OFFICIAL REPORT
AITHISG OIFIGEIL

Finance and Public Administration Committee

Tuesday 9 November 2021

Session 6

The Scottish Parliament
Pàrlamaid na h-Alba

Tuesday 9 November 2021

CONTENTS

FINANCE AND PUBLIC ADMINISTRATION COMMITTEE
10th Meeting 2021, Session 6

CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

DEPUTY CONVENER

*Daniel Johnson (Edinburgh Southern) (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:

Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP) (Committee Substitute)
Tom Arthur (Minister for Public Finance, Planning and Community Wealth)
Stephen Boyle (Auditor General for Scotland)
Scott Mackay (Scottish Government)
Professor James Mitchell (University of Edinburgh)
Professor Graeme Roy (University of Glasgow)

CLERK TO THE COMMITTEE

Joanne McNaughton

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Finance and Public Administration Committee

Tuesday 9 November 2021

[The Convener opened the meeting at 10:30]

Interests

The Convener (Kenneth Gibson): Good morning and welcome to the 10th meeting in 2021 of the Finance and Public Administration Committee. We have received apologies from Michelle Thomson, and I welcome Alasdair Allan to the meeting as her substitute. As this is the first time that Dr Allan has attended the committee, I invite him to declare any relevant interests.

Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP): I have no relevant interests to declare, but as usual I refer people to my entry in the register of members' interests.

The Convener: Thank you very much. I should also say that Ross Greer is unable to attend the meeting in person this morning, due to a Covid outbreak in his family, but I am pleased to say that he is joining us remotely.

Subordinate Legislation

Budget (Scotland) Act 2021 Amendment Regulations 2021 [Draft]

10:30

The Convener: Agenda item 1 is an evidence-taking session with the Minister for Public Finance, Planning and Community Wealth on the draft Budget (Scotland) Act 2021 Amendment Regulations 2021. I welcome to the meeting Tom Arthur, who is joined by Scottish Government officials Niall Caldwell and Scott Mackay, and I invite him to make a short opening statement.

The Minister for Public Finance, Planning and Community Wealth (Tom Arthur): Thank you very much, convener, and good morning. First, I must apologise for my delay and put on record my gratitude to the committee for being so accommodating.

The autumn budget revision provides the first of two opportunities to formally amend the 2021-22 Scottish budget, and it details the continuation of the Scottish Government's financial response to Covid-19 alongside regular annual budget changes. The supporting document to the autumn budget revision and the brief guide that my officials have prepared provide background on the changes.

The changes that are detailed in the document are based on the funding that the Treasury confirmed to us following the United Kingdom Government's main estimates earlier in the year. Further spending for 2021-22 that was included alongside the UK spending review figures has not yet been formally added to our block grant, and the financial position remains at risk of funding being withdrawn or changed later in the year. The UK Government has refused to continue the Barnett guarantee into this financial year.

I will set out the changes in the budget revision in four groups. The first set of changes increases the budget by £1,173.8 million and comprises the majority of the Covid-19 funding, which has been allocated over a number of lines as detailed in the brief guide.

The second set of changes comprises technical adjustments to the national health service and teachers' pensions budgets. They are non-cash adjustments, but they add £267.2 million to the overall aggregate position. Thirdly, Whitehall transfers and allocations from Treasury have a net positive impact on the budget of £29.4 million, and the final part of the budget revision concerns the transfer of funds within and between portfolios to better align the budgets with profiled spend.

The ABR allocates more than £1 billion of Covid-19 and other funding changes, and it is being funded through £1 billion of Barnett consequentials and Scotland reserve drawdowns. I would highlight that £834 million is being allocated to health and social care through the ABR, with all of it directed at our continuing response to Covid-19, while a further £104 million is being allocated towards maintaining our critical transport networks.

Of the just over £300 million that remains of the total funding that we have received, £250 million is for capital and financial transactions. Although that funding is not formally allocated in the budget revision, it is being held against a variety of commitments that are embedded in our budget position, and funding to meet those commitments and pressures will be formally recognised in the spring budget revision.

As we move towards the financial year end, we will continue in line with our normal practice to monitor forecast outturn against budget and, wherever possible, seek to utilise any emerging underspends to ensure that we make optimum use of the resources available.

With that, convener, I conclude my remarks. I am happy to take any questions that the committee might have.

The Convener: Thank you very much for that very interesting opening statement. We talked in private session about the spring budget revision. Will that be coming out in January or February? Do we have any indicative dates in that respect?

Tom Arthur: Yes. As normal, it will come out early in the new year, ahead of the budget.

The Convener: Thank you. You talked about the NHS and mentioned that the autumn budget revision allocates £834 million to the health budget for Covid-19 response. However, that is reduced to a net increase to the health and social care portfolio as a whole of £473.2 million. Do you believe that the transfers—which include £292.6 million to social justice, housing and local government to support integration, school counselling services, carer's act, free personal and nursing care and the living wage—fulfil the spirit of why that money was allocated as consequentials in the first place?

Tom Arthur: I do. As the committee will be aware, our budget resource is allocated to the portfolio that has policy responsibility, and then in year it is transferred where required to the relevant portfolio where delivery takes place. That has been a routine feature of autumn budget revisions for over a decade, as you will be aware, given your tenure on previous finance committees. What we see in the autumn budget revision today is a continuation of that long-standing practice.

The Convener: I have a couple of other questions before I open it up. Forty million pounds has been allocated as a general revenue grant for local authorities. Is that for anything specific, or is it just to oil the wheels of local authorities by giving them additional money to spend as they see fit?

Tom Arthur: It is the latter. That money was announced on 18 March as part of the local government finance order, just after stage 3 of the budget. As you correctly identify, that £40 million is a general revenue grant, and how local authorities spend it to meet their own needs and priorities is at their discretion.

The Convener: I notice that there is a Whitehall transfer of £24.5 million to increase Scotland's share of the immigration health surcharge that is collected by the Home Office. Can you tell us more about that?

Tom Arthur: Certainly. That money is collected centrally and goes to UK Government consolidated funds. It is then distributed to devolved health authorities using the Barnett formula.

The Convener: I have one other question. You touched on the issue of further decisions on allocations being announced when the spring budget revision comes forward. Can you update us on any change to the balance that is available for deployment and allocation in future with regard to the reserved balance that we have now?

Tom Arthur: Further consequentials were announced as part of the UK spending review, but we will not have confirmation of that until supplementary estimates are given. The current position, as is outlined in the autumn budget revision document that has been provided to the committee, is that we have to take a balanced view on the question of that additional funding, because ultimately we will not have confirmation of whether we will receive it until later in the financial year, and that is because we do not have the Barnett guarantee that we had in the previous financial year. Therefore, we need to take a balanced and prudent approach to how that funding will be deployed.

The Convener: Thank you. A number of members are keen to come in. The deputy convener will be first.

Daniel Johnson (Edinburgh Southern) (Lab): One of the largest single increases is to the health budget. We can all understand the various needs of our health service and the demands that are being placed on it; nonetheless, that represents a 5 per cent increase or thereabouts in that budget. Can you provide detail on where that money will be going and what the priorities are for it, given that it is such a large increase in the health budget?

Tom Arthur: Ultimately, that is about supporting our health service as we continue to face the challenges that are presented by Covid-19, which remains first and foremost a health matter. The additional funding that has been allocated to the health budget involves support for a range of measures, including test and protect, staffing, personal protective equipment and various other requirements that have been identified by health authorities to see us through the pandemic. The resource is there as a general support to the health service to do that.

We have also announced a further additional resource of £300 million as part of our winter plan.

Daniel Johnson: To clarify, has that sum of money been allocated to those categories in advance? If so, do you have any indication of what the allocations are? Otherwise, are you implying that it is a contingency fund that is available for drawdown over the coming months?

Tom Arthur: The autumn budget revision is retrospective. Clearly, there can be issues around when funds are drawn down, as and when required, but this is general funding to support our health service, as itemised in the supporting document that was provided. It is for the whole range of measures that are required to support the health service as we continue to face the challenges that Covid-19 presents.

Daniel Johnson: Do you have that breakdown?

Tom Arthur: Can you specify what kind of breakdown you would like? The supporting documents give a breakdown. Do you want more specific information about the allocation of the £700 million?

Daniel Johnson: The figures are quite large. I assume that further breakdowns can be applied to these large sums of money. Seven hundred million pounds is about 4 per cent of overall health spending. I would hope that the NHS breaks down figures a little more finely.

Scott Mackay (Scottish Government): Details are available from health finance about what has been allocated to health boards and how some of that has been split up. We can provide additional information in writing later, although we do not have the allocation figures with us.

Daniel Johnson: We are all aware of the acute pressure that the health service is under. Are contingencies in place for the coming months? We can expect to see an increase in demand, especially in areas such as accident and emergency.

Tom Arthur: That is an important question. I remind Mr Johnson of my earlier remarks. He has correctly identified a significant uplift in health funding, which has been confirmed by the ABR. An additional £300 million is being committed as part of the winter support package. We have a long-standing commitment to pass on every health consequential that we receive to support our NHS. That commitment is evidenced in the autumn budget revision process.

John Mason (Glasgow Shettleston) (SNP): Minister, you told the convener that some funding would be allocated in the spring budget revision. Can you explain why that cannot be done now?

Tom Arthur: There is a process for when funds are required. They must be drawn down in a phased manner. Scott Mackay can set out that process and explain how decisions are taken.

Scott Mackay: The process is retrospective. There is a timing issue. When we prepared the document, we had the main estimates, but we did not have confirmation of the funding that we received alongside the spending review. We have made announcements on the basis of expected funding; the winter health package is an example of decisions being taken in anticipation of funding being confirmed.

As we said earlier, we will only get the final amount of funding for the year when we see the UK supplementary estimate. We are still subject to some risk regarding those confirmed final allocations, despite the fact that decisions about the allocation of funding are taken in advance of that final confirmation to ensure that we are utilising resources.

John Mason: You also said that there was a Barnett guarantee last year. We knew the minimum that we were going to get. What is the worst case scenario? Is it that all of the extra UK funding would be just a reallocation of existing funding and we would not get any consequentials?

Scott Mackay: The final position is based on equivalent UK departmental allocations for devolved responsibilities. If UK departments offer up savings as part of the supplementary estimate process, a negative consequential would flow to us from that. There have been examples of that in the past. Until we see the details of the supplementary estimate position, we are juggling a range of financial risk. We are taking decisions on funding in advance of that confirmation being available.

10:45

Tom Arthur: It is important to remember that supplementary estimates come so late in our cycle—I think that it is normally around February—that, were we to be faced with negative consequentials, we would have a very small window in which to try to reconcile them before the end of the financial year. Therefore, as part of

prudent budget management, we have to be able to manage any emerging pressures. Unfortunately, that is simply a reflection of the way in which the current system operates.

John Mason: So the UK budget and spending review have an impact on 2021-22 as well as on 2022-23.

Tom Arthur: Yes. Additional consequentials were identified but, ultimately, what materialises will not be confirmed until later, so we cannot take it for granted that all that money will feed through in the end. That is why the Cabinet Secretary for Finance and the Economy and I have called, and continue to call, for the Barnett guarantee. It gives us certainty and allows us a more assured budget planning position.

Douglas Lumsden (North East Scotland) (Con): My first question follows on from one of the convener's questions on the £40 million extra for local government. I think that you said that that was just being given to local government for it to spend as it wishes. Last week or the week before, a pay settlement was proposed—I think that it was reported as being worth about £30 million. Is that additional money that will go to local government or will it have to come out of the £40 million that has been allocated in the budget revision?

Tom Arthur: I draw your attention to the fact that the autumn budget revision was published in late September, so it predates that announcement. The budget revision is retrospective in nature. As I mentioned in my answer to the convener, that £40 million was announced on 18 March and has been distributed. I reiterate that it is at the discretion of local authorities to spend that money as they see fit to meet their own needs and priorities.

Douglas Lumsden: Will additional funding go to local government to pay for the pay offer or do local authorities have to find that money themselves?

Tom Arthur: Am I correct in saying that that money will come via the spring budget revision, Scott?

Scott Mackay: Yes, there will be an adjustment in the spring budget revision.

Douglas Lumsden: Has the £40 million been allocated to local government already? Do local authorities have it in their accounts?

Tom Arthur: Yes.

Douglas Lumsden: My next question concerns education and skills. I refer to page 43 of the papers.

Tom Arthur: I beg your pardon, was that page 43?

Douglas Lumsden: Yes. The table on that page shows that there is a cut of approximately 33 per cent to the spending on learning. Is that fair, or is that money being spent elsewhere within the budget? The committee received a lot of evidence that we have a big skills shortage in Scotland.

Tom Arthur: I ask Mr Lumsden to refer to the specific budget line.

Douglas Lumsden: I am just looking at the overall proposed change from the original budget of £448 million to £299 million.

Tom Arthur: It is important for context to look below at the specific budget lines. The money is being deployed through a range of interportfolio transfers. For example, look at the additional funding to local government for education recovery and additional teacher support. That relates to the point that I made about how, although resource is allocated to the portfolio where decisions are taken, it can then be allocated to another portfolio in which delivery takes place. That is reflected in those figures.

Douglas Lumsden: So there is no overall reduction in the amount of funding for education and skills. Is that correct?

Tom Arthur: Yes. It is revenue neutral.

Scott Mackay: Yes. It is about the policy ultimately being delivered through local government. The funding is still being spent on the same purpose.

Douglas Lumsden: It is just now being seen in another line in the budget.

Tom Arthur: Yes, because of the role that local authorities play in the delivery of education. Education is the policy lead, but the money goes to local government for the delivery, so it goes to the local government line to be allocated to local government.

Douglas Lumsden: Is that the same with housing, for example? I think that there is a 20 per cent cut—£205 million. Has the money been allocated to another department for it to spend on housing instead?

Tom Arthur: Yes, that is correct. If I remember correctly, that money might have been transferred to the net zero, energy and transport portfolio to better align with our energy policies. Is that correct, Scott?

Scott Mackay: Yes. The largest element of that was a transfer to align the funding with the rest of the energy budget in the NZET portfolio.

Douglas Lumsden: We might look at that and think initially that it is a cut to the housing budget, but it is not really that. Money has been allocated to another department to spend on that area.

Tom Arthur: Absolutely. It helps to ensure that budgets align more clearly. I appreciate that there is an element of complexity in approaching the autumn budget revision for the first time, but the approach increases transparency, because we can see where the policy decision has been taken and where the money has been allocated for the delivery of that policy decision.

Douglas Lumsden: My last question is about health and social care. There have been a large amount of Barnett consequentials—I think that a total of £700 million is shown—and there is an extra £24.5 million from the Home Office. It seems that not all of that money is being spent on health and social care and that it is being moved to other budgets. Is that correct?

Tom Arthur: Again, that goes back to the issue of delivery. For example, I know that the committee has previously raised the question of the transfer from the health line to education for the delivery of nursing and midwifery. That is a reflection of the earlier point that we made about policy decisions being taken in a portfolio and funding being allocated to the portfolio in which the responsibility for delivery lies.

I do not know whether there is anything further to add to that.

Scott Mackay: Those amounts are factored into the overall health spending plans at the start of the year, and they are regular transfers for specific purposes. The key point about the policy responsibility is that the ultimate decision on the quantum of the funding and the delivery mechanism still rests within the health portfolio. There is not a reduction in spending on health or social care because some transfers are to local government for social care; that is more a reflection of where the policy responsibility lies initially.

Douglas Lumsden: Therefore, when we see an increase of £724 million and the proposed budget going up by only £473 million, that does not mean that the NHS has been short-changed by a quarter of a billion pounds; rather, the money is simply being spent by other departments almost on behalf of the health and social care department. Is that correct?

Scott Mackay: Yes, that is a fair assessment.

Liz Smith (Mid Scotland and Fife) (Con): I have two questions for clarification. One of the transfers from the health and social care budget to education and skills is £5.2 million in respect of additional medical student places. Is that for the 190 extra medical places that the Scottish Government said in 2016 would be provided by 2021?

Tom Arthur: I do not have that specific detail in front of me. Would you be content if I were to write back to the committee about that?

Liz Smith: Yes. I am interested in the strong commitment that the Scottish Government gave on extra medical places five years ago. It said that, in the intervening five-year period, we would have those extra 190 places in medical schools. I am interested in whether that £5.2 million is part of that commitment or is something new.

Tom Arthur: I will confirm with my officials whether we have that information.

Scott Mackay: I do not have that specific information. I am sorry.

Tom Arthur: We do not have that detail in front of us. I apologise.

Liz Smith: In the £30.2 million in the education budget, there is £20 million for post-Covid improvements. Can you break that down a little, minister? Is that specific to any sector in education? I do not see very much for higher education spending.

Tom Arthur: What page are you referring to, Ms Smith?

Liz Smith: That is on page 13 of our paper, under "Education and Skills". There is a total of £30.2 million, and there is a line for

"Additional funding to support Education Recovery".

What does that consist of?

Tom Arthur: I apologise. I am struggling to identify the specific budget line to which you are referring.

Liz Smith: I might be on a different page. It is on page 13 of the Scottish Parliament information centre briefing. Under the heading "COVID-19 AND OTHER FUNDING CHANGES" are social justice, finance and the economy, and there is a section for education and skills that contains £20 million.

Tom Arthur: Scott Mackay might have the specific detail on that. Ms Smith, would you be content if I were to write to you to provide more information? I want to reflect on the matter.

Liz Smith: Yes.

Education has been prioritised as a big part of the recovery—certainly according to many of the witnesses who have attended the committee. That is quite a large chunk of money within the education and skills portfolio, so I am interested to know whether it is for the further and higher education budget. If I could get some information on that, I would be grateful.

Tom Arthur: Because it is an aggregate figure, I want to disaggregate and itemise it for you. That

might take a bit of time because of how the data is presented.

Liz Smith: Thank you.

The Convener: It seems that there are no further questions from committee members, so I will ask one or two more, if I may.

Some considerable changes have been made to the net zero and transport budget, but there is not a lot of detail. For example, on rail services, page 66 of the budget revision document just says,

"Additional funding to support rail services",

for which it shows £77.3 million. We also see increases for buses, airports and light rail, but the percentages vary significantly. For example, rail gets 5.3 per cent, buses get 1.2 per cent, Highland and Island Airports gets 8.1 per cent, and light rail gets 4 per cent. What is the reasoning behind those differences? What detail can you give on additional funding to support rail services, for example?

Tom Arthur: The additional funding to support rail services was required to cover a revenue shortfall that was suffered by the franchise. Services are demand led, which goes some way towards explaining the variation between budgets. Ultimately, the addition is in recognition of a fall in demand; we are seeking to provide support to fill that gap.

The Convener: To be fair, I point out that I anticipated that that would be the answer. However, would it not be easier if that information was included in those lines in the reports? Another sentence to explain that would be helpful. That is why I asked the question.

I was going to ask you something else, but I cannot read my own writing, although I wrote it down only two minutes ago. I apologise—it might come to mind in the next minute or so. Oh! I see what it is, now.

I want to ask about the spring revisions. Many of the changes arise from changes in portfolios following the First Minister's realignment of Cabinet and ministerial portfolios. Do you anticipate significantly fewer changes in the spring and subsequent revisions because of that, and that the next time we have a revision, there will be only relatively minor changes, as the pandemic eases?

Tom Arthur: I do not want to forecast. The autumn budget revisions have come about as previous autumn budget revisions have, following realignment of the Cabinet and changes to ministerial portfolios. That is captured in table A in the supporting document, which reconciles the new portfolios with the previous ones, as outlined in the budget. What is in the spring budget revision will reflect the financial position as it develops in the coming months.

The Convener: Sure—but I was asking about a specific issue. The changes that have been made this time are significant and the pandemic has contributed to them.

Transport is an obvious area where additional resources have had to be put in—for example, to make sure that the railways could continue to run when the number of passengers diminished. In what areas of the budget have savings been made—not because of cuts, but because the budget that was allocated is no longer required? What areas in the budget have been most able, because of the pandemic, to provide funding for the Scottish Government to reallocate?

11:00

Tom Arthur: The question is broad; I touched on some of the answer in my statement to Parliament in June on the provisional outturn. We had slippage because construction, for example, could not take place during the prolonged lockdowns, so that had an impact on the capital budgets that were available, which were taken back to the centre and redeployed.

For budgets that are demand led, it is intrinsically more difficult to forecast how much will be required in total. When demand does not, ultimately, meet expectation, the money is available for redeployment. That is captured in a number of areas of the budget.

Scott Mackay wants to respond to a previous question.

Scott Mackay: There are quite a number of changes in the spring budget revision, but that is more about processing changes that flow through closer to the year end. As we gain a clearer idea of the likely outturn of demand-led budgets, we realign budgets in order to maximise resources. However, you do not see the regular changes that we have had all the discussion about, such as the funding changes for student nurses.

We see such regular changes in the autumn budget revision, whereas the spring budget revision contains allocations of additional funding that we have confirmed for supplementary estimate and realignment of budgets, in line with what our budget monitoring and management tells us.

The Convener: You mentioned capital, and we understand that there have been huge increases in material and labour costs at rates that are higher than inflation. Given that, how is the Scottish Government planning its capital investment? Because of the changes, does it look as though we will get less for the same amount of

money? Given that our capital budget's buying power is decreasing, is the Scottish Government looking to increase its capital budget in order to do the same with more money?

Tom Arthur: We monitor the situation continuously and we reassess and reappraise budgets as required. That is part of our on-going budget monitoring process.

More generally, my ministerial colleague Ivan McKee engages regularly with the construction sector and other sectors that have been especially impacted by the increasing costs of materials and by supply-chain challenges. He is working in a practical way to help to resolve matters.

As part of our on-going budget monitoring process, we take account of all such factors.

Scott Mackay: Ultimately, the extent to which we can flex our capital budgets in response to increasing prices is constrained because we have Treasury budget limits and limited borrowing powers for capital.

The Convener: The committee is aware of that; we have discussed the issue in recent weeks. Is it fair to say that the Government has concerns about the matter?

Tom Arthur: It is fair to say that. That is reflected in our asks for the fiscal framework review. I am sure that the convener has noted that our capital borrowing limits do not take into account inflation. We could improve the situation in a range of ways, and the fiscal framework review provides an opportunity to do that.

To echo what the Cabinet Secretary for Finance and the Economy said when she appeared before the committee, I say that I hope that the Government can count on the support of the committee and the Parliament for productive engagement with the UK Government to resolve issues and ensure that our fiscal framework meets our requirements for delivering our priorities.

The Convener: I thank the minister and his officials for their evidence and my colleagues for their questions.

Agenda item 2 is formal consideration of the motion, which I invite the minister to move. Members have no further comments, so I will put the question. The minister has not moved the motion yet.

Motion moved,

That the Finance and Public Administration Committee recommends that the Budget (Scotland) Act 2021 Amendment Regulations 2021 [draft] be approved.—[*Tom Arthur*]

Motion agreed to.

The Convener: I thank the minister for coming. We will, in due course, publish a short report to Parliament setting out our decision on the regulations.

Our next panel of witnesses will be ready to start at 10 past 11, so I suspend the meeting.

11:05

Meeting suspended.

11:10

On resuming—

Public Service Reform and Christie Commission

The Convener: Under item 3 we will take evidence from Stephen Boyle, Auditor General for Scotland, Professor James Mitchell, University of Edinburgh, and Professor Graeme Roy, University of Glasgow. I welcome our witnesses to the meeting.

Members have received a paper from the clerks setting out background information, along with written briefings from two of our witnesses, Professor Roy and Stephen Boyle. Before I open up to questions from the committee, I invite each witness to make a short opening statement. I would like Professor Mitchell to go first, because he has not provided a written statement. [*Laughter*.] That, by the way, was not in the script.

Professor James Mitchell (University of Edinburgh): I had decided not to give an opening statement but to go straight to questions. However, as you have invited me, I suppose that I could say a couple of things. I have been in front of this committee, and many others, on a number of occasions in the past decade to discuss public service reform and the Christie commission. In fact, we talked about it in this committee just a few weeks ago. That is significant, because the question that kept arising was the one that I have been asked more than anything else when I have given talks on Christie.

I have given more talks on Christie than on any other subject in the past 10 years—literally hundreds—and the question that keeps being asked is this: if we are all agreed, why is it not happening? That is the fundamental question. If we can grapple with that and find some kind of answer, we might move forward. I am not saying that we have done nothing, but we have not done as much as we might. I will leave it at that and hand over to my colleagues.

Stephen Boyle (Auditor General for Scotland): Thank you for the invitation. After 10 years, it is unusual for a report on public policy still to be getting the attention that the Christie commission report is, especially given that we have come through devolution, European Union exit and a global pandemic in the intervening period. The longevity of the Christie report reflects two things. One is the change that is needed in the delivery of public services. As Professor Mitchell says, we have not yet made the changes that were envisaged.

As I have noted in my blog in the past few weeks, Scotland remains an unequal society. I have referred to education, the NHS, living standards and so forth, all of which have been made worse by the pandemic. Now that we are emerging from it, Scotland can take stock and rebuild, not by going back towards what we had before the pandemic but by grasping the opportunity to reshape public services in Scotland. Public sector reform is too often associated with structural change, but we must figure out how to improve outcomes as well as changing the structures of public sector bodies and how they are organised. That must involve a long-term perspective and ensure that there is equity of opportunity for all of Scotland's citizens. It is bigger than individual organisations.

As public auditors, we do not determine performance measures; rather, we assess performance against them. Despite the aspirations of the national performance framework, Scotland's public sector remains dominated by performance management arrangements and the reporting of performance, organisation by organisation. Public sector leaders are not held fully accountable for delivering change that requires working across organisations. There is much talk of collaborative leadership, but less evidence of delivery. At the moment, too many public leaders do not feel truly empowered or emboldened to make the necessary changes that Christie envisaged.

We are also constraining ourselves culturally. We must learn lessons when public services underperform, but, if every failure of public service delivery results in a snap back to the culture of blame, we will fail to harness the learning and grow the creative, risk-taking and innovative mindset that Scotland's public sector needs. Accountability is important, but the way that we do it matters just as much. That involves us auditors doing some thinking about how we report, to provide assurance while also harnessing good practice across the public sector.

I am delighted to be here and look forward to the conversation.

11:15

Professor Graeme Roy (University of Glasgow): I do not have much to add to what has been said so far and the remarks that I made in my submission to the committee.

It is, however, important to understand the urgency of the challenge that we face. The Christie report was published after the independent budget review report, which made two points. One was that, in the next few years, the outlook for the Scottish budget was going to be difficult, because of the fiscal consolidation or austerity—whatever word you prefer—that took place in the early 2010s onwards. The much

bigger secondary issue, however, concerned the long-term demand-driven pressures on public services that, even once budgets started to recover, were always going to be there. Now, 10 years later, we have come through the fiscal consolidation and austerity, but the pressures are still there and are even more acute now. Even if you think that budgets will go up in the next few years, the pressure that arises from demand for public services will drive the need for public service reform, so I re-emphasise the point about the urgency and seriousness of the need for reform. It is all the more critical at this point in time.

The Convener: Thank you for your opening statements. The esteemed Professor James Mitchell asked:

"if we are all agreed, why has it not happened?"

Why do you think?

Professor Mitchell: The answer is, in part, because it is difficult. You asked the same question when I appeared before the committee in 2015 and I cannot truly change the answer that I gave then. I said that one of the problems is that there needs to be significant cultural change and significant change in the way in which we operate. As Stephen Boyle rightly pointed out, it is not just about formal institutional change. I wonder whether we encourage that enough. I think that we talk the talk. We often use the language of Christie—we are very fluent in it—but we are not so good at putting it into effect.

I sometimes ask whether we incentivise the kind of changes that we require. For example, on many occasions I have asked senior figures whether they are aware of someone having been promoted because of their work on prevention or whether they have ensured that that has happened. Almost invariably, I am met with silence.

If we believe that this change is important, we have to start asking ourselves how we do it. How do we get good collaboration? How do we ensure that that happens? Also, we need to ask how we avoid the kind of tick-box approach of simply bringing people together, because one thing that we know is that bringing people together around a table does not necessarily create collaboration. How do we get that collaboration where it counts, which is in our communities at the most local level? I suspect that the really big challenge is in our heads rather than anywhere else. It involves the way that we think about these things and how we can address them.

Finally, I have to say that I do not think that there is the political will. If you really want to make change, you really must believe in it and prioritise it. The question I ask is, is that happening? I am not convinced that it is.

The Convener: You talked about the political will and, in his submission, Professor Roy said:

"There are huge institutional, practical, and political constraints in public service delivery."

Is the issue that political parties fear the electoral consequences of such radical changes, is it to do with vested interests in the public sector or is it perhaps a combination of those issues? If you were to start the ball rolling from where we are at this time, where would the number 1 bottleneck be? I would like all the witnesses to answer that question.

Professor Mitchell: There is no single answer to that. Public service reform and delivery will require different approaches across the board. That is one of the messages of Christie. We cannot simply do this in a top-down, highly prescriptive way.

Take the example of prevention, which is one of the four Christie pillars. We have been particularly poor in that area because making progress on that would involve shifting priorities and budgets, which is difficult to do. There is also the problem that the effects of doing that can take a lot of time to come through. We have had this conversation before. I remember that, at a Finance Committee away day that I attended some years ago, one of the members—I will not say who—said, "Why would we want to do that? We have elections to face." That was honest and I appreciated that honesty. The fact that it had to be said in a closed session was not insignificant. That is part of the problem.

The other part is this: there is always a problem with collaboration, because if one collaborator institution puts resources into long-term planning and prevention, that might not benefit that institution. There are real issues, and that is why Christie made the point that the four pillars are not only very important in themselves but must always be seen as operating together. That creates problems and sometimes they will be in conflict.

The fundamental point that I would make is that this is incredibly difficult and unless we face up to the difficulties and are willing to make difficult decisions, we are not going to make progress and, as Graeme Roy said in the point that he made powerfully, it will get worse. The longer that one puts off making a difficult decision, the more painful and costly it is to make that decision. A penny saved now—what is the phrase? We have to start thinking in that way and be bolder.

If there is genuine cross-party and cross-institution consensus, let us take advantage of it. I have said this to you before, but this committee potentially has a huge role. If it can unite, come up with some really bold suggestions and then take them into the chamber—that is where the silly politics takes place; as we know, the serious stuff

goes on in committees—that would be a real advantage.

The Convener: Professor Roy, I would like you to elaborate on what Professor Mitchell said. You said in your submission:

> "The lack of attention to delivery means that the Christie Commission has become almost an idealist document in the eyes of some rather than a useable guide for delivering public service reform in practice."

Why is there a lack of attention to delivery?

Professor Roy: The Christie document was aspirational. It set out the objectives and overall approach for what we should do, but it did not talk about how we deliver it. When we hark back to Christie, we sometimes think that it has the answers, but actually the document posed a lot more questions than it gave answers.

As Professor Mitchell said, the delivery bit is key. We have the principles around prevention and community empowerment, but how do we actually deliver them in practice? For me, one of the other areas that is important, particularly if you look at the economy and business world, and the powers and use of the levers that we have there, is the commitment around evaluation and appraisal. We do not have that culture of saying, "An idea is a great idea, but have we thought about how we can implement it, and if we implement it, does it deliver the objectives that we hoped it would?" That is not to say that if an idea fails it has been a bad idea or that the politics of it is the reason why it failed, but we need to ask whether we have implemented it in the way that we would have hoped to, and whether we can change it if not.

Where we do not focus on delivery is in that lack of a culture of appraisal and evaluation. If you look at examples such as city deals or individual policy programmes, you see that we do not have that laser-like scrutiny of whether something is achieving what we said it would achieve, and if not, why not, and whether we can amend it to ensure that it achieves what we want it to achieve. That is a key gap in this debate.

The Convener: Stephen Boyle, a lot of that is obviously in your area of interest. One thing that you said in your submission was:

> "Our report last year on affordable housing noted that the Scottish Government had not set out the outcomes it intended to achieve from its investment."

Is there an issue there about not being able to see the wood from the trees sometimes? Building houses is obviously a good thing, as you get new, modern houses that are easier to heat, safer and more comfortable, et cetera, but is that an aspect of it?

Stephen Boyle: That is fair. From listening to Graeme Roy, it seems that there is almost an irony in our thinking on this. We talked about implementation gaps in the round in delivering public policy, but there was perhaps an implementation gap in the Christie commission itself. It talked about principles but not the route to make the changes that had been agreed by consensus.

For many years, Audit Scotland has talked about the need for closer alignment between public spending and outcomes in the delivery of public services, and I know that that has been an area of keen interest to the committee. We have regularly promoted the national outcomes and the national performance framework, and I am keen to see progress, in its widest sense, made across those areas in order to better track and monitor impacts. As Graeme Roy said, we need more rigour, data and milestones as we implement public policy.

In our audit work, we have repeatedly commented that while the delivery of a policy such as affordable housing—there are many other such areas—can be measured in outputs, that does not track its impact in the longer term and whether it is producing the preventative benefits that will improve people's lives and, by extension, benefit the public purse. Many academic research reports point to the fact that our preventative spend is more effective than our reactive measures.

I will make one final point. The measures that we have in place to assess how well public bodies are performing feel very narrow. For example, we comment on the number of police officers or teachers, or A and E waiting times—that example is perhaps overused—but there is no real measure of what that means for the health of Scotland's population or how safe Scotland's people are. We need another go at having a wider conversation about how we agree a set of measures that we can track in the longer term, rather than relying on what currently feels like very short-term thinking.

The Convener: To go back to housing, it is about whether people have a warm, comfortable, safe home and what impact that has on mental or physical health as we go forward.

I will stick with questions to Stephen Boyle, to change the order a wee bit. In March 2016, when I was convener of the Finance Committee in session 4, we wrote to the Deputy First Minister, John Swinney, with a number of recommendations and proposals. We asked whether borrowing powers under the fiscal framework to fund preventative spend, creating a culture of innovation and the use of digital technology could provide potential solutions to achieving a decisive shift towards prevention.

At that time, after the Finance Committee had spent five years on preventative spend, which we went back to on a number of occasions—as Professor Mitchell in particular will recall; he gave a lot of evidence, as he has commented today—we were very optimistic about the prevention agenda. Obviously, there is now a feeling that it has not transpired as we would have wished.

Nonetheless, what progress do you feel has been made in creating a culture of innovation and delivering improved milestones, benchmarking and performance targets? How far have we moved forward? Are we 10 per cent, 40 per cent or 70 per cent of the way there? I am trying to find out where we are on the way up the mountain at this point.

Stephen Boyle: I will decline the opportunity to put a percentage on it.

The Convener: I thought that you would.

Stephen Boyle: Progress feels sporadic. We have seen some examples of innovation, and I agree with the point that Graeme Roy made in his submission that some of the innovation and change is happening in newer areas of public service delivery. In some of the work that we have done on Social Security Scotland, for example, we see innovation and preventative and inclusive thinking taking place. It is hard not to disagree with Graeme Roy's conclusion that it might be easier to do that in new areas of public service than it is to do it in well-established areas, for some of the reasons to which James Mitchell referred.

Are we seeing a level of innovation? We are seeing it in pockets, and it is a consistent theme of Audit Scotland's reporting. There is anecdotal evidence of very good work and good practice, but it is not having the reach across public service delivery. On whether that is because of constraints, you mention factors such as the powers that the Scottish Parliament has with regard to investment, and that might be one factor, but there are also cultural issues in the measures that we are setting for public leaders and how we are mapping some of the longer-term spending and thinking against outcomes.

The Convener: So reach is an issue, although there are pockets where things are happening. Professor Roy, where are we doing well? What pockets or areas can we learn from at this point in time?

11:30

Professor Roy: To pick up on Stephen Boyle's point about the newer areas, I am struck by the conversations that we have about the Parliament taking on the new powers that come through from the Smith commission and how we design those powers. Such conversations relate not only to public service reform or public sector spending, but to other matters, such as tax. Over the past few years, we have had conversations about how we might do income tax differently, which, I would argue, have been much better than the conversations that we have had about council tax, for example.

There can be an inertia or a fear when it comes to changing what is already there versus being given a blank sheet of paper and being able to think about the issue from the bottom up. There is a question about whether we can learn from the experiences of talking about areas in which we are taking on new powers. There will be different views about how we are delivering the new powers, but if we look at the quality of the conversations, and how we are able to embed the wider objectives of reform into those conversations, relative to the historical things that we have had for 20 years or so, there is a lesson for us. That lesson is about how we frame conversations about areas that have been around for a long time relative to the new areas.

The Convener: Thank you. Professor Mitchell, you talked about how difficult it is to change and to move people away from existing budgets. Obviously, it is easier to have preventative spend assisting change when budgets are growing rather than under stress and strain. What can be done even in such adverse circumstances?

There is clearly an issue whereby one can cynically say, "We will bring in these wonderful new changes, but we will have to take all the flak from those with vested interests now, and someone else will see the benefits in 10, 15 or 20 years." That can be a selfish approach, because politics is often about the here and now. How would you address that issue in practical, pragmatic terms?

Professor Mitchell: Professor Kenneth Gibb and I put forward a proposal on that to the committee's predecessor, which might have fed into some of the ideas that the committee put to the Deputy First Minister around borrowing. I vaguely remember writing about it, but that was some years ago. The proposal was about trying to get around that problem.

As has become clear, it is extremely difficult to stop spending. Making such a shift can only be done incrementally and slowly, not in one big bang. You cannot just suddenly stop spending. You are right that it is much easier when spending is on the up, and much more difficult when it is tight.

Money can often be found, and if the Parliament was to use some of its powers, it could do some of those things. However, it does not seem to be the case that there is the political will to do so. I am

glad that you picked up on the borrowing point. Even if you did not get all that you wanted back then, there is no reason why you should not go back and ask again. Ultimately, when it comes to public policy, it is very rare, except through crisis, for change to occur. You have to keep hammering away at it and making your case.

Instead of looking for new ways of doing it, perhaps you should go back and look at what was done and said in various reports of the committee's predecessors. They were looking at such issues well before the Christie commission. Some interesting work on prevention was done by this committee's predecessors well before Christie, which might be worth reflecting on. I think that you will find that it is not a case of trying to come up with a new idea; it is about reasserting the case and putting it into a new context.

The Convener: Thank you. This will be my final question, because others want to come in.

In the main, the Christie commission's report did not offer specific recommendations to the Government on how to progress the proposed programme of reform. That issue has been touched on already. Was that a weakness? Do you think that the reform acts that have come through in recent years, such as the Police and Fire Reform (Scotland) Act 2012, the Public Bodies (Joint Working) (Scotland) Act 2014 and the Community Empowerment (Scotland) Act 2015, are steps in the right direction?

Professor Roy: I think that they are. I make the general comment that, although we are talking about Scotland and the Christie commission, such issues are difficult for any Government or country. We are not unique in that regard. Sometimes, we can think that it is just us that has a difficulty, but it is difficult for everybody.

Again, one of the successes is the fact that we are still talking about public service reform. We have a framework for talking about it, and we are not repeatedly having commissions to think about it. To build on Stephen Boyle's point, the fact that we do not talk about having a new report on how we do public service reform in every new session of Parliament is a great success of Christie.

In time, the conversations that we are having about public service reform will seep through into the way that reform is done. I would argue that police and fire reform—institutional reform—would have taken place irrespective of Christie, but some of the changes that we are seeing around a shift to prevention, particularly in the fire service, are in the spirit of Christie. How much of that is driven by what Christie said and how much of it would have happened anyway is always going to be difficult to assess, but the fact we are having such conversations, and that everybody who is involved in public service reform in Scotland understands what Christie was trying to achieve, is a measure of the Christie report's success. The question then is how we take the next step and really start to implement it. The first 10 years have been useful in getting us all to agree on what we need to do; the next 10 years will have to be about how we actually deliver that.

Professor Mitchell: I stress that Christie was just one moment in time. Maybe it is my age, but one of the first pieces of work that I was involved in when I worked at the University of Glasgow many years ago was an evaluation of GEAR—the Glasgow eastern area renewal project—which is seen as the great urban regeneration project. It was the biggest in Europe at the time. All the issues that we are talking about today—the difficulties of collaboration, of measuring success and of tackling inequalities in the places that we struggle with—were talked about back then, and the same points were made. That is not insignificant. There is absolutely nothing new in Christie.

Although the work on police and fire reform was well under way while the Christie commission was deliberating, initially, some of the Christie principles were not fully taken into account. Not enough account was taken of collaboration and the relationship between the police and other institutions. Some of the work that I did subsequently suggested that, for example, the relationship with local government was not taken into account adequately in the process of reform. The community dimension was not taken into account. Police Scotland has done that since, but in the early stages, it certainly did not.

When it comes to all such reforms, the key point that Christie made, which many had made before, is that we should keep our eye on all the pillars and not lose sight of them. That is not easy. It is a constant battle, but if we do that, we will get things right. There was progress well before Christie, going back 20-plus years, and there has been progress since, but it has been bitty. That is my sense.

Also, frankly, we have sometimes done the easy stuff. Some of the stuff that has been done on community empowerment is really good, but we have kind of done the easy stuff. The Scottish Government is good at telling local government to do things, but it is not so good at doing them itself. We need to turn the mirror on ourselves and ask whether we are carrying out such reform ourselves or whether we are just telling others to do it. That kind of top-down, command-and-control approach is, of course, against the spirit of Christie.

I have forgotten what the question was, but I hope that I have said something useful.

Stephen Boyle: I do not have much to add. Although the work of Christie is probably a qualified success, that it remains so firmly in the consciousness of people who have an interest in the delivery of public services and change is really unusual.

Colleagues are quite right to say that we do not have to think too hard to cite examples in each of the four pillars where there have been deficiencies in aspects of the delivery of public services in the intervening period. I accept everything that James Mitchell said about the principles that Christie set out having been thought about for many years prior to the report, but the notions of preventative spend, improving outcomes and reducing inequalities are firmly in the thoughts of the public leaders we interact with. There is an appetite for change, but it is clear that, collectively, we need to find and set the conditions that will allow Scotland to make the change. That is particularly the case when we think about all the challenges around inequalities and the potential constraints on public spending—and everything that those will mean—as we emerge from the pandemic.

All the examples of legislation that the convener mentioned are examples of how aspects of the work of the Christie commission have been taken forward, but perhaps it is a qualified success. There is much more to do as we move forward.

The Convener: Thank you. I open up the session to questions from other members, starting with Daniel Johnson.

Daniel Johnson: You have all said that much of the work that we are talking about is not new and that some of the themes have been talked about before. I like to go back to the work of the Fulton committee on the civil service in 1966, because it talked about many of the same things, such as accountability and measuring outcomes. Therefore, such themes have been talked about for a long time. However, looking at the difference between public administration and the private sector, I wonder whether organisational reform, as opposed to structural reform, is an underexamined strand. In a sense, I am taking as read the points about measurement. I think that those are well made, and there is a lot of work to be done.

There is a case to be made for structural reform, which I will come back to in another question. However, many private sector organisations, particularly financial organisations—whether they have matrix structures or something else—have parts that run the organisation and other parts that are dedicated to changing the organisation. For example, you will hear a lot of banks talk about the "run the bank, change the bank" approach. Is that the sort of reform that we have not seen in the civil service? It is still very siloed, with delivery structures that follow those silos, as opposed to organising people around change. That would involve not necessarily a structural reform but a reform of the organisation itself—reform of the central civil service. Does that need to be examined? Are there lessons to be learned from the organisation of private sector bodies with regard to aligning the central administration along Christie principles?

Professor Mitchell: You are much better qualified than I am on the private sector lessons. However, the issue of civil service reform and getting collaboration at the centre has been a running theme of government, and it is one of the reasons why the generalist is seen as significant and why we move civil servants around. I sometimes wonder whether we could do with another dimension of that, or with seeing more of another dimension of that—namely, getting civil servants out and about a bit more. I do not mean that to sound too critical. Many civil servants I know are friends, and they do an enormous amount of work and get out and about. However, I wonder whether we could get them to spend more time on secondment in, say, local government or wherever, in our communities.

That would make a big difference to understanding what actually happens when it comes to the delivery of services, because the delivery of services happens in our communities—it does not happen anywhere else. Sometimes, I think that, if we had greater experience of that in our decision making, at the centre, it would make a big difference. Citizens and front-line service deliverers are an invaluable resource in our communities. You get more ideas and more thinking at that level than anywhere else, but we do not do that. Sometimes, I think that we should turn the whole thing upside down and shake it up. Yes, we should draw on the private sector if necessary, but I am not informed enough to answer that question directly.

11:45

In a sense, what is lacking—I do not want to overstate this—is empathy and an understanding of what others are having to deal with. That is one of the issues. An empathetic public servant is worth an enormous amount. I frequently come across people who just get on with the job and ignore the regulations, the rules and the standard operating procedures. In a way, I think that we need more of those people; equally, though, we need systems. That tension needs to be considered. I know a number of people who just ignored the rules, because they were focused on outcomes. Does our system encourage that? Do those people feel that their line managers—or their line managers' line managers—have their backs? I am not so sure—I think that we have a very rigid

top-down system that could do with being loosened up.

Interestingly, when he was head of the NHS, Paul Gray frequently said, “Do what needs to be done—we’ll have your back.” That was a really important message, and we could do with hearing more of it.

Daniel Johnson: Before I bring in the other witnesses, I wonder whether they will also respond to Professor Mitchell’s point about generalism being a useful thing in the civil service. Indeed, that is one of the stand-out bits of the Fulton report. Do you think that that is correct? Would having more specialists not, at the very least, help to drive change? In any case, how do you respond to the wider point that we need people in the civil service who are more focused on change?

Professor Roy: I have a couple of points to make on that, although I should first of all declare that I was a civil servant.

The Scottish Government is much more aligned with your thinking on organisational structure and the matrix that you mentioned than the civil service elsewhere in the UK. After the Christie commission, changes were made, with moves towards having director generals and much greater collaboration and oversight across the piece. Some of that is helped by the size of the organisation and the fact that you can get every director general in the Scottish Government into a room to have a conversation. The Scottish Government is perhaps further forward on that than many other Governments, but, to come back to the point that you make, I think that it is still a challenge for any organisation when big and crucial cross-cutting issues are involved.

One of the differences between the public and the private sectors is that the former is spending taxpayers’ money. I understand the point about being bold and having people’s backs, but at the end of the day, there will always be a nervousness at any level of government about spending that money, being accountable for it and how far you can push things.

Before I respond to your question about specialists, I point out that, if we accept the charge that the civil service might not be structured in a way that helps with such cross-cutting issues, we also have to ask whether the Parliament is set up for that. Do the committees have the structure to enable scrutiny of, say, moves to tackle poverty? Are you able to look at all the different elements to find out how to turn the dial on that outcome, or does only one committee look at it, while the economy or the finance committee looks at something else? If we take your argument, I think that the same argument could be made with regard to the Parliament.

With regard to specialists, one of the strengths of the UK civil service is that people are generalists and can move around. However, the question is: are there particular areas where it would be really important to have specialist help with technical aspects? Moreover, you could come up with a good policy idea and an overall objective that it relates to, but you will also need to deliver that, and that is where specialists can really help. You have the idea and the political will to make it happen, and then you hand it over to others, or at least involve others who can tell you what a particular programme will be like on the ground and how you should deliver it or roll it out.

With regard to economics, for example, those of us in academia or the civil service have lots of really good ideas about how to support research and development, innovation or business growth, but people in business who have done those sorts of things can be really useful in turning those good ideas into something that you can actually deliver.

Stephen Boyle: I agree with colleagues. With regard to the siloed nature of the civil service and the generalism versus specialism debate, Graeme Roy’s analysis is right. Over the past 10 years, there have been examples of the Scottish Government embracing more specialism in areas such as finance, digital and the use of commercial skills.

The wider point of culture is a dominant one. It is not clear whether we have yet moved on from what appears to be quite a risk-averse approach in harnessing innovation and learning from failures. There are many examples, and I am sure that the deputy convener will be familiar with them. In the nuclear and airline industries, a culture of learning, where projects fail, is shared across organisations. I am not sure that we are seeing that in government yet. It is difficult, and Graeme Roy is right to point out that public money is involved. Inevitably, however, if we wish to make improvements in how public money is spent, there will need to be innovation, and some projects will fail.

Audit Scotland is thinking carefully about that. We can often be synonymous with a “What went wrong?” style of report, whereas we need to broaden our own thinking. While that means promoting accountability, there is an acceptance that not all projects will go well. It is what happens next that matters most.

Daniel Johnson: I am tempted to go off on a tangent and examine the aviation approach to risk, which I think is fascinating—it has lots of lessons. However, I will not do that.

I recognise that the answers have been expansive, but I will ask a second and final question, which I put to the whole panel. One thing

that strikes me about Scotland in comparison with the rest of the UK is how little structural reform we have done over the past 20 years. Graeme Roy said that we have had 10 years to contemplate Christie and that, hopefully, we will get around to some change in the next 10 years. I know that I am paraphrasing you in an unfair way, Professor Roy, but there is a sense that that change has been very slow in coming.

I think that the UK has done too much structural change, but we have orphaned structures in the Scottish public policy landscape. For example, health boards are organised at a regional level of public administration that has not existed for 25 years, and that is odd. In fact, we are adding to that with health and social care partnerships. I do not think that Police Scotland was created for Christie reasons at all; it was purely about economies of scale. If we consider some of the handbrake turns that had to be done, that was about returning to community delivery because things had become very centralised.

There been very few examples of genuine public service reform, despite the changes that have taken place—devolution itself and societal changes. What is more, what has happened has not happened along Christie lines. Is that a fault? Is there a need to ask more searching questions about whether we have the right structures—whether they have adequate public accountability and whether they are delivering the outcomes that we have outlined? I would probably start with health—and, if you will forgive the pun, that comes with all the health warnings that come with discussing the NHS and health policy.

You are nodding your head most vigorously, Professor Mitchell, so I will go to you first.

Professor Mitchell: I have been making the point for a very long time that we need to consider the structures in Scotland. I am tempted to say that we have spent so much time talking about more powers and all that jazz that we have neglected how we govern within Scotland. I strongly believe that we need to spend more time on that.

That is why I was delighted that the Scottish Government and the Convention of Scottish Local Authorities launched the local governance review. I spent a lot of time on it. I advised COSLA on it, and I spent a huge amount of time going around different local authorities, listening to people. That was a governance review—it was about local governance, not local government—and we raised questions around health boards and the relationships at a local level.

I am not necessarily arguing for a major structural reform, for a variety of reasons. There are some problems with that. It can involve an awful lot of time and cost, and we often do not quite get the changes that we really want—the outcomes are not much better than before. However, things can be done incrementally, and I am certainly of the view that we should be doing that.

Sadly, because of the pandemic, the review seems to have been pushed on to the back burner, although I think it is now re-emerging. I hope that the Christie principles will genuinely be involved, as I have argued—which is why I was invited to be involved. That needs collaboration at a local level, with efforts to be more preventative and to be community based. However, we do not want to simply focus on one of the easy bits. I worry that the review will just emphasise community empowerment of a certain type and that it will tell local government to get on with it and ignore everywhere else. We really need to get this right, and we are up for it.

At a COSLA conference in 2019, I had a conversation with Neil McIntosh, who, to my mind, is one of the great public servants that we have had over the past half century and more. It was fascinating to bring out his thinking on all this. He said that we need the kind of big look at the issue and the big reform of the type that we generally have every 20 or 30 years. If you go back through history, you will see that that is what we have done, and he said that we are due that now.

However, it has to be about local governance, and it must also tackle finance, resources and capabilities. We have to make sure that we do not just say, “Right, you get on with it down at a local level” and then dump the problem. That would be the devolution of penury, but it has to be the devolution of power. Local communities and local authorities have to be given the fiscal empowerment that they need.

I do not know where we are going with the local governance review, but I understand that it is being revived after it was understandably put on the back burner. That must be part of all of this. If it is done properly, it is a great opportunity to move forward.

Professor Roy: I agree. There is a role for structural reform, and we should have a look at that. In 2007, when the Scottish National Party came in, it had a significant look at the issue, and we had the bonfire of the quangos. However, you could argue that, since then, more things have been added. In the past, we have spoken about the cluttered landscape in the economic development world. Lots of different people are involved in that, which makes things difficult.

Structural change and reform has a role, but I caution against allowing it to become the focus of our attention. We could spend a number of years

looking at structures and then find that the questions about the reforms that we need to make in public service to change outcomes are just sidelined as we have a big debate about who should do what and where things should sit. We have seen that at a UK level in a number of areas. Departments and structures have changed their name every year, or when a new minister has come in—you only have to look at the Department for Business, Energy and Industrial Strategy or the area of energy to see the constant churn and change there.

You can spend so much time talking about personalities and structures that the big questions just get sidelined. Structural change has a role, but we have to be cautious that it does not become the focus and so crowd out other things.

Stephen Boyle: I do not have terribly much to add. I am slightly less able to comment on what ultimately would be the policy changes and future structures. However, with the structural changes that have happened over the past 10 years, we have seen evidence of some of the risks of future changes that we have talked about, such as the risk of there being a focus on the structure itself rather than the improved outcomes. That will almost be a deterrent. James Mitchell and Graeme Roy will know better than I do about why, more recently, we have not seen some of the overdue structural change that might have happened.

If we are to make more structural changes as a country, we should not rush into it. We should take time to think about what we will get out of it and how the users of public services will actually benefit from it. That should involve all the factors that we know about, such as long-term financial planning, mapping the spending to delivery of outcomes and milestones and better quality data that allows us to track the delivery of improvements in public services. However, all the evidence suggests that changes at the level that we have seen in the past are overdue.

Professor Mitchell: One important point in this respect is the independent budget review, which should always be read in conjunction with Christie—they must be read together. The review listed all the different public institutions and suggested that, for a country of this size, we have an awful lot—indeed, too many. Among that, the review suggested that 20 universities is too many, which is a bit scary. However, it is interesting that a number of those issues have been tackled.

We have to be careful not to add to our institutional network. It is a complex network, and we have too many institutions. If we are to make reforms and change things, we should not add another institution, whether it is for collaboration or something else. That was a big and important message that came more from the IBR than from Christie.

The Convener: As Professor Mitchell will know, I have long been keen on decluttering the landscape and major public sector structural reform.

We will move on to Liz Smith, to be followed by Ross Greer.

12:00

Liz Smith: I am most interested in how we empower local communities. As you rightly said, Professor Mitchell, in the little podcast in which you were interviewed by Professor Roy, if we are going to get local communities to deliver well, they have to feel empowered and trusted. I am particularly interested in trust because, let us be honest, we are not in a very good place at the moment for politics and trust—my party has some responsibility for that.

I worry that, due to the pandemic, our Governments have become more interventionist and have had to take more decisions as a state, partly out of necessity and partly out of design, and that that has made it more difficult for local communities to feel empowered. Is it possible for local communities to become imbued with trust if we have Governments that are a bit more interventionist?

Professor Mitchell: Trust is really important. The pandemic has been interesting in that respect—we had a conversation with Audit Scotland about that. The pandemic has made it difficult for me to get out and about as I would normally do, but my sense is that a lot of our local communities have been successful in altering the way in which they do things and deliver services. There has been a freeing up and loosening of standard operating procedures, which has worked remarkably well. It will be interesting to see whether, as we move out of the pandemic, we go back to our old ways or whether that degree of trust—it has involved a lot of trust—will continue.

What was really notable was the way in which local communities self-organised, collaborated and worked effectively with people on the ground and public bodies—most notably, health boards and local government. That was patchy across Scotland, but the message that I am hearing—Stephen Boyle is in a much better position to know about this than I am—is that many exciting things happened in that regard. We have heard people who are very much involved in that work saying that it must continue. A lot of it is about trust, and we trusted the local community. There are issues with that—Graeme Roy will no doubt rightly point out that financial accountability issues have to be

kept in mind—but the pandemic has shown what we can do.

Liz Smith: When it comes to health boards, for example, one of the things that was extremely impressive in the first wave of Covid was how well hospitals coped with the intense pressure at that time. I heard more than once that that was because doctors and other clinicians took charge of how wards were organised to look after people with Covid and those who did not have it but nonetheless had very serious issues. On schools, I heard that, because teachers were in charge of their schools instead of being at the behest of a lot of Government edicts, they got on better.

What I am interested in—and I think that you are, too—is whether, if that continues into the future, it will mean that our Governments will have to be less statist in their approach. Will they have to free up or perhaps devolve some areas to local authorities so that our Governments can get on with the business of governing? Instead of taking a bureaucratic, top-down and do-as-I-say approach, they can work on a free-thinking level. Am I correct in my interpretation of your view on that?

Professor Mitchell: That is my view. The one thing that I will add—I do not think that you will disagree with this—is that we must ensure that local communities have the capability and resources to deliver. We cannot just dump problems in our communities. It would worry me if our Governments were to say, "You get on with the job, but we are not giving you the resources." The resources have to follow.

It is not meaningful empowerment—it is not empowerment—when you dump a problem on a community; it is disempowerment. That is crucial in local government finances. We have been through this so often, and there are so many reports and recommendations on this, but the political will is lacking. That is where we need to look at local empowerment and align it with local needs. Participative budgeting is an important step in the right direction, but we could do so much more.

Liz Smith: The logic of that is that, if you are going to change the budgeting format, a higher percentage of the budget will come from central Government and it will be open to local government to choose how it spends it.

Professor Mitchell: Yes. There is only one part of Europe that is more centralised than Scotland, and that is England. It is absurd. People come to this country and look at it and think, "What the hell are you doing? How is this possible? How does it work?" The answer is that it is not working, which is why we need to address the problem.

The gradual erosion of local autonomy has happened over many decades, and every political party has been guilty of it. We really have to reverse it. That is central.

Christie placed a huge emphasis on local place, which goes back to the point that I was trying to convey earlier about turning the thing upside down, but we have to make sure that we are not just dumping a problem. It must be resourced properly and communities have to be empowered.

Liz Smith: Could I ask the other two gentlemen the same question? Professor Mitchell rightly points out that this raises questions about accountability. Would the organisation of local government have to change so that accountability was enhanced around how it was spending its money? Is empowering local communities possible within the existing framework?

Stephen Boyle: I am not sure, to be honest. I recognise Professor Mitchell's point about accountability and the flow of funding arrangements. Audit Scotland and my colleagues on the Accounts Commission have said that the delivery of public services needs to be easier to do. It matters, therefore, that the relationships between and the parity of esteem across local government, central Government and national UK Government operate effectively. Whether that means that Scotland needs to restructure its local government arrangements, Ms Smith, I am not sure. We are seeing some terrific examples of how local government is delivering effectively for its communities.

I agree with Professor Mitchell's point about what happened during the pandemic, although it is unfortunate that it took life-or-death circumstances to empower communities and give them some of the levers that they want to deliver for the people they know best. We should not snap back and lose some of the innovation that we have seen, but the money has to go with it. The funds have to flow, and the decisions that will enhance service delivery have to be taken close to our communities.

Fundamentally, it is a cultural point, but parity of esteem has to be embedded across all the components of government in the UK and Scotland.

Professor Roy: I have two quick points. The pandemic has taught some really interesting lessons about empowering communities. We need to be careful that we do not generalise too much, however, because some areas saw widening inequalities. Some regions have the social capital and structures that have enabled them to respond, whereas things have been much more difficult in other areas.

There have also been quite significant variations among individuals. We have seen great examples of local communities coming together to support

the elderly, but the evidence that colleagues at the Fraser of Allander Institute gathered about adults with learning disabilities shows that the situation was much more challenging. There are huge inequalities in communities' ability to respond to the situation, for a variety of reasons.

The point about funding is a general one that goes back to Daniel Johnson's point about structures. The local governance review picks up the structures question, and we can look at that more broadly, but the funding issue is crucial. I am interested in how much the centralisation of funding, particularly in local government, has evolved in the past 10 years relative to what Christie was saying.

We have gone from a concordat in 2007 that was about not imposing what money should be spent on to a world in which there are now questions about whether local government budgets should be more or less squeezed than central Government budgets. We can agree that there is much greater direction about what local councils should spend their money on and that the discretion that they have is much smaller.

Before we think about structures, we need to think about financing and whether we are getting the parity of service and quality that we want from that direction, which might be the reason that we are doing it, and whether that is a trade-off against giving communities and local government the ability to do things differently if they want to. We need to resolve that fundamental trade-off before we think about structures.

Ross Greer: I will continue on the wider issue around local government, because it raises a question about scrutiny. Parliament constantly grapples with whether we scrutinise the Government effectively. It is a single institution, so we can have a national conversation about effective scrutiny of the Scottish Government, but that is not the case with 32 different local authorities.

Is there effective scrutiny of the delivery of public services at individual council level? I do not ask that question to imply criticism of councillors; my concern is that we are full-time elected parliamentarians with considerable staff and resource support, whereas the role of a councillor is part time with almost no support. That raises concerns about how effectively councillors can scrutinise the delivery of public services in their communities. Is that a barrier to delivering on Christie in the way that we have spent the past hour or so talking about?

Stephen Boyle: I will offer a thought on that. Ironically, there is extensive scrutiny of local authorities in Scotland. The 2008 Crerar review referred to scrutiny bodies tripping over each other in exercising scrutiny. The review led to the co-ordination of scrutiny and the work of the Accounts Commission, which oversees local government spending and the best value audit regime.

Scrutiny undoubtedly takes place. The arrangements that we have in place have been there for more than 10 years, and their effectiveness is reported publicly through audit reports and best value regimes. In relation to your specific question, Mr Greer, about whether there is a disparity of available resource and the effectiveness of scrutiny in individual councils, I suspect that the picture is mixed.

I am a little more remote from where I have been about the range of quality, but members on the panel will have specific views on that. I do not know whether that should lead to a structure review of the components of local government scrutiny. Perhaps there could be opportunities for finessing before we get to that point, particularly in relation to long-term funding arrangements and the translation of spending to outcomes. Those steps need to be taken before we get to the point of thinking about the adequacy of scrutiny and resource in local authorities' scrutiny components.

Ross Greer: I will refine my question. You are right that local authorities are extensively scrutinised, typically by national bodies such as the Accounts Commission. My concern goes back to the points that Liz Smith raised about empowering communities. Those who scrutinise local authorities nationally do not live in the communities in which the local authorities are delivering services; that is the role of local councillors and the elected members in a council. My concern is whether councils, as elected bodies, are scrutinising the delivery of the public services for which they are responsible, and not whether we at a national level, in whatever form, are scrutinising those bodies effectively.

12:15

Stephen Boyle: I will say a word or two more. It is important that there is, and I do not think that anyone would disagree with the notion that there needs to be, effective scrutiny in all organisations, and local government and central government need to be accountable for how well public money is spent, so that taxpayers can be assured that, if necessary, there will be interventions and changes to how public services are delivered.

You are right that there is a national body component to that scrutiny. However, effective scrutiny is also happening in local authorities day in and day out, through the committee structure and the council structure. Councillors and individual councils will have examples of where it is working well and less well. We have seen

reported evidence on how that process is working through the best value regime in Scotland. They are really taking that process forward.

Whether the resource of the Parliament relative to that of 32 local authorities is a comparable example, and whether that makes the case that there is not that level of parity, I am not sure, Mr Greer. I am left with the sense that there are more steps to be taken before we can get to a wider review because we think that a more fundamental look is needed.

Professor Mitchell: When speaking to councillors across the board, I am frequently struck by how often, when something goes wrong, they soon know about it from their local community. I am told reasonably often by councillors that they hear from community members about their problems with the health service, because the community does not know who to go to other than their councillor. That is interesting for accountability at that level. I am not suggesting that our general practice surgeries throughout Scotland have problems, but occasionally they do, and it is notable from what I hear—which is, I admit, anecdotal—that the first port of call is often a local councillor or the council, because people do not know else who to go to. I suspect that MSPs are the next to hear from them, if not at the same time or even before. That is one reason why a governance review is important for looking at issues of accountability. I am much more concerned about accountability beyond local government than within local government, if I am honest. I am not saying that you do not have an important point, Ross, but I think that we should broaden it out.

Professor Roy: Ross Greer raises a very interesting question, but I would add that we have seen a relatively significant cutback in the capacity of local authorities to develop policy and ideas. That is less about councillors than it is about local authority offices**.** You see it particularly in the areas around—again, in my world—economic development and city deals, where there are real strains on the capacity of local authorities to do the work that is needed to develop policies and ideas. That is no criticism of the people in the councils. When budgets are tight and councils are under lots of different pressures, certain areas get squeezed, and it is that capacity that gets squeezed. That is a nuance and an additionality to Ross's point about the ability of councils to carry out scrutiny—there is a capacity issue in local authorities in some areas.

Ross Greer: My second question follows up on Stephen Boyle's earlier comments about what we are measuring and what data we are collecting. We spend a lot of time focusing on inputs instead of on the outcomes that we are trying to get from these processes. That touches on something in Professor Roy's written submission about how the national performance framework was supposed to change that. It was supposed to shift us away from a focus on inputs and towards measuring those outcomes and delivering on that aspect of the Christie commission's recommendations. From your perspective, has the NPF helped? Has it had a tangible impact?

Professor Roy: The NPF is good at setting out the overall, macro picture of the outcomes that you are trying to achieve, but it could not be used on a day-to-day basis to look at changes in public policy. Let us take tackling poverty as an example. If the number of people in poverty goes up in Scotland, that changes the indicator in the NPF. However, we need to consider why it has gone up. Is it because of economic conditions? Is it because of UK Government changes to welfare reform? Is it because the Scottish Government has not done something with its new social security powers? Is it because of housing issues or transport issues? There is a challenge in that regard.

That takes us back to Stephen Boyle's point about moving away from inputs to a much greater focus on outputs but then being very clear about how those outputs feed through to outcomes. That is a gap, I think, and we do not focus on it. We think about public policy reform and we have a big narrative about how it will change the outcome, but we do not in any way think through the steps that need to happen for the inputs to change the outputs and then have an impact on the outcomes. We do not think about how those outcomes will be impacted by other elements. That is the part where the national performance framework has been unhelpful, in some ways, in that it has almost been the goal—the idea is that if we develop all these indicators, public policy will suddenly become wonderful and all the outcomes will change. It is much more difficult than that, and I think that that is one of the big gaps that we do not talk about at the moment.

Professor Mitchell: [*Inaudible*.]—could help, but it is never going to answer everything. What would really help is for the political parties to stop promising 1,000 more X, Y and Z in their manifestos.

Stephen Boyle: We have reported—ad nauseam—on countless examples where the data on implementation of public policy has not been strong enough. We remain supportive of the national outcomes in the national performance framework. I have mentioned, a couple of times, the need to improve the connections, and I see from the committee's budget scrutiny report its enthusiasm for making connections between

spending and the outcomes in the national performance framework.

As we move away from recording outputs, rather than outcomes, as I hope that we will do, we will see the true impact. However, it might take multiple parliamentary sessions before we see the impact of some spending; as other witnesses said, there is a political dimension.

Some things can happen now. A recent example on which we reported is the investment in early years. In the past few weeks, the Government has reported that the 1,140-hours approach applies across all 32 local authorities in Scotland. A component of our review was that there are not enough longer-term outcome measures, particularly when it comes to the economic implications of the policy. Not just in relation to that work but across the piece, there are opportunities to make small-scale changes to how we measure and improve the quality of data, which we expect to make quite a big difference.

Ross Greer: Thank you. That is all from me.

Dr Allan: We have talked a lot about culture, one definition of which is "collective behaviour that takes a long time to change". I am interested in hearing from Professor Mitchell and others about how we can change culture. In particular, how can we make use of some of the opportunities for culture change that are presented by the 26th United Nations climate change conference of the parties—COP26? Given that it is happening in Scotland, COP26 appears—among many other things that it is doing—to be challenging all of us in Scotland to think about the institutional culture differently and as something that must and can be changed quickly. What is the relationship between everything that is going on around COP and everything that is going on around Christie?

Professor Mitchell: Despite using the term earlier, because it is commonly used, I hate the term "culture", because it is really about behaviour. However, I think that we are on the same page. We are talking about the same thing: behaviour that becomes embedded.

COP might alter—as, indeed, the pandemic might alter even more, and has altered—some of the standard operating procedures, or the "we've always done it this way" style. It is capturing an opportunity.

Leadership is crucial to that. I am talking about leadership throughout the system, not just the top leadership—command and control—but leadership at local community level. Almost every public servant has a line manager. That is a leader.

Giving permission and trust are important in that respect but Dr Allan is absolutely right that it is not easy. It is a gradual process. However, when you get an opportunity—COP might be one and I certainly think that Covid is another—grab it with both hands, highlight the good that has come out of it and drive it through your system as fast as you possibly can before we slip back into bad ways. It is incredibly difficult.

The other approach is to look around, see examples of what is done elsewhere and bring in new blood and new ideas. It is not easy because of the embedded way of doing things, or the idea that we have always done something a certain way.

I will reiterate in a slightly different way a point that I made earlier. If somebody does something with outcomes in mind and gets it wrong, we should ask whether it was because they had outcomes in mind, in which case it is okay because we have learned from it, or because they did something wrong that they should never have done in the first place. We are pretty damn good at keeping an eye on that. In Scotland, we are fortunate that we do not have corruption anything like other countries do, so we should be a wee bit more relaxed about risk taking and encourage it.

That might not be a view that everyone round the table will share. In fairness, Audit Scotland has, over many years, come closer to my more relaxed attitude to such situations than it did in the past. That is important. There is an acceptance and awareness that what counts often cannot be counted.

Stephen Boyle: I agree with James Mitchell that we are talking about behavioural change. It remains to be seen whether COP and the energy and enthusiasm that seem to be coming out of the conference will be the catalyst for behavioural change, and whether some fundamental decisions that we will all have to take, not only individuals but public bodies, will be made within the confines of existing structures and improvements for outcomes.

As we have touched on a couple of times—if I recall rightly, this point also comes through in the submissions—with an event as fundamental as the pandemic or moving towards net zero, the risk is that there are winners and losers. Until now, the most disadvantaged in society have borne the brunt of some of those changes.

The point about taking risks is well made. James Mitchell is right to challenge us. Accountability is strong and well embedded in Scotland. There are not many examples of corruption or fraud. That is not to say that, if the conditions were right, it would not happen. You would expect me to say that we should remain vigilant and that we need to have an assurance framework that supports deterrent, safeguarding

and evaluation of that. However, we still need to take risks, especially if we are going to move to net zero and make some of the changes that we need to make personally and organisationally. That will require spending and innovation. Sometimes, we will get that wrong. The key test will be how we react to, and learn from, things going wrong.

Professor Roy: I have nothing to add to what has been said.

Dr Allan: People are increasingly engaged in COP26 compared to previous COPs—I am again using COP as an analogy or metaphor for this question. There is public awareness of the problems, although perhaps not of what policy changes will be needed. It strikes me that one thing that drives forward the kind of change that the witnesses or COP are talking about is public engagement in the possible outcomes. Therefore, useful though such conversations are, there comes a point at which we have to start talking about specific outcomes. That is why political parties put in their manifestos commitments about X number of Y. It is comprehensible, unlike the important but abstract conversation that we just had.

What do we all do to engage people in specific outcomes? If you were drawing up a shortlist of those outcomes, what should they be?

12:30

Professor Mitchell: The outcomes would have to be pretty abstract. We had this conversation at the away day that I mentioned earlier, when someone challenged me to write an outcome-based manifesto. I said that it would be a pretty short manifesto, and it would include improving the wellbeing of citizens, and such like. That is what I would go for. I suggest going back and looking at past manifestos. Manifestos have got longer and longer, with lots of silly commitments that create problems over time. I would go back to the old system, which is a better way to do it. Then again, I am never going to write a manifesto, and I am never going to stand for election, so I take the point that it is a difficult matter. That is the answer that I gave X years ago, and things are not much better now, I am afraid—but this can be done. I would not underestimate the intelligence of the electorate and of the public.

Dr Allan: I was not doing that.

Professor Mitchell: I know, and nobody should. Some of the people who write the manifestos must be doing that, but because people get it—they must get it. They understand that it is a matter of improving wellbeing and so on. That is what will count.

Admittedly, another aspect must be taken into account, which is the way in which things are mediated and debates are conveyed to the public. A headline is easier.

Quite seriously, are the people who write manifestos public policy literate, or are they experts in areas where I am clueless, such as communication? Could we not get the two together and work together? Surely that is not impossible. Looking back, some of the most memorable campaigns that I can think of were of that type. The 1997 election was not built on detail so much. Who can remember the detail? People remember the basic messages.

I am straying into territory where I feel uncomfortable, but I do not believe that this cannot be done. Putting the right people together in the room would help. That is a challenge.

Professor Roy: The point is a fair one, and the challenge is how to communicate the proposal. COP is good, because it brings the big, broad outcomes that we will think about—things that we will have in the national performance framework—into everyone's day-to-day lives. Without setting us off on another tangent, but to pick up something that the Christie commission did not consider, the interesting thing about COP is how we prioritise things. Climate change and the transition to net zero are now foremost in everyone's mind and we need to take action here. Christie discussed all the different principles, going for all the different outcomes. That is one of the interesting things on the communication side.

As for how we deliver change, it is a matter of tapping into where people's moods are. It is not just about changing people's behaviours; it is about asking where people really want change and using that—like Covid and like COP—as an opportunity to make the changes that we need now. You could have a much more open and useful conversation with people in the public sector now about the reforms that we need to do on net zero than we would have had six months or a year ago, because people are now much more aware of it. That is where there is an opportunity to deliver change.

Stephen Boyle: There are mechanisms in place, from pre-COP and pre-climate change, that would appear to be working. If people are engaged—whether on the experience panels that social security has been using, on citizens assemblies or elsewhere—there are opportunities to explore things further, in addition to capturing the citizen voice, so that we can extend beyond the election as a mechanism for the people who will be most directly affected to take an opportunity and to have their opinions noted.

Douglas Lumsden: To go back to Daniel Johnson's earlier comment about the different boundaries that exist, given that there are 14 health boards and 32 local authorities, do we have any hope of success without real structural change? Do we just have to bite the bullet and agree that we need a big overhaul of public services across the board?

Professor Mitchell: It is complicated. Something that might look wonderful and neat on paper might well not work, which is why we have so many different institutions and such a cluttered landscape. Sadly, it is just inevitable, because that is how our people live and how populations exist. What might be appropriate for the Western Isles might not be appropriate elsewhere; for example, health coverage in the Western Isles will require support from beyond the area.

However, if we take a bottom-up perspective and look at what is required locally, we can do it. That might mean, for example, having all-purpose public bodies in some areas. In fact, Orkney Islands Council has been arguing for that for a very long time now, and there is no reason not to do it there just because it is not going to happen elsewhere. We should think about such a move; in fact, I strongly believe that it is the way forward.

It is notable that we have not mentioned community planning partnerships once today. CPPs were a big thing in the Christie report, and we should ask ourselves whether they have worked and look at what they have done. My sense is that they are better now at being effective collaborative bodies than they were 10 years ago. Indeed, 10 years ago, for the most part, they were just a case of chiefs sitting round a table and producing a document—that was it. Things are much better now, but we still have a long, long way to go. If we do things from the bottom up, we will get it done. That said, we should be careful to avoid putting in place some nice symmetrical system. The population of the country is messy, as is the geography, and that needs to be reflected in our institutions.

Again, I come back to the point about experimentation and risk. Why not push to allow Orkney to go the way in which Orkney Islands Council has been arguing for? Actually, Western Isles Council has been playing with the concept of all-purpose bodies, too. I recall speaking to the chief executive and leaders of the council about it some years ago, although they have a different idea and a different model. Let us see it being implemented, particularly in the really radical parts of Scotland, such as the Highlands and Islands, not in the central belt, which is the most conservative part.

Douglas Lumsden: I guess that our opportunity to do something instead of just talking about it is the local governance review that you mentioned earlier. We need to find out where that is and how we can get it back on track, and to see whether we can push for change through that.

Professor Mitchell: Yes, we can push for change there. Understandably and for good reason, given where we are, many ideas and pilots have been proposed but nothing has happened. However, we now need to push ahead with that work.

Again, though, we should not just rush ahead and think, "We've ticked that box." This is a process. However, if there are areas that want to push ahead, we should let them do it. Obviously, it should be done with constraints and caution, and whatever they do should be monitored to ensure that we can all learn from it, but I certainly think that we should do that.

John Mason: The discussion has been very interesting and has covered a lot of ground; I realise that I am the last questioner.

Coming from an accounting background, I want to pin down some numbers, especially with Professor Mitchell. You said that we should be bolder, so I was going to ask whether we should, for example, take 10 per cent off the hospital budget and put it into primary care. However, you then said that we can do things only incrementally. Would it be useful to have some fixed concept over the next few years, whereby we give, say, 1 per cent less than we might have to secondary hospital care and 1 per cent—or the equivalent figure—more to primary care? That might give us something solid that we as a committee could agree on and then put to Parliament. After all, as everyone has pointed out, we have not made the progress that we might have done.

Professor Mitchell: You raised the same issue in a previous evidence-taking session—

John Mason: That is possible.

Professor Mitchell: —and I am probably going to give the same answer.

I think that, in principle, we should think about that, but 10 per cent is a hell of a big figure, and I do not think that that is realistic. If we are going to do something like that, we need to do it properly and be serious about it. We need to accept that there will be winners and losers, and we might need to be careful in the decisions that we make in that respect, particularly with regard to the losers. It could be done only incrementally. In general, budgetary politics are incremental. It is a bit dangerous to try to do big radical things; in many countries, where that approach has been tried, it has tended to fail.

Much as I want to get there—as you do—as quickly as possible, we have to proceed gradually.

There is nothing wrong with that, even though it might well suggest that I am changing my position on targets. It would be an interesting move. We would have to monitor the impact carefully to ensure that it was truly preventative and long term.

I would go further and point out that, when we are talking about public health, it is not just health budgets that are involved. We would need to engage with not only the health budget but many other budgets in discussing our approach. Local government does a lot of very good public health work through libraries, leisure and recreation and so on, some of which we heard about earlier.

John Mason: Before I bring in the other witnesses, that leads me on to another thought. The point has been made that one of the Christie principles was about more joint working, collaboration and so on. Out of that came the health and social care partnerships or integration joint boards, whatever they are currently called, but from my perspective, those are just another kind of new body. Professor Mitchell talked about ensuring that we do not simply add more institutions, but now, instead of a situation in which I either write to the chief executive of the health board or the chief executive of the council, I have a third option, as I can also write to the chief executive of the integration joint board.

My question for you all is whether that kind of thing—not necessarily IJBs specifically, but more generally—has been a mistake or has not worked in the way that it was meant to. If so, why is that the case?

Professor Roy: To go back to the point about structures, one can come up with good reasons and arguments as to why that sort of structure works, such as the need for specialism or particular accountability in such areas, but the point is whether we have in place the relationships to deliver that collaboration. Alternatively, do we go the other way and have fewer institutions and much greater oversight and accountability internally?

That builds on Daniel Johnson's point. There can be silos even within organisations, so the fact that there are different structures does not guarantee that there will be no silos. Structures are important, but there is a lot that we can do before we start to have a discussion about structures. What is it that we want to try to achieve in terms of outcomes and collaboration across areas, and what is the best structure to enable us to get there?

I come back to the point that, in many ways, it is easier when we have a blank sheet of paper and we are starting out in a new area. There are lessons that we can learn from other areas, and we can say, "If we were to start this again, hypothetically, what would it look like and what would we want to achieve?", and then we can look at the structures that we might put around that.

On your first point, an interesting point from a public finance point of view is about how we push money into areas of reform and prevention. It is interesting that, so much of the time, when we talk about tax and raising taxes, it is to pay for something that has bubbled up. At present, in the United Kingdom, we are having a big conversation about a national insurance increase to pay for health and social care, because that is now a problem—we cannot fund health and social care, so we are having to increase tax in order to do it.

It is interesting that the discussions that we have about taxation, and how much taxation we have, always come about when we have a problem that we need to pay for, rather than because we want to have a conversation of the kind that we might want to have now about what the optimal structure of taxation would be in order to fund the reforms that we might need. We tend to wait to have a discussion about tax until the point when something has bubbled up as a problem.

I would broaden out the conversation to cover not just how much is allocated within budgets, but what the optimal structure for taxation might be, and whether we are taxing too much in some areas or too little in others, in order to pay for the reforms that we want in the long term.

John Mason: On that point, before I come to Mr Boyle, you are arguing that, just as there has been a need for extra tax for care services, we could put in place—we would have to choose whether we wanted to do so—a tax for extra preventative spending. That could be done to launch it all, in a sense. We all seem to have said that we cannot cut anything, so we will wait until we have extra money, and once we have that, we will put it into preventative care, and that is never going to happen.

12:45

Professor Roy: My point is not so much about whether we need a new tax. I come back to Professor Mitchell's point that we must look at Christie in the context of the independent budget review, which was all about fiscal sustainability. We need to have a conversation about that—about what we are paying for and what the state is not doing or must pull back from, relative to what we might want to do, so that we can fund not just existing services but changes that need to be made.

We need to have a broader conversation. We know that demographic pressures are coming down the line, that demand for health and social care will continue to increase and that we must

deal with the legacy of Covid. We also have all the other objectives that we are trying to achieve. That raises huge fiscal sustainability issues that should be front and centre of what the committee thinks about. A conversation is needed about that, at the same time as a conversation is had about the public service reform that is needed and about how that reform is paid for. All of that is completely interlinked.

John Mason: Mr Boyle, you can comment on that, too. I was interested that you said that it would be better to measure how safe people are rather than how many police we have. As an auditor, do you think that that would be practical? I did a tiny bit of auditing earlier in my life and I know that measuring the number of police is easier than measuring people's safety. If we were safer but had fewer police, what would Liz Smith, the *Daily Record* and everybody else complain about? [*Laughter*.]

Stephen Boyle: I will respond to a couple of your points. I recognise that reporting on the quantitative is far easier than reporting on the qualitative, and I think that that is broadly what we have done. Does that mean that we should limit our ambitions to just the quantitative?

To return to the national performance framework, we see the enthusiasm for finding appropriate ways of measuring the harder things that matter more. Whether we are talking about police numbers, teacher numbers or A and E wait times, they all feel like limited measures of how well public services are performing. Looking to step beyond that is the right level of ambition for measuring what we achieve for the significant sums of public spending in Scotland, which have grown in the past 18 months.

Mr Mason touched on health and social care integration. Our model is not strong enough in terms of collaboration or clarity of accountability; we are somewhere in the middle. There are many anecdotal examples of areas that are doing tremendously well and improving public service delivery with the right level of collaboration but, in the past eight to 10 years when we have gone from having the framework and ministerial direction to having legislative change and now structural change, the question has remained open on whether the delivery of public services has improved.

A number of steps or bones of contention remain. On your challenge to Professor Mitchell about moving 10 per cent of budgets from the acute setting to preventative spend, I agree with his point that doing that would be incredibly difficult and challenging. Nonetheless, if the shift to preventative spend remains the ideal of Christie, there needs to be a better way of ensuring that we have earlier interventions that avert the downstream spending that we see in Scotland.

John Mason: For my last point, I will return to Professor Mitchell. You said that, during Covid, we have seen action. In Glasgow, we got cycle lanes quickly, although there was no consultation with the community. To my mind, that immediately suggests that there has been a trade-off. Consultation will take place on whether the cycle lanes are to be permanent, but it did not happen before they were put in. We also got off the street most people who were sleeping on the street, but that meant that people who were overcrowded in their housing could not get another house. I presume that the answer to that is to provide more housing. Will such trade-offs always exist?

Professor Mitchell: That is politics. It is about choices, and they are not always easy choices—that is for sure. My main point is that, to some extent but not entirely, the balance needs to be tipped the other way.

There was an implicit message in the Christie report, which was that the way in which we had done things over a long period was too top down and paternalistic and did not take sufficient account of communities. Even at that time, we kept adding to and cluttering the institutional landscape, and we have done more of that since. That was much more powerfully expressed by the IBR. The message was that a shift was needed. There was an implicit criticism and a suggestion of a direction of travel. That will not happen overnight, and we must monitor the situation carefully in a way that gets us closer to that ideal.

There will be difficulties. We cannot just shift 10 per cent of the health budget into prevention—that is an enormous amount of money. I am not against the principle, but it would be nowhere near 10 per cent. It will be difficult to monitor and audit such changes, because we might not see the effects for a very long time. That is part of the criticism that we make about being risk averse. We need to put more trust in our operation.

The Convener: Time is against us, folks, but I will take a brief question from Daniel Johnson.

Daniel Johnson: The Christie report mentions technology only three times, and not really in the context of change itself. Was there a lack of focus on technology? Is technology a source of potential change for the better in public services?

Professor Mitchell: There was a lot of discussion about whether there should have been more on information technology. There had been a big report on that issue just before the Christie commission, so a decision was made, because we had only about eight months to produce the report. I think that that is a valid criticism. I have many other criticisms of the Christie report; I think that

we would do it differently now. At the time, in truth, there was not quite the awareness that there is now of the opportunities that exist in that area. There are real opportunities across the board for collaboration and so on.

One of the things that we have learned through the pandemic is how incredibly useful modern technology is. In my job, we have been forced to use social media and so on for all sorts of things. We should grab that opportunity and take advantage of it.

The Convener: I have a question for Professor Roy, unless anyone else wants to come in, about an issue that we have covered only briefly. In your submission, you say that

"there needs to be more of a focus upon empowerment, particularly at a local level",

and you ask about the reforms that are "hindering progress". To what extent do people in communities want to be empowered? Do people want to have that level of responsibility? My experience from 30 years as an elected representative is that most people just want services to work efficiently and effectively. A minority want to be empowered and to have more say in their community, but a lot of people just want to get on with their lives. They want the rubbish to be collected—that is a pertinent point at the moment—and they want street lights to work, no potholes on the roads, good schools and a working NHS.

To what extent is empowerment a reality in ordinary people's lives? How do we ensure that empowerment does not just mean passing down responsibilities, in a town of 10,000 people, to 20 to 30 people who might go to a monthly meeting?

Professor Roy: I am probably less sceptical than you are in that regard. We use big language such as "community empowerment", but it is about local decision making and having control over what really matters in your local area. Many communities would very much have that view. As we have touched on, during the Covid pandemic, communities have reacted and responded—

The Convener: Communities can include thousands of people, but we are talking as though they have a collective view. I think that you mean that a number of people are vocal in those communities. Is that what you mean? We can compare that with elected representatives, who have probably been elected by several thousand people in those communities.

Professor Roy: There are a number of things in that. We are not talking about replacing the role of MSPs or MPs in overall service delivery and in setting the political agenda. However, most communities will have views about what really matters in their local area. I think that you would find that that is the case, whether the structures that are in place mean that a vocal minority dominate the discussion, or that people are empowered to take the decisions that matter to their local area. A lot of the evidence suggests that local communities—they could be of 10,000 people or much smaller than that—however they want to structure themselves, will want to have a role in the decision making that matters in their day-to-day lives. I am less sceptical than you are about that, convener.

The Convener: I find that, on something negative, there is often a large turnout at meetings but, for day-to-day things, a very small number of people in a community will be involved, and it is arguable whether they are representative. Do they produce things such as newsletters and updates to let people know what they are doing? How effective are they? The variance across Scotland is monumental. Some people will be first class and some less so. If we are serious about community empowerment, how do we deliver that and who do we deliver it to?

Professor Mitchell or Stephen Boyle might like to comment on that. You do not have to, but you can if you wish. Are you going to take the fifth amendment on this one, Jim?

Professor Mitchell: That opens up a whole host of questions and issues. One of the most important, which Graeme Roy touched on, is the relationship between participatory democracy and representative democracy. We do not pay enough attention to that. In the Christie report, we did not just talk about community empowerment; we talked about personalisation and the need to take account of what individuals need. We have to move away from a one-size-fits-all approach, not just for communities but for individuals.

Having the opportunity is important, although people might not take advantage of it. You are right about that, convener. It is often said that, like families that come together for weddings or funerals, communities come together to celebrate or when things go badly wrong, and otherwise people do not want to see one another, as it were.

There is a balance to be struck. We have to be careful that we do not hand power or resources to minorities that are not representative. We should acknowledge that, although there is great energy in our communities, some communities have pretty unpalatable views, so we need to be careful. We also need to take account of the importance of financial accountability and suchlike.

Having said all that, I still think that we could go a long way in empowering or at least allowing communities to take advantage of resources and to give them the opportunity.

The Convener: I think that participatory budgeting has been a really big success, for example.

Stephen Boyle: I do not have terribly much to add. I am sympathetic to your point, convener, that people just want public services to work. They will become energised and engaged when they feel that something is not working to their satisfaction, whether that is to do with potholes, schools or the future of a local hospital—we have all seen examples of that.

We recently produced a short paper on community empowerment in which we focused on examples of services where communities had come together, principally during the pandemic. There were some real successes in galvanising communities. Much of that was during the pandemic, and James Mitchell is right that, during that time, aspects of control and bureaucracy were taken away, which allowed those examples to thrive. Perhaps too much of that was rooted in life-and-death circumstances. We need a stronger model, with more encouragement and enthusiasm, so that communities can come together, perhaps less because of a hospital closure or a life-and-death situation, so that there is scope for people to opt in—and out—in a way that feels a bit more stabilised.

The Convener: Unless our witnesses have any further points that they wish to add on any area that they feel that we have not covered effectively, we will end on that positive note. Thank you for your evidence, which has been fascinating. I also thank members for their questions.

Without further ado, I close the meeting.

Meeting closed at 12:59.

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

The Scottish Parliament
Pàrlamaid na h-Alba