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Finance and Public Administration Committee

Tuesday 30 May 2023

The Scottish Parliament
Pàrlamaid na h-Alba

Tuesday 30 May 2023

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FINANCE AND PUBLIC ADMINISTRATION COMMITTEE
16th Meeting 2023, Session 6

CONVENER

*John Mason (Glasgow Shettleston) (SNP)

DEPUTY CONVENER

*Michael Marra (North East Scotland) (Lab)

COMMITTEE MEMBERS

*Keith Brown (Clackmannanshire and Dunblane) (SNP)
*Ross Greer (West Scotland) (Green)
*Douglas Lumsden (North East Scotland) (Con)
*Liz Smith (Mid Scotland and Fife) (Con)
*Michelle Thomson (Falkirk East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Anthony Daye (South of Scotland Enterprise)
Chris Kerr (Registers of Scotland)
Elaine Lorimer (Revenue Scotland)
Stuart MacQuarrie (NatureScot)
Garry McEwan (Food Standards Scotland)
David Page (Police Scotland)
Kerry Twyman (Transport Scotland)
Karen Watt (Scottish Funding Council)

CLERK TO THE COMMITTEE

Joanne McNaughton

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Finance and Public Administration Committee

Tuesday 30 May 2023

[The Convener opened the meeting at 09:30]

Public Service Reform Programme

The Convener (John Mason): Good morning and welcome to the 16th meeting in 2023 of the Finance and Public Administration Committee. The first item on our agenda is a roundtable discussion on the Scottish Government's public service reform programme. We have eight witnesses.

I welcome to the meeting Garry McEwan, director of corporate services, Food Standards Scotland; Stuart MacQuarrie, deputy director business services and transformation, NatureScot; David Page, deputy chief officer, Police Scotland; Chris Kerr, registration and policy director, Registers of Scotland; Elaine Lorimer, chief executive, Revenue Scotland; Karen Watt, chief executive, Scottish Funding Council; Anthony Daye, director of finance and corporate resources, South of Scotland Enterprise; and Kerry Twyman, director of finance and corporate services, Transport Scotland.

I thank all those who made written submissions, which we have been reading.

When you speak, you do not need to press any buttons; the gentleman up in the corner handles all the sound for us. We have around 90 minutes for the session and the plan is for it to be a free-flowing roundtable discussion rather than a more formal system. If either a witness or a committee member would like to come in, they should indicate that to me and the clerks and we will try and bring you in. We have not split the session into themes but, if a particular theme comes up, it would be good to stick with it for a little while before we move on to something else. We want the session to be free flowing but there are 15 of us around the table and so we do not want long speeches from any of the committee members or anyone else.

I will start with Police Scotland. Your paper was quite positive about the reform that you have already seen in the police force. You are welcome to say a little bit about who you are and what your role is, as well as sharing a few points about what you feel has been positive as well as any challenges that you have faced.

David Page (Police Scotland): Good morning. I am the deputy chief officer for Police Scotland. I joined Police Scotland in 2016. I am a civilian and I joined to replace a deputy chief constable. Part of the rationale for bringing in a civilian at deputy chief constable level—which was the first time that it had been done in the United Kingdom—was a recognition of the huge amount of complexity in bringing eight police forces and two other organisations together. Clearly, there is an operational element to that, and Police Scotland did an excellent job in creating national capabilities, which, to some degree, had not been available across the whole of Scotland. That was a huge positive. However, bringing together eight different business models is a hugely complex thing to do, and involves a specialist skill set.

During the first three years of Police Scotland, there were a lot of attempts to do it in a—to be frank—clunky way. Police reform started as, in effect, a forced takeover, which was probably the right way to do it. You are bringing together eight organisations without a choice, which means that you have to make it work. I will come back to why that is important in a second. However, that approach and the way in which budgets were managed at the time—budgets were cut immediately, with £200 million being cut from the policing budget—put a huge amount of pressure on how it would work. Because you cannot make police officers redundant, because of the commitment to having 17,234 officers, and because Police Scotland had to reduce the cost base, the axe fell on the civilian staff. In the early years of Police Scotland, about 1,600 or 1,700 staff went through voluntary redundancy and voluntary early redundancy. That achieved the aim of reducing the cost base of Police Scotland to a degree. However, it left a dysfunctional corporate centre, because you have basically gutted your capabilities.

Another issue is that, when you bring together 10 bodies into one large body, with people who are used to working in much smaller bodies, you will find that the skills needed to run the much bigger body are different to those required to run a smaller body, but that capability had been gutted. At the time, Police Scotland tried to handle that by using police officers to backfill the roles of the civilian staff who had gone. From a change management perspective, that was perfectly acceptable to cover a gap in a transition to a new operating model for a short period of time. However, it makes no sense to put police officers into civilian roles for a sustained period of time, given that they are not expert in those roles and are more expensive. That does not give you the outcomes that you need. It is a waste of policing resource for operational policing requirements and it disaffects the civilian staff.

Those were a lot of the challenges that we had to overcome. There was an awful lot of measuring things to prove that it was a valid move to create Police Scotland. After getting over those initial hurdles and settling down, we moved to bringing in the right skills and the right people. I am talking very much from a corporate perspective—members of the committee will be aware that we had multiple section 22 reports in the first years of Police Scotland, when there was no financial control, no grip of risk management and no long or medium-term strategy. There was a big gap there.

We built capability to allow us to map out what was required for the future of policing in Scotland. We considerably beefed up the capabilities of our civilian experts, recognising that you need civilian experts to do certain things, and built a relationship between officers and staff.

The Convener: I will come in at this point. Do you think that the police are unique in the way that all of that went, or could points from your experience help other reorganisations and reforms?

David Page: The way that it went was a reaction to the circumstances, which were that the Police and Fire Reform (Scotland) Act 2012 forced the different bodies together and then budgets were cut. The constraints around not being able to reduce police officer numbers meant that civilian staff were cut. A set of conditions was created such that, in effect, that was the only way forward. We have moved away from that.

In relation to where we are now, inwardly, we are looking at on-going police transformation and reform and continuing to strive to get to where we want to be. We are also working with the wider public sector.

One of the major challenges is achieving reform through collaboration, which we have been asked to do and continue to do. You can achieve that, but it is really slow.

The Convener: Collaboration with whom?

David Page: Public sector bodies and local authority bodies. Collaboration in the sense of working with local authorities tends to be a case of saying, "If it works for me and it works for you, we'll do it together". We have some really good co-location work going on with public sector bodies.

The Convener: We might come back to some of those points around working with other bodies later, but I am keen to bring other people in at this stage.

Garry McEwan, your organisation is also quite a new one, in a sense, and you have been looking at your structures. Will you say something about that?

Garry McEwan (Food Standards Scotland): I am with Food Standards Scotland, which is an independent non-ministerial public body and therefore different from the police. However, we are maybe similar to a couple of the organisations that are around the table. Our primary focus is around delivering a safe and healthy food environment.

In relation to European Union exit, we noted a significant shortfall in the resources that we require to deliver the service, because retained EU law and its implications and the work that was getting done elsewhere in Europe then fell within the food standards remit. We prepared a workforce plan maybe 18 or 24 months ago that identified a shortfall of about £3.1 million in resource, which equates to about 56 members of staff, which is a fifth of our staff. We are a small and quite agile organisation. There was no increase in our settlement. Our chief executive officer kicked off what we called a reprioritisation exercise, which was about going right back to basics and trying to understand the regulatory and statutory requirements, where the strategic risks were and where we should focus our skills and resources to best deal with those priorities. That reprioritisation exercise went on for about 10 months. It required a movement of skills, staff and training, as well as a reconfiguration of the middling and senior structures to accommodate that.

That was phase 1, and was about efficiency. The CEO was really keen to have transformational change, particularly for data and digital, running alongside that phase. We managed to ring fence a pot of money to enable that work, which is on-going.

Phase 3 is about the collaboration that David Page touched on. For example, we need a head of digital, but a number of small organisations also need someone with a similar skill set, which can be very expensive. We are in the middle of negotiations with Marine Scotland to collaborate on co-funding a digital strategist who can take oversight of the implementation of digital and data strategies across both organisations. We are moving into that collaborative space with other, similar, organisations, in addition to sharing some services—particularly for human resources, finance and information technology—with the Scottish Government.

The Convener: We might touch on that later. I noted that your submission says that some activities are being paused or stopped. Can you say anything about that? How did you decide on those activities?

Garry McEwan: We had quite a lengthy benchmarking process and engaged with staff. We also have a board that sits above us and reports to

Parliament. We tried to make the process as inclusive as possible for everyone in the organisation, including board members. We based the process on risk, looking at our appetite for risk and where the strategic risks were, then put a paper to our board identifying certain things that we would scale back, including marketing, some of our science provision and some of our risk analysis work. That paper was considered and approved. To be honest, we moved from a platinum standard down to a gold or silver standard to meet the required efficiencies.

The Convener: That is helpful. Michelle Thomson has a question.

Michelle Thomson (Falkirk East) (SNP): I want to go back to cover one idea with David Page before we move on to look at some general themes.

Mr Page, you did not mention one area that is habitually difficult when making transformational change at scale: the merging of different cultures. People often carry out due diligence on legal or financial matters but forget about culture. You were, in essence, bringing lots of different cultures together. How did you actively manage that and what have been the outcomes?

David Page: That is a really good question about one of the hardest parts of any transformation.

When Police Scotland was brought together, it was really important not to lose the sense that local police officers looked after their own communities. There was a risk of creating a neutral thing that did not really connect with local communities. A huge amount of effort went into ensuring that local policing continued to be local, and we did that.

What probably grated a little in the early days was that the imposition of national metrics on everything created a false change in behaviour. Some things did not work in certain communities but did work in others, so taking what might have been the Strathclyde Police view and applying that everywhere might feel like putting a square peg into a round hole, and that grated. Sir Iain Livingstone has noted that. We did not get everything right at the start because of that cultural friction but, over the years, there has been a big recognition of the need to engage through councils to find out what local communities need and to ensure that the shape of local policing reflects the need in the area. That is supplemented by national capabilities.

09:45

From my perspective as a pretty neutral person coming into Police Scotland, it is a highly effective major public sector policing body compared with policing bodies in England and Wales. Policing in England and Wales is incredibly fragmented and expensive, because you do not get any economies of scale, whereas you get massive economies of scale in Scotland.

My view of public sector reform is that, if you make the savings, you should allow the money to go back into that service to continue to improve the service. One of my frustrations, however, is that we have struggled to get enough money back in to continue to develop capability in order to provide better services to the front end.

Michelle Thomson: I have a final wee question off the back of that. You pointed out that change was forced on you by the legislation. Had it not been, is there any way on God's earth that all the different forces would have volunteered to come together?

David Page: There would not have been a prayer. In relation to public sector reform and blue-light collaboration—I have chaired the blue-light collaboration board for the past 18 months—we have in effect had groups of people sitting together to work out how we can leverage working together, as Garry McEwan said, as best we can, but people tend to pick off the bits round the side that do not threaten their own jobs.

To achieve significant cost savings in public sector reform and improve services, there has to be a mandate to get people to want to do it. That is the key thing. If you look at the resource spending review and the forecasts for all our budgets over the next three to five years, asking people to work together, collaborate and share in a cosy way will not work. You will not get the outcomes that you want, and you will have to make it much more compelling. Make sure that you do it in the right way, so that it is not slash and burn, because that does not deliver results. It has to be a compulsion. Learn from the mistakes that Police Scotland made, but do it under a mandate to deliver cost savings and improved service. Without a mandate, it will not happen.

The Convener: That is very helpful. Some of that was quite provocative, so members will come in on some of it.

Michael Marra (North East Scotland) (Lab): Based on the submissions and what has been said today, I am interested to hear what drives reform. We have heard about Brexit and there has been an awful lot of talk about budgets. The Scottish Government has to meet the budget gap and push reform using that budget. Are there other things that we want to achieve through that? Are we adapting to demographics, climate and technology, or only to the negative reactive drivers? Are we being strategic?

Elaine Lorimer (Revenue Scotland): I will kick off on that. I am the chief executive of Revenue Scotland, which is Scotland's national tax authority. We are quite a young organisation—we are in our eighth operating year. We can pull a lot of positive opportunity for reform from that. Our organisation is wholly digital—99 per cent of our tax returns come in digitally, so we have not had to work from previous systems. There is a real opportunity in using the latest technology to drive improvements in quality in delivery of public services.

In order to collaborate really powerfully, we need to be able to share data across public services; we need systems that talk to each other across public services. There is also opportunity around automation of processes and bringing in artificial intelligence to deliver efficiency and improve quality.

We also need to consider whether we are responding to demographics. A significant part of our society is still not digitally capable or enabled, so we need to remember to consider how, when we are delivering public services, we bring those citizens into our services. We need to ask whether we can create opportunity for them to be supported in accessing services.

Like many organisations, we have an enhanced support policy, so people who are not able to access our services digitally can still phone up and speak to a person and be guided through our services. Digital transformation is paramount to the future of public services in Scotland, but it has to be done in a citizen-centred way in which we engage with the citizens who use our services so that we can design services that they can access.

Michael Marra: That is really useful.

Karen Watt (Scottish Funding Council): I will answer on aspects of positive change. The Scottish Funding Council is a big spending body— we have £2 billion a year to spend on colleges and universities on learning, teaching and research— but we are a very small organisation. We have 123 staff, and running costs of about £8.7 million—it costs about 0.43 per cent of our spend to administer the organisation.

It was really positive to be asked to lead a national review asking how to make education sustainable and to think about reforms. We came up with a range of recommendations, including better direction from Government about what it wants from the sector. We cannot really think about reform without having a strong sense of the intention of the reform. We made a range of other recommendations to encourage the Government to think about how it invests in infrastructure.

As we went through the review process it became very clear that we could not expect to reform the sector if we were not reforming ourselves. We have spent a lot of time thinking about how, as a small organisation, SFC can transform its systems and people. When I joined the organisation in 2019, it had not invested in its information and communications technology for a decade. Public service reform cannot be done without underpinning infrastructure, investment and data. We are hugely data rich but analytically poor across several organisations. Unlocking of the evidence and data has been part of our transformation journey, as has bringing new people in. We often think about innovation as being shiny boxes, but it is actually people doing things in smarter and better ways.

Having the opportunity to look at reform in a more fundamental way has been really positive for us. We have challenged ourselves to be an agent of change in enabling an environment within which the colleges and universities can transform. That relates to funding, systems and people. It is about examining and challenging the short-termism that inevitably comes with annual budgets, and trying to work through a different set of planning assumptions for the future.

Douglas Lumsden (North East Scotland) (Con): We have heard about automation and data. One of the aims of the Scottish Government is to get the head count back to pre-Covid levels. Some of that will be through automation and better use of data and some of that will come from sharing services. From many of the submissions, we have seen that the head count is going in the wrong direction—it is going up. Do you have the resources required to make those changes in order to reduce the head count in the future?

The Convener: Are you aiming that question at anyone in particular?

Douglas Lumsden: No, but I think that Garry McEwan was about to come in.

Garry McEwan: It is a good question to pose. The delivery body group—we are made up of about 23 small organisations—kicked off a feasibility review about nine months ago, which has identified some key areas for shared services and collaboration around digital, procurement and human resources. However, we found that we were all trying to do that as well as the day job, so it became pretty intense. If there was an opportunity to ring fence a group of experts from the organisations who could come together and have that work as their primary focus, we would see some really positive movement. Realistically, the staff did not have the capacity and the time to do that work as part of the day job. We need to ring fence resource in order to see major strides in that area.

Douglas Lumsden: Do you see that as being a central pool of people that the Government would use to put out to bodies to see how they could change or reform their services?

Garry McEwan: Yes. The learning could then be cascaded and evaluated much better than is the case now. Some sort of business expertise is needed—people who have knowledge of the respective organisations. A twinned approach using a bit of both could result in positive dividends.

Stuart MacQuarrie (NatureScot): I will pick up that thread before going back a little bit.

There is a tension in relation to returning to pre-pandemic levels. Although organisations such as mine that are not huge—we have 658 full-time-equivalent staff—additional expectations are being placed on us that are related to the nature and climate crisis, which has added to our head count in the past couple of years. There is definitely a dynamic between ambition and delivery, but ambition needs to be considered in the context of our overall resource envelope.

That said, we can, as we have heard, drive efficiencies through use of digital, which can take us so far. We can share services, as we have also discussed. There are pushes and pulls in both directions.

It is interesting that the statement says that we will go back to pre-Covid levels, but with adjustments within that to reflect new service requirements. There is scope within that.

I want to go back to the question about what drives reform. In some ways, this is not rocket science: it is about having the right skills in the right place at the right time. Vision is really important—as is the vision being a shared vision. I cast that in the context of leadership, including organisational leadership. I am referring to a shared vision across organisations that are pulling in the same direction for the outcomes that are sought.

I will not say much more about data, but access to data and having open data are really important.

On measurement, we measure what is important. It is striking that we all have corporate plans against which we measure performance, but our corporate plans do not have an indicator relating to our contribution to public sector reform. There is work to do to unify the elements. That should be reflected across all our governance. I highlight that NatureScot shares a board.

There is a sense in which necessity is the mother of invention. We look at the funding challenges—they face us all—and see that there are opportunities. We need to look collectively through that lens to see how we drive joint working and collaboration. I do not think that there is any other way.

Although there are real challenges ahead, there are also real opportunities. Look at where we have been during the Covid pandemic and the transformation that public bodies have gone through. There is a corollary of where we are looking, in relation to the finances.

The Convener: Thank you. I will bring in Kerry Twyman. I am sorry to have kept you waiting.

Kerry Twyman (Transport Scotland): We are the sole executive agency at the table. We are ministerially led and known as a close-in agency, so we get most of our services, systems and processes from the Scottish Government. We work very closely with the rest of the net zero directorate general, which we fall within. In some respects, we are indistinguishable from other departments in how we interact. We also have eight subsidiary public bodies of our own, so we are in a unique position.

On head-count reduction, similar to what a lot of folk have said we have taken on a lot of new responsibilities—active travel and nationalisation of ScotRail to name but two. We are working on how we can go back to pre-Covid levels, what that looks like and what make sense.

One area that we are looking at closely is our use of consultants—we have always made a lot of use of them. Therefore, for us it might not be about pure head-count reduction; it might be about finding smarter ways of using fewer consultants who tend to cost a lot more, and about how we generate more in-house staff. There has always been a bit of an issue with retention of engineers, so that is one of the areas—finance is another area—in which we are looking to grow our own.

As I said, a lot of that is about smarter working. Much of what we are doing with the rest of the DG area is on surge capacity, as has been mentioned. When there is a huge issue in one area over a couple of months, we need to ensure that the rest of us are supportive and are moving where necessary and ensuring that we are collaborating.

10:00

Then, it is about rigid prioritisation. We have said that already, but that is what we are really focused on. We are doing a big organisational review at the moment, which is linking prioritisation with resources and budget. That links back to the previous question, because it is all about outcomes. A lot of our reform—internally, but also more widely across public bodies—is looking at the outcomes that we are trying to achieve. We are closely linked with all the Government's outcomes. Net zero is obviously a biggie for us, as

are child poverty and public services, so we are looking at what we and our public bodies are doing.

We have project Neptune, which is looking across the ferry companies at the wider journey and public offering, and at how we make that person-centric, which I think has been mentioned. We are doing a lot of work to link ScotRail and Network Rail and are thinking about the entire rail journey above and below the rails, as we like to call it. How do we get our Network Rail infrastructure colleagues thinking about what drives a successful journey above the rails and collaborating on that?

We also have the fair fares review, which is looking at making the entire public sector transport network more affordable and accessible. As I said, we are linking all that to our internal work.

The Convener: You said that your structure is unique—at least among the bodies around the table. Would you recommend that more organisations have that structure, or fewer?

Kerry Twyman: Oh, goodness. That is a good question. I like to say that we have a foot in both camps. I was going to say that, in some respects, we can pick the best of both worlds. We can call on the wider DG family when we need it and we can see the reforms that they are doing. Garry McEwan mentioned Marine Scotland, which, for example, is championing a lot of change in our directorate general. We are at the table seeing what it is doing, but we also have a seat at the Scottish delivery bodies group. I go along as a representative to that, so we hear what the rest of the public bodies are doing.

In a sense, having that wider understanding of what is going on at Scottish Government level—the national level—and having concrete examples from other public bodies are really helpful. Therefore, I recommend, from that point of view, there being more such bodies, although I am not sure whether it would work for everybody. However, it feels like we have a foot in both camps and, to some extent, that we get the best of both worlds.

As we were discussing earlier, when we get commissions from the Scottish Government and commissions that are directed at public bodies, I would not necessarily have such a positive response, but what we have seems to work quite well.

The Convener: We might come back to that point later.

Keith Brown (Clackmannanshire and Dunblane) (SNP): We have heard a couple of interesting examples about, for example, how Brexit impacted on one organisation, which had to

move from a platinum standard down to a gold standard. We have also heard about trying to effect public sector reform during a time of constrained budgets, post-crash from 2010 onwards. That has affected public sector reform, but I am struck by the prevalence of public sector reform being frustrated by or foundering on IT projects—not necessarily digitisation.

For example, about a decade ago, Disclosure Scotland had a terrible experience with an IT project. Police Scotland is sitting with at least eight different legacy systems. There was also the case in the UK of a national health service system in which investment of about £4 billion achieved nothing. Do the organisations around the table perceive themselves to be too small to wrestle with some of the big IT providers in order to get a grip on budgets and timescales for big IT projects that are fundamental to public sector reform? For example, for the police, even implementing what Parliament has set in new laws is difficult with the legacy systems that they have.

Garry McEwan made a point about getting a smaller group of experts with experience across the piece in such projects—good and bad. Would that be a way to overcome what I perceive to be an imbalance, in that quite small organisations are trying to deal with very large, sometimes multinational, IT companies?

The Convener: I will let David Page come in first because I think that he wanted to come in anyway, and then perhaps one of the other smaller organisations would come in. Perhaps Anthony Daye from South of Scotland Enterprise would like to answer.

David Page: I want first to answer Douglas Lumsden's question about resources. Resources are critical, but for the most part it is the people who get the job done.

For an organisation such as Police Scotland, which is incredibly people heavy—85 per cent of its budget is for people—public sector reform, the requirement to keep the pay bill where it was and the pressures around non-pay, which all of us face at the moment, mean that pay settlements over the next three, four or five years will come from the existing pay bill. We have already reduced Police Scotland's workforce by 3.7 per cent for this year, so for us to consume our own resources would mean that for financial year 2023-24, if we were to make another 5 per cent pay offer or that sort of number or more—which is not on the table at the moment because we are still considering things—we would be looking at continually reducing the head count of Police Scotland, which would degrade capability.

One of the key things for public sector reform is that when the big changes have been made in

organisations to reduce costs, improve services and, ideally, improve jobs, and a different cost base has been created, the organisation should not then suffer on-going cuts because that degrades capability. We have moved ourselves up to a place in which we have much better capability, but we are on the cusp of a curve now: if we continue to have to absorb our future pay awards within our organisation, Police Scotland's capability will degrade over time.

I will move on to Mr Brown's point, which is really important. Even in relation to UK policing, we are a big organisation—we have scale. When we face off with the major IT suppliers, they are only interested in money and how much they can lever out, and they use their power and influence to press down on smaller suppliers. One of the reasons why we are looking at blue-light collaboration is in order that we can get bigger, because from an IT perspective that helps our procurement, bargaining power and data consistency. Karen Watt made a point about the future being about data and using really good systems.

Organisations that are not large scale are at a massive disadvantage in negotiating with private sector suppliers because those suppliers will box them into a corner and drag the process out, which costs a fortune. Scale and consistency are really needed. Perhaps something could be set up as a kind of service-level agreement and key performance indicator-based central IT service, with data of the nature that Karen was talking about, which would help a lot of organisations. There are advantages of scale not just for IT, but for human resources offices, shared services, procurement and things like that.

The Convener: Thank you, David, for your input. Let us focus on the IT side of things, because I think that what Keith Brown has raised is really important. Can we hear from Anthony Daye from South of Scotland Enterprise, which is a smaller organisation—one of the newest ones at the table, I think?

Anthony Daye (South of Scotland Enterprise): I will touch on IT because it is important. I will go back to where we started, in order to give the committee a bit of an insight into that. When we were established, we could choose to use the Scottish Enterprise and Highlands and Islands Enterprise customer relationship management system, and we went with and looked to leverage what was there, so that we were not buying new. We have spent quite a bit of time on our digital journey ensuring that we were using what was already there and proven, which was really helpful for us as a small agency. We clearly could not do what Mr Brown mentioned, which is to try to leverage against bigger IT

companies and really push them to give us a solution that would just cost too much money.

Colleagues around the table have mentioned prioritisation. As one of the newest agencies, we are slightly unique in the sense that we started during Covid—on 1 April 2020—with 10 staff. We started virtually and we have hired most of our staff virtually. We have been working digitally from day one and a big part of what we did was get into partnership working in a big way. From day 1, we had multiple ways of partnership working with the councils, VisitScotland and Skills Development Scotland—we call that group "team South of Scotland"—to ensure that we were dealing with Covid-related issues straight away.

The regional economic partnership brings bodies such as VisitScotland, SDS, Historic Environment Scotland and the NHS together with us, as well as private sector members. The public and private sector are working on a regional plan for the next 10 years.

Partnership working has been at the heart of our work, because we are small and need to leverage other budgets, resources and organisations in order to help us to do what we need to do in our region. We work well with other non-departmental public bodies. We are working with the Scottish Funding Council on joint posts and on its pathfinder programme. Similarly, we are working with HIE and Scottish Enterprise. The close working, quick decision making and fleet of foot approach that we have with the other enterprise agencies worked well during Covid and we will look to see whether we can continue.

More recently, we have dealt with public sector reform through radical prioritisation. We knew that we were not going to achieve the resource settlements that were originally planned. Last year, we went through a planning phase off the back of the national strategy for economic transformation, which we wanted to align with. Immediately, we looked at having fewer staff: we had planned to have about 175 staff and we have 140. Rather than plug in the staff that we could have had simply because we could, we understood that that would not work for reform, so we needed to make sure that we rightsized immediately. For our offices, we planned to have four hubs and six spokes; we have two hubs and two spokes and we work in a hybrid manner, as we have from the start. Our approach to public sector reform has been about pushing joint partnership working as much as possible, as well as continually reviewing the process every year. This year, we have done the same and have looked at how we prioritise what we need to do with our budget, alongside our partners.

The Convener: That is helpful. Obviously, you are working with many different partners. Do you

have problems dealing with, say, councils or the NHS, which I suspect will have very different IT systems to yours? I presume that the relationship is smooth between yourselves, Scottish Enterprise and HIE, because you all sing from the same hymn sheet.

Anthony Daye: The biggest challenge with IT is cybersecurity, which often comes up. When we were established during Covid, we moved to virtual systems without a hitch, so the IT infrastructure and the kit that we have worked really well—

The Convener: Can you share data with those other organisations?

Anthony Daye: That is a fair point. Data sharing is challenging, so we cannot do that automatically. However, we are on the same customer relationship management system as Scottish Enterprise, so there was an element of sharing. I agree with others, however, that data sharing is a problem that we need to unlock and that we need to use data analytics better in future.

The Convener: Chris Kerr, you have not spoken as yet. I invite you to come in on this, as yours is a relatively small organisation. Is that fair to say?

Chris Kerr (Registers of Scotland): We are probably more medium sized. You have just heard from one of the youngest organisations and will now hear from one of the oldest—we have been going in one way or another since 1600 or so. I will comment on Mr Brown's point about IT. An organisation of our age and scale has some challenges with legacy systems. A number of years ago, Registers of Scotland had a partnership with one of the large IT providers, which, it is fair to say, did not go brilliantly well. Our response has been to move towards a mixed economy. Certainly, I agree with what has been said about the public sector's ability to use its scale more widely to interact with those large organisations.

Registers of Scotland has, very deliberately, taken some of the development work in-house. There are a couple things that flow from that, including that it can give you real flexibility that you do not have when you are engaging with a large provider. The changes that the organisation had to make in response to Covid would have been virtually impossible if we had not done that with flexible in-house IT support, service and provision. The flexibility that that gives you is important; however, there are also risks. If you are going to take your IT provision in-house and develop your own services and products, there are a couple of things that you need to keep in mind. First, you need a management structure that understands that; you cannot just outsource your IT to a company and say, "Well, they deliver our IT." You need managers who understand how the technology works, as well as the costs and the risks of it—traditionally, civil servants may not have been good at that. You also need to make sure that you are not being siloed in your approach.

As you are building things out for your IT function, products and services, you need to think about how you can collaborate with colleagues across government. Things should be built once and used many times—the terminology that is typically used for that is the phrase "once for Scotland"—rather than lots of different organisations standing up products and services, the enabling IT infrastructure for which should be common across the board, but may not be.

10:15

The Convener: Sticking with the IT theme, I will bring in Elaine Lorimer.

Elaine Lorimer: Revenue Scotland is one of the smallest organisations around the table; we currently have just under 90 staff. We renewed our digital tax system five years into Revenue Scotland's operation, and we did so on time and within budget. The capability exists, but it is hard to find the right people to be able to help you, as a leader, to lead a programme of such importance to your organisation. If there is currently a skills shortage anywhere, it is definitely in the digital data space in the public service. We are all fishing in the same pool for the same capability.

There is merit, therefore, in thinking about how we can pool that kind of resource, in particular where we see digitalisation and the use of technology as being at the heart, and the core, of any further transformation of public services.

The Convener: Does that suggest that there are too many public agencies?

Elaine Lorimer: No, I am not suggesting that at all. I am suggesting that the level of change that will probably be required in the public service in Scotland will be very complex, and if we are going to have digital at the heart of that, we need systems that can talk to each other.

Most organisations in the public service are creatures of statute, and we all have functions under the relevant legislation that we have to perform. Organisations such as Revenue Scotland have strict statutory rules around our data and what we can use it for, because it contains personal taxpayer information. We are keen to be able to share the corporate data that we hold on tax with other organisations to further better public policy decision making, but legislation constrains

us from being able to do that; I do not think that we are unique in that regard.

Rather than thinking that there are too many public bodies, therefore, we need to think about what we have to put in place to enable the existing public bodies to work more closely together, and whether there are legislative constraints around that.

The Convener: Okay—I did not want to take us off on too much of a tangent; I was simply struck by the point about the IT and the number of bodies.

Everyone wants to come in now—that is what happens halfway through the session. I will take Stuart MacQuarrie, Garry McEwan and Karen Watt first, on the IT question, and then I will come to Ross Greer, who has been waiting patiently in the background.

Stuart MacQuarrie: I will be brief, as Elaine Lorimer has already picked up much of what I was going to say on IT.

Yes, there are challenges for NatureScot on the IT side in particular, given the size of our organisation. We see our future more in shared services on the IT front, and we are actively looking to pursue that, as it is important.

On the point about skills, we heard from Garry McEwan about the need for a head of digital, but we could also look further down at the individuals who are working as data analysts or fusion experts, and multiply that to find the number that we need to actually run the systems. In organisations, there are single points of failure in that regard. We are conscious that the individuals whom we bring on in the organisation rotate through other public bodies, which indicates that there is certainly a skills shortage on that side of things.

The Convener: Michelle Thomson wants to make a quick point on IT, and then I will let the other two witnesses in.

Michelle Thomson: It is just a quick question, because Keith Brown has opened up a great thread. We hear that there is a lot of good stuff going on, and a shared sense of what needs to be done. However, I want somebody to answer this question. What is the role of Government in enabling data harvest and capture—within limitations, as has been set out—given that AI will be fundamental to public sector reform? What should Government's role be, given the challenges around scale that Keith Brown pointed out in his opening question?

The Convener: Perhaps Garry McEwan can pick that up, as I was planning to bring him in, and then I will come to Karen Watt.

Garry McEwan: I will touch on that briefly.

When FSS first came into being, it outsourced all of its IT. There were disparate systems, none of which could talk to each other. We have tried only very recently to bring the skill set in-house. There will be real challenges with that, one of which is paying the right money for the right experts. That is why we are trying to co-fund with Marine Scotland.

There is a single-year budget year on year, and we are going to move towards only fixed-term appointments. That is because we do not know with any certainty whether our budget for next year will allow us to invest in experts in the digital world. Getting some longer-term investment or support and knowing that we can recruit beyond the nine or 12-month FTAs would help things. A slightly longer strategic path to what we really want digital to look like in my organisation or across other organisations could then be built.

Karen Watt: As a small organisation that does a lot of digital transformation, the big issue for us is smart procurement and unlocking purchasing power. I have to be honest: it is probably much less about our relationship with other public sector quangos and agencies; it is about our relationship with the sector that we fund. If we are going to collect data from colleges, for example, it makes a lot of sense for us to look at how we invest in student records management systems in organisations—I am sorry to be a little dull about this.

Over a number of years, we have invested in good procurement. We have joint procurement across colleges and universities, and we have invested in Jisc, which is an organisation that protects with cybersecurity. It looks at colleges' and universities' underpinning systems. It does not make sense for us to start afresh, but it makes sense for us to unlock that purchasing power and procurement, and help Government to understand that we invest best in systems that connect. It is absolutely right to protect learning and teaching and research, but the underpinning systems could be jointly done with the funder so that we are much smarter about when we collect data. It is already being collected and used in the organisations that we fund in smart ways. It is very important for Government to understand that kind of investment in that infrastructure right at the outset.

We are all fishing in a similar pool for data engineers, for example. We pay a premium for them just now. We are probably competing with one another and we are probably competing with Government, because it can pay premiums for its staff, too.

You asked about whether there are too many public bodies. I do not want to go there, but there is an issue to do with where we are jointly connected. We have a data-sharing agreement with Skills Development Scotland, and we now fund a lot of apprenticeship programmes. We have just arranged how we collect information from colleges and universities together. There is an issue for Government to do with looking at the Withers skills delivery landscape review, the Scottish Funding Council, Skills Development Scotland and the Student Awards Agency for Scotland, and asking what that landscape now means. How can we really deliver for students, industry and business the skills that they need for the future? Looking at whether those three agencies can work better together is fertile ground.

The Convener: Do all the colleges and universities have completely different systems?

Karen Watt: Some will. There is an element of commonality and, in universities in particular, there are quite a lot of different systems.

The Convener: Right. We have given that area quite a good airing, so we will leave it—unless Ross Greer wants to continue on the subject.

Ross Greer (West Scotland) (Green): No—my questions are not about IT. I have two questions, and I hope that folk will be interested in answering them.

My first question is about strategic planning. Are your organisations still using the spending plans that were set out in the resource spending review at this time last year for your planning over the next couple of years or, given the substantive changes that happened between the RSR and setting the budget for the current financial year, are you working on other assumptions rather than those that were contained in the RSR?

My second question relates to Douglas Lumsden's point about head count but comes at it from a different perspective. Are any of you exploring different ways of working, such as by having a reduced working week? I am thinking of the proposed four-day working week. By no means all unions have said so, but some have indicated that they understand that, in the current financial context, it will be incredibly hard for pay offers to keep up with inflation, but that they would be interested in other potential benefits for staff work-life balance, such as by having a four-day working week.

The Convener: Who would like to respond to that?

Garry McEwan: I could cover the four-day working week aspect.

The Convener: I was interested in the fact that, in your submission, you said that you need 370 people, but that you are going to work with 300. I thought that that was an interesting approach. Will you respond to Ross Greer's question in that context?

Garry McEwan: A small number of organisations have put in a note of interest on the proposed four-day working week. The Government is co-ordinating views on that, and my CEO is keen on getting involved. Many health and wellbeing benefits, as well as the benefit of a reduced impact on the environment, could come from having such an arrangement. Some of the studies that I have read, including an Icelandic one and a couple of others, overwhelmingly suggest that having a four-day working week can lead to excellent performance and productivity. We are excited about that and are keen to get involved.

We have set an initial date of 1 October to kick off on that, but we still have quite a bit of work to do, because although Food Standards Scotland is a small organisation, it includes staff members on the operational side and others who are scientists, so it might not be possible for the whole organisation to get involved—I am thinking about the work that we do with business operators that generates income. There is still a bit of work to be done, but we are committed to taking that approach to achieve the benefits that I mentioned.

I think that the second question was about the RSR. We are still working on the original three-year RSR, so we have not changed our budget build for next year. Earlier, I touched on the fact that having a single-year budget from year to year is a bone of contention for me. It is like trying to do long-term strategic planning with one arm tied behind your back. I would prefer it if we could get some form of guarantee, even if it is on digital or other areas. However, we are still working to the original RSR.

Anthony Daye: I will touch on strategic planning. We have altered our approach from the RSR in that we are looking at inflationary and other pressures and are trying to update our budget accordingly. Earlier, I mentioned that we are radically prioritising what we need for the future against what we might be given.

I fully agree with what Garry McEwan said about one-year budgets. I have been in the public sector since 2006 and I worked in the private sector before that, and only once has it been a multiyear budget, which was really helpful, so that is a bit of a challenge. However, that should not constrain us: we can still have plans, but of course their validity becomes much harder to prove.

Our position on the four-day working week is similar to Garry McEwan's. We are in that group. We are probably on a similar trajectory; we might even be slightly closer in terms of considering a

four-day week. The big issue is achieving a balance when it comes to the right to disconnect and the link with productivity as a result of disconnecting for longer. How that is perceived externally presents a challenge, but studies have shown the health and wellbeing benefits, so we are in a similar position to Garry in how we are exploring the issue.

Stuart MacQuarrie: On the first of Ross Greer's questions, the RSR is the foundation on which we are looking forward, but—there is always a "but"—there is a "but" associated with that. We have new legislative provisions coming online, as the committee will know.

The other dynamic that is worth sharing is that we feel supported by the Scottish Government on forward planning. In fact, a submission on the future programme is due at the end of this week. It feels as though we are starting quite a bit earlier this year, but that is helpful for us. We have been through a process around drop, defer and delay in support of all of that.

On the second question, we have moved to a 35-hour week. We are not part of the same pilot on the four-day week, but we currently have a watching brief on that. We are due to review the efficiencies that we have gained from the 35-hour week, which, by all accounts, has been good for the wellbeing of our staff.

10:30

Kerry Twyman: Again, Transport Scotland is slightly different, because we are locked closely into the wider Scottish Government budgeting. We are using our resource spending review plans as our underlying base, but the Scottish Government undertakes a strategic approach to budgeting, which is a quarterly exercise whereby, in effect, we update the original RSR plans based on the live picture. For Transport Scotland in particular, that is vital, because we are more exposed to inflation—there was some work done on this—than any other part of the Scottish Government, given the nature of our contractual arrangements across the transport network.

The RSR plans are helpful as a starting point, in a sense, but keeping them up to date is a live process. That links in with what I said earlier about prioritisation. We are constantly revisiting what the priorities are and where we potentially need to rethink, seek efficiencies and perhaps go a bit slower on some things in order to ensure that the critical work goes ahead.

It is probably fair to say that our work is linked very closely into the capital side. Again, there is inflationary pressure and everything else in that regard, so we are making sure that those two elements go hand in hand. As colleagues have

said, over the next week or two, the 2024-25 budget process will be kicking off, which is when we will understand the allocations. We are currently working to what were the original RSR allocations. Those are likely to change, so we will not really understand the 2024-25 picture until we see those allocations and start having those discussions. However, it is heartening to see that that budget work is happening sooner than I can recall it having happened in the past few years.

I absolutely understand the frustrations with single-year budgeting. I worked in finance for many years—I could go into the fact that it is all to do with the guidance and the way that budgets are set by the Treasury, but for Transport Scotland it is a case of working within the system that we are faced with. We try to flex as much as possible, and have close discussions with stakeholders. We cannot give them cast-iron guaranteed budgets over the next few years, but we can look at the priority areas and the extent to which we can give them the next closest thing. There is a lot of that sort of work.

On the head count question, that is probably a little easier for us, in some senses. We are part of SG main, so we are bound by pay policy, which means that we cannot offer the pilots that have been discussed for a four-day working work per se. However, we are using the flexibility that hybrid gives us to maximum effect. We are looking at the ways in which people work, what flexibility we can offer and the extent to which people can compress hours and work in a way that fits them best, while also looking at the needs of the organisation. For Transport Scotland, resilience is a big issue, and we need to ensure that there are people on the ground and that there is ministerial cover. We are possibly in a slightly different space, but we are working through all that.

The Convener: Liz Smith has been waiting, so I bring her in.

Liz Smith (Mid Scotland and Fife) (Con): I come back to the question about data sharing. Four of you have been up front about saying that there is considerable potential in that regard if we get it right, but you have flagged up issues around cybersecurity, the right kind of employment and confidentiality.

Are there any other potential barriers to that? Secondly, are they surmountable?

The Convener: Would you like to aim that question at anyone?

Liz Smith: I just want to know whether data sharing can work. Most of the witnesses have said that the potential is very considerable, but we have to make it work.

The Convener: Elaine Lorimer wants to come in.

Elaine Lorimer: At Revenue Scotland, we are already able—our legislation permits this—to share some of our data with other tax administrations, for example. Data sharing is possible, provided that organisations have technologies that can speak to one another. I am a non-technical person, so I will use that sort of language, but we need to have technologies that can speak to one another in a way that is secure, and there has to be a wraparound legal framework. That is why I made the point about legislation. We would like to be in a position to be able to share our data in a secure way with other parts of the public service, but we cannot do so because the relevant legislation does not allow it.

We are currently in the very early stages of piloting a project with three local authorities using the Digital Economy Act 2017, which is UK legislation that affects us. That allows us, in a small way, to begin to explore sharing data across such organisational boundaries. However, that can only be done for very specific and defined purposes, so it is really important to consider the barriers that legislation presents.

The other point to consider relates to security. We must ensure that we have secure systems and people who are able to operate and manage them in a way that gives assurance to the public. That goes back to my point about capability.

Thinking about sharing data sounds and feels massive. Therefore, we need to consider it thematically, across systems or across a sector. It is a case not of everybody sharing everybody else's data but of thinking about what data we want to bring together and what it would be useful to share across organisational and institutional boundaries. We need to look at it that way.

Chris Kerr: I agree with what Elaine Lorimer said. For me, there are four basic headings and she covered three of them: security, technical and legal. I make the caveat that I am not an expert on this subject, but I think that the fourth one is data standards. That includes clarification of what standards should apply and appropriate adoption of them.

Let us take the example of address data. Lots of the organisations that are represented around the table will hold addresses. I am sure that many of us will do so in slightly different formats that will make comparison or sharing of that data difficult. However, there is a standard for address data, which is unique property reference numbers—UPRNs. Some of the answers exist, but we need to alight on and agree which standard to use and then adopt it for the various data sets with which we deal.

Liz Smith: I am really interested in that. Reading the room, I can see that the potential for change is considerable, but there are quite a lot of difficulties in the way. We need to work out how we might address those.

Karen Watt: I have one small additional point to make. Legal, cyber and technical data sharing is incredibly important, but the bit that really matters is understanding how to analyse that data and what it means. We can share as much data as we are able to, but I feel that we have the expertise to understand what is going on behind the data because we know the sectors. Having the expertise to interpret what the data means so that we use the evidence in smart ways is a big issue. An additional layer to all the technicalities that need to be addressed is the fact that you need to have people who are expert in knowing what the data tells you.

Liz Smith: Is there a dearth of people with the right skills or is the competition so wide that everybody is trying to access those people?

Karen Watt: It is a number of things. I was genuinely surprised at how hard it was to mine our data when I came into the SFC. That meant that, when we were working with sister organisations, such as SDS, it became much harder for us to unlock that data for others if we had not invested in our systems.

It is a bit of everything, but I come back to the point that, when we have invested in the systems and we unlock the data, we still need experts. As I said, we are data rich but, for us, the issue is having the expertise to use that data and to unlock it for decision makers and policy makers. It is also a question of having sufficient time and headroom to ask what it is telling us. We will not get proper public service reform unless we all understand what the evidence base tells us and we can really use it. We need to democratise the data so that others can share it and interpret it effectively.

The Convener: More people want to come in now.

Elaine Lorimer: I agree with what Karen Watt said. In Revenue Scotland, I have a small team of analysts who are expert in our data. However, I realise that it is not just my analytical team who need to be expert in our data; our tax professionals need to be expert in it, too. That is becoming an increasingly important core skill in our organisation.

When we are thinking about organisational capability in the future, the ability to understand data—to be able to read data, understand what it means and interpret it—is a core skill that most civil servants, certainly in my organisation, will need to have.

The Convener: Does David Page want to come on that as well?

David Page: One example of co-operation that is currently going on across the public sector, principally in the justice sector, is the digital evidence sharing project. It is a huge project that involves Police Scotland, the Crown and the courts. In terms of public sector reform, it is an incredible piece of work. It means that Police Scotland secures evidence that we digitally capture and then pass through the entire system to court.

We can think about the amount of work, and the level of cost and risk, that is involved in the analogue way of doing it. At present, we seize things and take them away, and people may not get them back for months and months. We have to store them and then present them, so they go to and from court. The DES project, which is a collaborative project that was initially led by the Government and is now led by Police Scotland, will have a hugely positive effect on the justice sector in Scotland.

As far as I am aware, there is nothing else like it in the UK. The project involves sharing sensitive data that is critically important to the people on all sides of the court system. It is a really positive piece of work that has been going on for a good number of years.

Stuart MacQuarrie: I will quickly offer a different angle on the topic. It is helpful to think of data in terms of the changing landscape, in particular regarding artificial intelligence. We have heard about a scenario in which experts who are familiar with the data sit down and interrogate it, and are able to articulate it, but that scenario is changing rapidly.

In our world, we would previously have put field scientists out and they would have counted birds, habitats and species or whatever. Now, that is done from satellites or with field imagery. The skills are changing: we need an individual to be able not necessarily to identify the puffin, but to understand what the artificial intelligence is telling them and to critique that and say whether the change that they are seeing is different.

To go back to the question about where some of the barriers are, there is a shift happening in organisations in how the data is interrogated, which comes back to the point about making good decisions about what needs to be done.

The Convener: Okay—we have given that subject a bit of an airing.

I will bring in Michael Marra.

Michael Marra: David Page, you mentioned a blue-light review. I have seen reports in the press in recent days on the reaction of the Metropolitan Police to the rising tide of mental health problems. I go back to my point about external factors and adjusting public services. The Met's response has been to say that it is no longer going to attend mental health crises. Do you think that we might see a similar response in Scotland?

David Page: No. In the police service in Scotland, we have a different duty, which is a duty of care and wellbeing, so our role and remit is quite different from that of the English and Welsh forces. That will not happen here.

That said, the burden that mental health issues place on Police Scotland is huge. That goes directly back to the resourcing issue. If our resourcing is squeezed—again, I know that the chief constable has mentioned this a good number of times—the thin blue line becomes thinner. There is absolutely no work going on to step away in the same way that the Met has come out and said that it will do—that is not a conscious decision for us. Nonetheless, it may be an unconscious decision, in the sense that we may not have the resources. There is no intent to step away, but whether we can be there all the time now is—

Michael Marra: You will be under the same pressures.

David Page: There are huge pressures, yes. There are the same pressures in England and Wales, but forces there are choosing to step away. We will not choose to step away, but we may not have the resources to go there.

The Convener: Does Keith Brown want to come back in?

Keith Brown: I would like to go back to IT, convener—I do not know whether that is okay.

The Convener: That is all right.

Keith Brown: The reason for raising IT in the first place was really to do with project management and the fact that such projects can swamp smaller organisations, but the issues that have been drawn out are quite interesting.

The data issue, which a lot of people have mentioned, seems to put an obligation on organisations to ensure interoperability at the very start. I think that there has been a change in culture in that respect, with the general data protection regulation and data protection in general being widely perceived as having had a too-chilling effect on data transfer and sharing. That might suggest that a big change is needed.

10:45

One issue is data, another is project management and the last issue is the more mundane matter of shared services. Going back to David Page's point about how we work our way

through this, I have to be perfectly frank and say that, having had ministerial responsibility for four of the organisations around the table, I do not think that this will happen unless it is mandated. Somebody is going to have to say, "You're going to have to put together a group that can look at this." The cybersecurity issue, which might seem contrary to the issue of data management, is now hugely important, but that sort of approach is not being applied consistently.

My final comment is really just an observation. The fact is that, if we do not join up the dots in a way that suits us for the data that we need, AI will do it—indeed, it can do it right now. If we are not part of it, AI will just supersede any Chinese walls that we might have between collections of data, if that makes sense. We are as well to get ahead of the game, but to be honest I do not see that happening, given the way in which public bodies currently operate. They will, quite rightly, look after their own interests. It goes back to David Page's point: unless there is a perceived benefit for both bodies involved, it will not happen unless it is mandated.

The Convener: That raises a wider question along the lines of the point that David Page made—and which I wanted to go back to—about the merging of the police not happening had they not been forced to do so from the centre. I therefore just wanted to ask—with my tongue perhaps a little bit in my cheek—whether there are any organisations that you think that you could merge with or take over. Indeed, do any of you think that you should be demerged into two bits instead of being just one? That question is perhaps for Anthony Daye, given that his is the newest organisation.

I should also say that we have approximately 15 minutes left. If there are any areas that you feel that we have not touched on but that we should have done, please highlight them. We have, as I think Keith Brown alluded to, spent quite a lot of time looking at what has been happening within organisations, but the question that is in my mind is all about what should come from the centre. How much should the Government say has to happen, and how much should be up to yourselves to change?

We have a bit of space here. Does anyone wish to respond to those comments or to Keith Brown's points?

Anthony Daye: Given that you asked me, convener, I have to say that I do not think that we could talk about mergers or demergers.

The Convener: I have a specific question for you. We are talking about trying to reform or simplify the whole system, but the fact is that, by creating SOSE, we have just made things more complicated. How do we strike the right balance between having more organisations that are more local, more focused and so on and driving more reform from the centre?

Anthony Daye: It is a really good question, and I think that it goes back to some of the issues that I touched on at the start such as the need for really radical partnership working. Data sharing is crucial, and I think that it would be important to mandate that and thereby force it to happen.

The reason why SOSE was created and the reason why we are doing all this stuff on place and rurality is to ensure that we are looking at local things and delivering locally while trying to feed into the wider system. In other words, it is really important that we are taking care of the south of Scotland while also playing our part with the Scottish Funding Council, SDS and more national agencies. That raises the data sharing issues and how we share and analyse data and use it to take forward joint projects.

The Convener: So are you saying that it does not matter how many organisations we have, as long as they are sharing data?

Anthony Daye: It does not matter, as long as they are working effectively together. Data sharing is a part of that, but it is only one part; another part is people working well together. Mr Brown talked about AI taking over, but we need to use technology—and AI as part of that—really well to ensure that that does not happen. The issue is not necessarily the number of people or agencies that are involved, but how we work and utilise the tools around that. Whether we are talking about data or people, we need to work together in a really radical way to get the solutions that we need for Scotland.

The Convener: David Page, can you be a national as well as a local organisation?

David Page: The proliferation of NDPBs and everything else does matter—I am sorry to disagree on that. Public sector reform has to be about reducing the cost base—at any time, let alone in really difficult times—to deliver better outcomes and to provide really good jobs for people. You have to provide really good jobs for people; otherwise, people will not want to work in them.

It is about the service delivery at the point of contact, which can be delivered through a variety of different means. You then have a cost in the centre of delivering it, which is your IT, HR and procurement systems. For the most part, all of us do the same stuff in big areas of our business, but we duplicate it. How many IT directors are there around the room? How many finance directors are there? We do not need that many; we need the

uniqueness of the service delivery outcomes at the front end.

We need a radical rethink about how effectively we can deliver public services. We do not need a proliferation of lots of organisations with lots of hierarchical structures and chief execs and FDs and the rest of it. You need that in certain areas, but we need to have a real think about reducing the cost base and focusing on delivery at the front end. Money is finite, especially in current times, so we need to use it better.

The Convener: Okay—that was thought provoking.

I have three or four people wanting to come in now. I will take Karen Watt, Kerry Twyman and then Anthony Daye.

Karen Watt: We have been really smart in Scotland in keeping a funding body that looks coherently at tertiary education—colleges, universities and research and innovation—in a particular place. That is not replicated in other parts of the UK. However, we also need to take a leaf out of other places' books. For example, the Welsh Government is looking at taking a more integrated approach to education and skills and research and innovation. In Scotland, we have a massive opportunity in the Government's having asked James Withers to do a review of the skills delivery landscape. It would be incredibly disappointing if something more radical does not come out of that.

It is about the cost base, but it is also about capability. Some missions, when we are set up, are eternal. I cannot envisage a situation where we would not want a big funding body to look—on behalf of students, employers and the public purse—at the financial sustainability and viability of the organisations that we fund. However, although some missions are eternal, Government and broader interests have a right to say that some of their interests have now shifted.

We have a crisis of sorts in relation to how we look at skills now and into the future. We have a public funding crisis in the sense that we are under pressure to deliver more with less. We also have really big issues around how we support learners and students. The SFC, Skills Development Scotland and SAAS—bodies that I mentioned before—should be looking at a more cohesive way of offering skills delivery and student support into the future. I see massive opportunities if we want to do something more radical.

The Convener: Okay—we are getting some bigger ideas now.

Kerry Twyman: I will go back to the point about simplicity. Again, I think that I am in the school of thought whereby we probably need fewer public bodies. It goes back to that fundamental question of what is best for the people of Scotland. At the moment, the landscape is quite cluttered and it can be confusing for people who are accessing services.

I mentioned some of the reform work that we have under way. For example, we are looking at whether we need three ferry bodies at the heart of project Neptune, and what would it look like if we had just one. Similarly, we have just created Scottish Rail Holdings. ScotRail goes into that body and the Caledonian Sleeper will also go into it when it comes into public ownership as of next week. It is about trying to keep things as simple and minimal as possible.

A lot of it is historical, which I think is what Karen Watt was saying. In some instances, there is a historical body that is absolutely needed and that we would not necessarily touch, although we might look at what it delivers and covers. In other instances, we really need to ask whether it needs a completely separate body with its own corporate services and board—as we have said—or whether we can do something more clever. Could we have bodies merging but, for example, keeping different divisions and names or something like that, so that people can differentiate?

If we are going to pursue that kind of reform, we need to be careful not to dilute and lose individual voices. That is the point about place: we must ensure that, whatever is set up, there is a voice for the particular place or service.

It is fair to say that we have not always been good at this in the past. Police Scotland is one of the successes, but even there, there was a lot of learning from the process. Therefore, if we are going down that road—as we absolutely need to do—we must ensure that we draw on best practice and past experience and that we resource the work properly with people who understand it and can deliver it. We do not want to do a reform piece where we start with three bodies and end up with five, which has happened.

The Convener: Yes. I certainly agree with that.

I will have to ask people to be brief because we are running out of time.

Anthony Daye: I want to clarify something on the back of David Page's point, although Kerry Twyman has now touched on it a bit. Place is really important. Since South of Scotland Enterprise has come into being, it has not cost more money. In fact, we are doing more with less. That is really important: bigger is not always better. Therefore, the place aspect is really important.

The Convener: Elaine Lorimer, you want to come in on that, but I also want to ask you a

different question. You have twice mentioned that legislation required you to do certain things. Do we need legislation in this space to help organisations to work together—or whatever else—better?

Elaine Lorimer: I have two thoughts on that. The first thing that I was going to say, which I think is linked to your question, is that there is another way, which is to give public bodies powers to delegate some of their functions to other public bodies, rather than crashing two organisations together or, indeed, setting up duplicate units within organisations. For example, when we were created, Revenue Scotland was given the power by Parliament to delegate some of our functions to the Scottish Environment Protection Agency and ROS. We do not need to do as much with ROS now, because technology has enabled us to do the work that ROS used to do for us, but SEPA still provides us with a load of services that are essential to our development and delivery of landfill tax. Therefore, we are using expertise in another organisation to help us to do our work.

The legislation is a particular issue for us, and I wonder whether it is the same for others. Because so many of our tax-related processes are enshrined in legislation, to enable us to be more efficient and to bring the best technology that we can into those processes, we would need changes to our founding legislation. Therefore, there is a need for the committee or Parliament to recognise that we might need a legislative vehicle that would enable organisations such as ours to bring forward change that is boringly administrative but that would unlock efficiency.

The Convener: That is a useful point that we might take forward.

We are close to the end of our time, so I will let Douglas Lumsden make a final point, and Garry McEwan and Stuart MacQuarrie will be our final contributors

Douglas Lumsden: David Page's point that the whole point of reform is to reduce cost and duplication is key. The organisations around the table probably all have a human resources director, a finance director and an IT director, so the key question is: would you reduce your head count and voluntarily put people into a central pool or would that have to be mandated? I still do not know what the answer is, from listening to everyone today.

The Convener: That might be opening up another area of debate again.

Garry McEwan: The last question that you asked, convener, is fundamentally what this whole reform should be about. It should be structural reform. It should look at the 32 local authorities, the public delivery bodies and health boards and ask what radical structural reform we can do over the next five to 10 years—legislation aside—that would result in massive efficiencies and transformational change.

The Convener: Okay. That is optimistic.

Stuart MacQuarrie: We have experience with mergers from back in 2010, when the Deer Commission for Scotland merged with what was then called Scottish Natural Heritage.

I do not want to end on a down note, convener, but our targets for halting the loss of biodiversity go up to 2030. If we are pulled into an awful lot of noise on the public sector reform landscape, that will take our eye off the prize in terms of the outcomes that we are looking to secure. It is important to keep that factor in the mix.

The Convener: That is a fair point. Whenever we look at local government reform, one of the arguments against it is that it causes everyone to focus on the reform instead of services, so that is quite a good point to finish on.

I thank all the witnesses for attending today's discussion. We will continue our evidence taking on the Scottish Government's public service reform programme in the coming weeks. If any of you has more thoughts for us or wants to expand on something that you have said, send us your comments—we are very open to that. I am sure that we will use some of the things that you have said today to question other witnesses as we continue.

That concludes the public part of the meeting.

11:00
Meeting continued in private until 11:15.

Wednesday 28 June 2023