifying improvement;
- ii. Undertaking thorough analysis of the data in the context of strategic objectives;
- iii. Regular sessions, led from the top, to rigorously review the data and associated performance;
- iv. Immediate follow up of forward actions.

The pilots are being evaluated. Preliminary evidence suggests that organisations are seeing the benefits of the model. Senior management is able to use better quality performance data to support their strategic management role and direct actions on the basis of a greater knowledge of their organisations' operations. In turn, staff and managers tell us they have a greater understanding of leadership priorities and are themselves using CitiStat information to solve problems and make service improvements.

Accountability of senior managers

78. Senior managers in the public service hold responsible and relatively well remunerated roles. Their influence on the performance of their organisations is enormous. They have a duty to give professional advice to politicians, take responsibility for the staff their organisations employ, and ensure the organisations deliver the priorities set for them. We want to consider options for strengthening their accountability for those responsibilities and ensuring there are proper sanctions when managerial authority is not exercised.

Accountability to service users

79. The Scottish Consumer Council recently commented that, compared with other forms of accountability (democratic accountability to voters, managerial accountability through audit, and financial accountability);

'direct accountability to service users was the weakest in terms of how mechanisms to maintain and enhance such accountability have been developed, funded and supported.'⁸

80. Although this comment referred specifically to local authorities, the issue is relevant across the public sector.

⁸ How do you rate your council? Scottish Consumer Council 2004

81. We wish to explore a range of ways in which we can ensure that the views of those who use services really count. Many local authorities and NHS and other public bodies have pioneered ways of measuring customer satisfaction, for instance, NHS Boards are already holding their annual reviews in public. But there is more we can do to ensure that customer satisfaction is a key component of how we measure high performance consistently across public services; alongside transparent and consistent standards for efficiency and quality.

Discussion points:

- **What role should elected councillors have in relation to public services – whether or not delivered by the local authority?**
- **What should be the relationship between local authorities and other agencies delivering public services in their area?**
- **How can we strengthen the accountability of Chief Executives and senior managers of public bodies for high performance and for achieving agreed outcomes?**
- **How can we develop strong, consistent and non-bureaucratic systems which will:**
 - 1 **Improve the reporting to the public of the performance of public bodies?**
 - 2 **Ensure that customer satisfaction and user experience are measured and used to drive performance improvement?**

chapter **eight**

STRUCTURES, OUTCOMES AND PEOPLE

82. The five fundamental elements of reform are closely interlinked, and all of them raise questions about how we:

- organise the structures of the public services;
- create the right relationship between the devolved government of Scotland and the various agencies who deliver services on the ground; and
- mobilise and motivate the people who work in public services.

Shared Outcomes

83. We are committed to maintaining a strong and universally available set of public services. But if we are going to tackle the most urgent problems we face, we must be prepared to set clear priorities for action – and those priorities need to be shared across the public services.

84. Our national priorities must be about **outcomes** – the real improvements that people see in their communities and in their lives – better health, reduced crime and anti social behaviour, an improved environment and increased educational attainment.

85. The Minister for Finance and Public Service Reform set out the Executive's approach to the Finance Committee on 27 September 2005:

"We are determined to establish a dialogue and process that will allow us the following:

- to become much more outcome focused in the use of resources;
- to spend less time on monitoring how money is spent;

- to spend less time on demanding myriad plans from our delivery agents about how they will go about achieving objectives;
- to spend more time achieving the headline outcomes.

And, through the detail of an outcome agreement, to trust organisations to decide on their own how they will achieve the outcomes."⁹

86. Moving to a truly outcome-based approach means radically re-thinking the relationship between the Executive and the wider public sector – linking funding and performance reporting directly to the outcomes we want to achieve, and allowing flexibility at the point of delivery to take account of local circumstances and needs. We are already developing outcome agreements in a number of areas, such as anti-social behaviour and regeneration. We now aim to go further, and test out ways of using outcome agreements right across the functions of a local authority or Community Planning partnership.

87. We will also consider whether we should do more to incentivise success. Currently, funding to public bodies is sometimes paid out regardless of whether the recipient of the funds achieves targets and priorities related to that funding.

88. As part of the development of an outcome approach, we want to look at whether funding should be more dependent on the contribution to agreed priorities; what other incentives we can put in place for high performance, such as a reduction in central targets or regulation; and what sanctions may be appropriate for failure to fulfil agreed commitments.

⁹ Official Report, Finance Committee, 27 September 2005, col. 2843 et seq.

Discussion points:

- **What are the potential benefits and drawbacks of a radical move to an outcome based approach?**
- **What more can we do to incentivise success – in achieving outcomes or high quality, efficient services?**

Leadership and human capital

89. High performance is not only dependent on good systems. It needs strong, visible, and dynamic leadership, and a skilled and motivated workforce.
90. We wish to explore what more can be done to develop the leadership capacity of public services across Scotland. We will build on the successful Scottish Government Forum in December 2005, which brought together the senior management of the Scottish public sector for the first time.
91. We are already looking at how we can set up a brokering service able to make leadership development opportunities available across different organisations. We want to look at whether more can be done to develop leadership capacity, including ensuring current and future leaders are equipped with the skills and knowledge they need to work collaboratively with other agencies.
92. We are also examining wider workforce and human capital issues affecting the Scottish public sector.
93. We have to consider the many possibilities to motivate and mobilise the considerable potential of those already working in public service. We must actively work to create the conditions to get the best out of everyone

involved in public service; to enhance career flexibility, support effective succession planning and create the diverse and ever changing pool of talent that will meet our ambitions for world class public services.

94. At the same time, we must ensure that those services do not consume more human capital than they need.

How services are organised

95. There is a considerable number of public bodies in Scotland, including 32 councils, 14 territorial health boards plus 8 special health boards, 8 police forces, 8 fire services, 22 local enterprise companies, 6 sheriffdoms, 43 further education colleges and 20 higher education institutes, and a range of other public agencies. We also have a complex web of partnerships, networks and contractual relationships amongst these bodies and with voluntary and private sector organisations.
96. This partly reflects the emergence of a more decentralised state and a networked, collaborative approach to service delivery. But enormous amounts of valuable professional resources are invested in order to make this complex web work together. This presents us with a real risk that we simply end up managing fragmentation which fails to deliver real benefit for the user and greater efficiencies in how we organise our public services. There are many benefits that will flow from a more co-ordinated approach to public service delivery and we must ask ourselves what will be the best structure to plan and deliver public services to a nation of five million people. The status quo should not be seen as an option as we move to more modernised configurations of services.

97. This is about more than deciding the ‘right’ population base for an efficient council or health board. Almost all public services – whether health, education, policing or waste management – have local, regional and national dimensions. Delivery of the core service is typically at neighbourhood level; specialist services often need to be co-ordinated regionally; inspection and strategic priority setting is often a national responsibility. We need structures and relationships which allow all these levels to interact effectively. In particular, we want to find ways to involve citizens and local communities more; and to co-ordinate services nationally, **without** creating more bureaucracy and additional tiers of government.
98. Another area for consideration is the potential for streamlining the relationship between central agencies (government departments, agencies and NDPBs) and local agencies – for example whether more responsibility for local delivery of services might transfer to local authorities, with NDPBs dealing with national strategy and regulation.
99. Recognising the elected status it has, we are clear that there must continue to be a strong role for local government but we are not satisfied that the current set of powers and responsibilities is appropriate in every respect, or is delivering the best outcome for communities. We welcome the fact that the Convention of Scottish Local Authorities is also considering fundamental questions about how the role and functions of councils might develop.
100. We cannot start with a clean sheet, and change for its own sake has enormous costs in disruption and decreased efficiency and effectiveness. But concerns about the effectiveness of the current framework are shared across the public services.
101. We are, therefore, **challenging the whole public sector to work collaboratively to develop proposals for service reorganisation, and for local bodies to bring forward their ideas for local solutions – new ways to organise, structure and deliver public services in their area.** We are placing no limits on how radical these changes might be and how they may come about. For instance, we welcome the proactive approach adopted by Glasgow’s Pathfinder seeking to co-ordinate the council, health board and local enterprise company’s services to create more unified public services.

Discussion points:

- Are there areas where structural change would bring better outcomes than improved working together across boundaries?
- Are there better models for the relationship between central and local agencies?
- What are your proposals for locally developed reform initiatives?



chapter **nine**

HOW THE PUBLIC WILL BENEFIT

102. Reform is about making a real difference to users and communities, through:

- maintaining and enhancing the overall quality and volume of public services, while keeping a tight rein on public spending;
- simpler access to public services – a genuine ‘one stop’ approach, from the most simple transaction to the most sensitive and complex;
- a universally high standard of service for all, with clarity about what service users have the right to expect;
- new services delivered in new ways;
- straightforward redress when things go wrong – with support where needed;
- a real say in how services are planned and delivered – both for individuals and communities;
- greater choice for individuals within current delivery models or how they use public services and what services they can obtain;
- clear, transparent information about services and performance, to allow citizens to evaluate the delivery of local services;
- real, measurable progress on the priorities set by the people of Scotland.

chapter **ten**



WHAT NEXT – THE DIALOGUE ON REFORM

- 103.** Over the next few months we intend to hold a wide-ranging dialogue with those who deliver, work for and use public services, based on the issues set out in this paper. This will include a series of half-day facilitated discussions where Ministers will meet with invited leaders and managers representing the public, private and voluntary sector in public service delivery. Further events targeting specific groups and interests, including service users, will also be arranged.
- 104.** The aim of the process is to inform the direction of the development and improvement of public service reform policy and to shape the future direction of the long-term transformation of public services in Scotland.



SCOTTISH EXECUTIVE

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