

# RENEWING SCOTLAND'S PUBLIC SERVICES

PRIORITIES FOR REFORM IN RESPONSE TO  
THE CHRISTIE COMMISSION

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# Foreword

Last November, the First Minister asked Dr Campbell Christie CBE to lead the Commission on the Future Delivery of Public Services.

We recognised the need to address long-term pressures and wanted an expert, independent analysis of the issues to guide the key decisions that would clearly need to be taken following the May Scottish election.

The Christie Commission reported at the end of June in time to inform this year's Spending Review and shape our resource plans for the next three years. I am very grateful to Dr Christie, members of the Commission and all those who contributed to their work.

This document signals the Government's positive response to the Christie report and describes our approach to public service reform. It shows how we plan to build on a successful track record of competence and achievement with a bold and imaginative programme of reform.

Our approach closely reflects the key themes and aims of the Christie Commission's report. It is built on four pillars:

- a decisive shift towards prevention;
- greater integration of public services at a local level driven by better partnership, collaboration and effective local delivery;
- greater investment in the people who deliver services through enhanced workforce development and effective leadership; and
- a sharp focus on improving performance, through greater transparency, innovation and use of digital technology.

Discussion on many detailed aspects of the Christie Commission's report will continue in the months ahead. But we will not delay taking actions necessary to equip Scotland to meet the long-term financial and demand challenges ahead. We will accelerate our improvement agenda, speed up cycles of innovation and sharpen the focus on value for money.

The Scottish Government will provide leadership. Our clear direction will be an unrelenting focus on improving outcomes for people and communities across Scotland. We ask all concerned to join us on this journey.

**John Swinney**

**Cabinet Secretary for Finance, Employment and Sustainable Growth**

# Renewing Public Services

## **INTRODUCTION**

The people of Scotland attach the highest value to their public services. The quality of those services is part of the bedrock on which our society and future prosperity depends, and is crucial in shaping a flourishing, productive and equitable Scotland.

But the future sustainability of Scotland's public services is being challenged as never before by huge financial cuts from Westminster and by changing patterns of demand.

### **Support in Challenging Times**

These are uniquely challenging times with a fragile world economy, sustained pressure on family budgets and savage reductions in the real value of the Scottish budget. Tough times are forcing difficult decisions in homes throughout Scotland. Many workers have received a wage freeze and there are inevitable constraints on public spending.

Yet, in such times, the power of public services to improve people's quality of life and enhance their opportunities is especially important. The Government is ambitious for Scotland and for our public services despite these challenges; protecting our vital health, education and community safety services will be the embodiment of our partnership with the Scottish people.

We will continue to honour our pledges to the nation. We are committed to a Social Wage for the people of Scotland supported in large part by measures such as the Council Tax freeze and the abolition of prescription charges. And we will keep university education free for Scottish students so that access to higher education is based on the ability to learn, not the ability to pay.

The Social Wage is a key part of our tangible commitment to building a fair and strong society. Our actions provide the security and opportunity for people to face the future with confidence. We are committed to continue improving conditions for families, communities, the vulnerable, the elderly and the young.

## **TIME FOR RENEWAL**

To maintain the quality of public services we want, we need to do things smarter and better. The financial context and demographic trends are such that incremental improvements in public services are no longer adequate: fundamental reform is essential. We have good evidence about what works, including the importance of investment in early years and early intervention. Our reforms will build on this knowledge.

We have already introduced many innovations in the design and delivery of our public services and led an open and inclusive debate on the nation's budget priorities and the future direction of public services. We have begun major resource shifts to release the nation's potential and to address Scotland's long-term needs.

In this Spending Review period, we will go further and intensify efforts to realise the full benefits of social partnership and closer collaborative working.

We do not claim to have a monopoly of wisdom; we will learn lessons from the best and continue to be informed by independent expert analysis and advice.

In 2010, we asked the **Independent Budget Review (IBR)** panel to report publicly on areas where savings might be made.<sup>1</sup> Their authoritative analysis presented a wide range of saving options, many of which we have adopted. The IBR report was particularly useful in stimulating public debate across the country about the financial challenges that Scotland faces and building consensus around the need to renew public services.

In June this year, the **Commission on the Future Delivery of Public Services** (the 'Christie Commission') reported its findings based on a long-term analysis of the challenges facing public services.<sup>2</sup> The Commission recommended actions that would improve the quality of public services provided in Scotland and ensure their future financial sustainability.

#### **Commission on the Future Delivery of Public Services (Christie Commission)**

The First Minister established the Commission on the Future Delivery of Public Services, led by Dr Campbell Christie, in November 2010.

The Commission was asked to undertake a strategic review of public service delivery in Scotland and to provide a road-map to guide the future reform of public services. The Commission was tasked specifically to make recommendations that would improve the quality of public services in Scotland and ensure the lasting financial sustainability of public service provision given the significant challenges ahead.

In June 2011, the Commission published its conclusions stating that the four key objectives of a reform programme must be to ensure that:

- public services are built around people and communities, their needs, aspirations, capacities and skills, and work to build up their autonomy and resilience;
- public service organisations work together effectively to achieve outcomes;
- public service organisations prioritise prevention, reducing inequalities and promoting equality; and
- all public services constantly seek to improve performance and reduce costs, and are open, transparent and accountable.

For each of these four key objectives of reform, the Commission made a number of specific recommendations.

The Christie Commission's report makes a major contribution to debate on the future direction of our public services by presenting a radical roadmap to better public services.

**This document presents our response to the Christie Commission and outlines our approach to and priorities for public service reform.**

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<sup>1</sup> The 2010 report of the IBR Panel is available at <http://www.scotland.gov.uk/About/IndependentBudgetReview>.

<sup>2</sup> The 2011 Christie Commission report is available at <http://www.scotland.gov.uk/About/publicservicescommission>.

# Our Approach

Taking advantage of the relative stability created by our unique Parliamentary mandate, we will build on our successful track record of competence and achievement in public services with an expanded programme of reform to equip Scotland's public services to meet the challenges ahead.

In response to the Christie Commission's recommendations, we will reform our public services through: a decisive shift towards **prevention**; greater integration at a local level driven by better **partnership**; **workforce** development; and a sharper, more transparent focus on **performance**.

We will maintain our emphasis on achieving the outcomes that matter most to the Scottish people and lead our public services into new ways of working and thinking, new understandings of people's needs and innovative ways to meet those needs.

## Engaging with Scotland's People

Being in constant dialogue with Scotland's people - listening, engaging and responding to their needs and aspirations - is our way of working. Everyone is entitled to have the opportunity to shape our nation's shared future and this principle should be reflected in the way we design our services.

We believe that transformational change can be successful only with a broad base of popular consent so our approach will continue to be open, inclusive and responsive. Over the last four years, Summer Cabinet events have taken place across the country, providing opportunities for Ministers to hear what people have to say and answer their questions directly.

Following publication of the Independent Budget Review last year we consulted the people of Scotland about the challenges and choices we face, the priorities for our communities, and the services that matter most. This dialogue included an online consultation and a series of open public meetings across Scotland at which nearly 1,000 people took part.

We will empower local communities and local service providers to work together to develop practical solutions that make best use of all the resources available. The focus of public spending and action must build on the assets and potential of the individual, the family and the community rather than being dictated by organisational structures and boundaries. Public services must work harder to involve people everywhere in the redesign and reshaping of their activities - and we will develop workforce capabilities to deliver that aim.

## Enhancing Value for Money

Faced with deep cuts in the Scottish budget, we are determined to continue to act decisively and prioritise our resources to maximise their positive impact: nurturing economic recovery; protecting employment and frontline services; and investing in Scotland's future prosperity.

Tackling waste, duplication and inefficiency is now a top priority for all those in public service and we will encourage the swifter adoption of proven strategies for improvement and the rapid roll-out of reforms. In so doing, we will not shirk the difficult decisions and we will be resolute in prioritising the public interest in achieving better outcomes ahead of narrow sectoral concerns.

Communities want services that work effectively and efficiently. Leadership and culture change matter more than organisational structures in achieving better outcomes and value for money but where structural reform is required it should be pursued vigorously.

## Driving Improvement and Reform

To drive forward and co-ordinate progress on a comprehensive programme of improvement and reform we recently established a **Cabinet Sub-committee on Public Service Reform** (chaired by the Cabinet Secretary for Finance, Employment and Sustainable Growth). This Ministerial group will be supported by a **Public Service Reform Board** comprising key executive leaders from across public services.

Over this 5-year Parliament our public service reform programme will intensify the focus on improving service outcomes for the people of Scotland. It will be built on four pillars:

- a decisive shift towards **prevention**;
- greater integration of public services at a local level, driven by better **partnership**, collaboration and effective local delivery;
- greater investment in the people who deliver services through enhanced **workforce development** and effective leadership; and
- a sharp focus on improving **performance**, through greater transparency, innovation and use of digital technology.



# Prevention

“The adoption of preventative approaches, in particular approaches which build on the active participation of service users and communities, will contribute significantly to making the best possible use of money and other assets. They will help to eradicate duplication and waste and, critically, take demand out of the system over the longer term.”

Commission on the Future Delivery of Public Services

Over the course of this Parliament Scotland’s public services will make a decisive shift towards prevention and take a holistic approach to addressing inequalities. This focus is essential to address the current squeeze on the Scottish budget, tackle persistent inequalities and ensure the sustainability of our public services in the longer term.

The sustainability of Scotland’s public services is challenged both by the austerity measures imposed by the Westminster government and by longer-term structural trends in the demand for public services. Demand for many services is being driven higher by a combination of demographic factors – linked in particular to the improving health and life expectancy of our older population – and the negative legacy of persistent inequality that results from the policy failures of previous decades.

As a responsible Government, we believe it vital to the future sustainability of our public services that we take swift action to:

- accelerate progress in building prevention into the design and delivery of all our public services;
- focus support in the first few years of life where we know it can have the biggest impact in improving life chances for the most vulnerable in society;
- unlock resources currently invested in dealing with acute problems;
- tackle inter-generational cycles of inequality and pockets of disadvantage that blight the life chances of some of our people; and
- better utilise the talents, capacities and potential of our people and communities.

## Our Achievements

In giving greater emphasis to prevention and widening opportunity, we will build on a positive record of success across public services. In the last Parliament the Government:

- worked with COSLA to develop the **Early Years framework** to maximise positive opportunities for children to get the best start in life, supported by our £6.8 million Early Years and Early Action Fund;
- worked with COSLA to develop **Achieving our Potential** our anti-poverty framework and implemented the **Child Poverty Strategy for Scotland** to address the profound and lasting impact on children’s outcomes caused by income poverty and material deprivation;
- took action through the **Economic Recovery Plan** to shield individuals, families and businesses from the worst impacts of the recession and maximise investment targeted on boosting jobs and growth;

- invested £150 million to help thousands of individuals and hundreds of employers combat the recession through **ScotAction** – our programme of training and skills support;
- raised the age of tobacco purchase from 16 to 18 years and launched **Scotland's Future is Smoke Free** to reduce smoking by children and young people. We invested record sums in smoking cessation measures – more than £11 million – in the last spending review period;
- successfully engaged more than 113,000 people (between 2007 and July 2011) through the initial **Keep Well programme** of inequalities-targeted health checks – delivering better local outcomes of lower blood pressure and cholesterol, and smoking cessation;
- backed radical action on alcohol misuse with a record £155 million investment in prevention, treatment and support services. This, along with our reform of local **Alcohol and Drug Partnerships**, is significantly improving services to those in need;
- delivered **all-time low primary school class sizes** and rolled out the **Curriculum for Excellence**, alongside a Literacy Action Plan, helping to equip young people with the skills and knowledge they need to succeed;
- doubled funding for the innovative youth engagement campaign **No Knives, Better Lives**, which has reduced knife carrying among young people and helped to cut the level of knife crime 38 per cent since 2007;
- built a credible and effective alternative to short-term custodial sentences through the creation of the **Community Payback Order** and ensured that the proceeds of crime (over £42m since 2007) were reinvested in activities for over 600,000 young people across Scotland through the **CashBack for Communities** scheme;
- invested a record £1.7 billion in affordable housing over the period 2008-11 and developed new affordable homes for rent through the **National Housing Trust**, which works with Councils, housing associations and private developers to generate around £100 million of investment and support for over 1,000 jobs from every 700 homes built;
- introduced the **Energy Assistance Package**, helping nearly 200,000 people on low incomes reduce their energy bills and keep their homes warm, as well as reducing greenhouse gas emissions; and
- delivered the hugely successful **Climate Challenge Fund** that empowered 345 communities across Scotland to take forward their own solutions to reduce their carbon footprint.

## Our Priorities

There is a growing body of evidence which demonstrates that spending on prevention can deliver better solutions and outcomes for individuals and avert future costs to the public sector. This starts with a focus on the first few years of life where we know that a good start will bear dividends for a lifetime. Since 2007, we have worked with delivery partners to support this approach, including through the Early Years framework. But we are not limiting our efforts to early years – we are driving forward a range of policies, from shifting the balance of care to enable older people to remain at home, to our work to reduce offending.

Now we need to take this work to the next stage. We have therefore identified significant funding to support transition across public services away from dealing with the symptoms of disadvantage and inequality towards tackling their root causes. This will help deliver outcomes at reduced cost over the period of the Spending Review and this Parliamentary term. The third sector has a crucial role to play in delivery, because of its specialist expertise, ability to engage with vulnerable groups and flexible and innovative approach.

As part of our approach, we are introducing three new funds to support preventative spending:

- a continuation of the **Change Fund** for older people's services. The fund currently amounts to £70 million within the NHS budget for 2011-12. This will increase to £80m / £80m / £70m within NHS budgets, supplemented by funding from local partners.
- an **Early Years and Early Intervention Change Fund** to be overseen by the Early Years Taskforce aimed at using evidence-based interventions to give our children the best start in life. The resourcing of this fund will be provided by NHS Boards and local authorities, working together to agree their local contributions and achieve maximum impact and value for money. As a central contribution to this, the Scottish Government will provide £50 million of resource over the lifetime of this Parliament through the Sure Start Fund component of the Scottish Futures Fund.
- a **Reducing Reoffending Change Fund**, focussing on preventative spend, will be created to bolster those interventions that we know can reduce reoffending. This work will take account of the particular contribution that can be made by third sector service providers. The fund will expand the coverage and impact of those interventions with a proven track record in reducing reoffending, as well as supporting innovation. This will help shift the focus of services, to get the correct balance between proactive and reactive services, as part of the next phase of the reducing reoffending programme.

Taken together, these funds provide **over £500 million of investment in preventative spending** over the Spending Review period, bringing together new and existing expenditure. This continuing investment in preventative spend is directly aimed at improving outcomes and reducing the demand for a range of acute services over time. These funds will help drive the further integration of services and the sharing of vital resources. Corresponding budgets can therefore be reduced in future years, enabling us to manage costs across the Spending Review period as a whole.

### **Scottish Futures Fund – Investment in Jobs and a Fairer Future**

We will take an innovative approach to investment in jobs and infrastructure. The Spending Review confirms that we will deliver on our commitment to establish a **£250 million Scottish Futures Fund** to be delivered over the lifetime of this Parliament. The fund will have five components:

- **Young Scots Fund** – this is a youth talent initiative focused on sport, enterprise and creativity, including funding to take forward skills development for young people and the new national Football Academy.
- **Next Generation Digital Fund** – this will support the rollout of superfast broadband, particularly in rural areas of Scotland.
- **Sure Start Fund** – this will act as a change fund to deliver effective intervention in a child's life, as part of the Government's action to lead a decisive shift towards increased preventative spending, overseen by the Early Years Task Force.
- **Warm Homes Fund** – this will support the Government's concerted action to tackle fuel poverty and deliver renewable energy and energy-efficient homes in those communities worst affected by fuel poverty.
- **Future Transport Fund** – this will focus on modal shift to help more Scots move to low-carbon and active travel options, boosting business and growth.

Together, these funds provide substantial additional investment to support key economic, social and environmental objectives. The Spending Review provides funding of over £160 million over the next three years across these five funds, with a further £90 million to be delivered in 2015-16.

## Renewing Post-16 Learning and Student Support

The Government's proposals to reform Post-16 Education and Skills, published on 14 September, will transform post-16 learning and student support systems. The aim is to develop a better learner journey - one that equips people with the right skills to enter and stay in work.

The Scottish Government is committed to free higher education, based on the ability to learn not the ability to pay. Through *Opportunities for All* all 16-19 year olds not in work will be offered an apprenticeship or learning place in post-16 education or training. In addition, the Government will continue to: support local partnerships to deliver 16+ Learning Choices and Activity Agreements to support the most vulnerable 16-19 year olds; fully support the Educational Maintenance Allowance; and implement the new Careers Strategy with more and better support for those who need it most.

Our priorities for preventative action during this Parliament also include:

- a **Rights of Children and Young People Bill**, expanded nursery education and a new legal limit of 25 on class sizes in primary one from August this year;
- **new legislation** that supports councils, the health service and Government to deliver early years services and to see early years education as an essential part of the learning journey and ensure the **Getting it Right for Every Child (GIRFEC)** approach is developed nationwide;
- a major programme, backed with investment of £30 million, to establish new approaches to **detecting cancer early**;
- **minimum pricing for alcohol** to tackle the scourge of alcohol abuse and alcohol-related disorder and a new comprehensive robust **tobacco control strategy** for Scotland focused on prevention and cessation;
- development of a **Regeneration Strategy** that responds to the challenges faced by our most disadvantaged communities and makes an important contribution to growing Scotland's economy, creating jobs and prosperity and improving the life chances of Scotland's people; and
- continuing support for **renewable generation schemes** at a community level through loans from the Community and Renewable Energy Scheme (CARES).

# Integrated Local Services

“As a Commission we agree that effective, locally integrated service provision is crucial to the achievement of outcomes, and that local authority-area level partnership is crucial to the development of that integrated service provision. The continued development of local partnership arrangements should therefore be a key element of the public service reform process.”

Commission on the Future Delivery of Public Services

Evidence clearly demonstrates that improved outcomes for people and better use of resources can be achieved when local services are planned and delivered through effective place-based partnership and integrated service provision. In many instances, truly preventative approaches are only possible when organisations work together in collaboration and plan budgets jointly.

Many effective solutions to the complex challenges we face – from tackling crime to improving public health – lie locally. The best ideas and most effective solutions will often come from those with the most direct experience of the issues at hand – that is, users of services and frontline workers.

Building on progress achieved in the last four years, we will advance a series of initiatives during this Parliament to sharpen the focus of public services on 'place' as a magnet for partnership and as the basis for stronger community participation in the design and delivery of local services.

We want public service organisations to break through bureaucratic barriers and operate across organisational boundaries to produce integrated services that deliver better value for money and improve the social and economic wellbeing of the nation. We will give people and communities a much stronger voice in the decisions that affect them, responding effectively to their aspirations and concerns.

The type of place-based partnership we envisage will be comprehensive and participative, harnessing the full spectrum of talents and capacities of public bodies, citizens, third sector organisations and local businesses. Our approach will be open, inclusive and responsive and, where appropriate, we will take opportunities to place greater responsibility and control in the hands of citizens and communities.

## **Renewing Adult Health & Social Care**

The Scottish Government is committed to the introduction of an integrated system of health and social care to ensure that older people continue to receive the care, compassion, support and dignity they need and deserve.

Strong evidence suggests that better outcomes for people, better use of resources (money and people's time) and better experience of care and support can all flow from services that are planned and delivered in an effectively integrated way.

Over the next 20 years demography alone could increase expenditure on health and social care by 70 per cent. Reform is necessary to help address this unprecedented challenge.

## Our Achievements

Under the broad umbrella of community planning, we have created with our partners strong foundations for the development of place-based partnership across sectors. Examples include, Alcohol and Drug Partnerships, Community Safety Partnerships, Community Health & Care Partnerships and Regional Transport Partnerships.

We have supported the increasing engagement of the third sector in Community Planning Partnerships so that the sector's skills, knowledge and expertise can provide the maximum input to local delivery.

Recent achievements of our partnership approach include:

- **Single Outcome Agreements** based on an agreed set of national and local outcomes that take account of local priorities for every local authority and their community planning partners since 2008-09;
- a new **Change Fund** which revolutionised the partnership approach to delivering joined up services across health and social care, providing £70 million across Scotland for investment to support new and improved ways of working and deliver higher quality, more sustainable services;
- the **Patients' Right (Scotland) Act 2011** to improve patients' experience of using health services and to support people to become more involved in their health and healthcare;
- the **Reshaping Care for Older People** programme focussed on improving services across health and social care for older people, including optimising the independence and wellbeing of older people at home or in a homely setting;
- embedding a collaborative culture to underpin the **Getting it Right for Every Child (GIRFEC)** approach;
- a new **Framework for Local Alcohol and Drug Partnerships** that outlines the responsibilities of local partners in improving outcomes for individuals, families and communities affected by alcohol and drugs misuse;
- delivery of the **Making Justice Work** programme of reform that brings together the Scottish Government, the Crown Office and Procurator Fiscal Service, Scottish Court Service, ACPOS and the Scottish Legal Aid Board on a range of projects to improve the efficiency and effectiveness of the justice system;
- transfer of responsibility for local economic development to local authorities as part of the implementation of the 2007 reform of the **enterprise network**; and
- **housing option and asset management hubs**, which cover multiple local authorities and are a forum for sharing best practice, ideas and services.



## Our Priorities

Our focus is on outcomes and effective partnerships at a local level to deliver public services that are high quality, continually improving, efficient and responsive to local needs. Community is at the heart of our approach and Community Planning Partnerships will continue to play a significant role in identifying priority local outcomes and leading service integration in their areas through the further development of Single Outcome Agreements.

Our priorities for improving partnership during this Parliament include:

- supporting continuous improvement of **Community Planning Partnerships** and **Single Outcome Agreements** as key drivers for partnership working and delivery of outcomes, including building on existing scrutiny activity, reviewing responsibilities of community planning partners in the light of the wider reform agenda;
- developing with the Accounts Commission proposals identifying how **external scrutiny** can support the delivery of better outcomes at the level of Community Planning Partnerships, through assessing performance and promoting effective practice;
- continuing to provide a **Change Fund** for NHS Boards and local authorities to invest in partnership to redesign services to support the delivery of new approaches to improved quality and outcomes – worth £80 million in 2012-13;
- **integrating health and social care** across Scotland to ensure that services are organised around the needs of the individual supported by the continued Change Fund;
- enactment of the **Social Care (Self-directed Support) Bill** to underpin new models of support, placing greater control and responsibility in the hands of citizens and thereby enhancing people's independence and wellbeing;
- continuing closer **joint working between GPs, pharmacists and other community services** to improve the service on offer to patients;
- developing a **Community Empowerment and Renewal Bill** that will significantly improve community participation in the design and delivery of public services, alongside action to build community capacity, recognising the particular needs of communities facing multiple social and economic challenges;
- a legal **duty to work together** and place the child at the centre of service delivery planning for health boards, councils and other agencies irrespective of bureaucratic boundaries;
- working collaboratively with Scotland's cities and other stakeholders to develop a **Cities Strategy** that will provide a framework for more effective collaboration and partnership between Government, Scotland's cities and between the public, private and third sectors;
- better alignment of **employability and skills interventions** between the Scottish Government, Jobcentre Plus, Skills Development Scotland, colleges and local authorities and development of new approaches to employability funding to support this;
- working with local authorities and their community planning partners to support them in the delivery of **local economic development services**, supporting effective collaboration and seamless assistance to businesses to help them grow; and
- more effective alignment of **capital programmes** to ensure we maximise the impact of expenditure in supporting delivery of a successful economy.

# Workforce and Leadership

“We believe that front-line staff, along with people and communities are best placed to identify how to make things work better. It is critical that managers at all levels support staff in empowering users and communities, and to give fresh meaning to their own work.”

Commission on the Future Delivery of Public Services

Reshaping public services to deliver better outcomes for the people of Scotland must be an inclusive and collaborative endeavour involving the workforce at all levels.

The expertise, energy and creativity of the public sector workforce will help to shape our evolving programme of public service renewal and improvement. We want all public servants to have the opportunity to have a say in how their organisations operate and be encouraged to contribute ideas about how improvements might be made.

We recognise the contribution of the many thousands of public sector workers whose commitment to their valuable work has continued in spite of tight settlements and actions to restrain pay.

Maintaining employment in the public sector is crucial to ensuring Scotland’s economy is well placed to recover from the global downturn. The current No Compulsory Redundancy agreement has given many public sector workers economic stability and job security at a time of great uncertainty. The Government believes this commitment has also created the right atmosphere to enable substantial savings to be found year on year which have already transformed efficiency in Scottish Government. We will continue the policy position of no compulsory redundancies for a further year on condition that agreements are reached on flexible working practices which reduce costs while maintaining headcount and services.

We have also published, alongside this document, the Government’s Public Sector Pay Policies for 2012-13, covering staff pay remits and senior appointments. Public sector pay is a significant element of our budget. In setting pay policy, we need to balance difficult decisions on tight pay constraint with the need to sustain employment opportunities across the public sector. To help maintain staffing levels, it is essential that we control pay growth and keep pay at an affordable and sustainable level. This year’s pay policy therefore includes the continuation of the pay freeze implemented in 2011-12, and the continued suspension of access to bonuses. Within that tight constraint we have again been able to provide measures to support the lower paid, by maintaining our commitment to the Scottish Living Wage and ensuring that any employee earning less than £21,000 receives at least a £250 increase. Reflecting our commitment to fairness, Ministers will also be freezing their pay in 2012-13 for the fourth year running.

We are committed to enhancing the capability of the workforce and will continue to invest in workforce engagement and development and to support leadership collaborations across public service organisations. Growing mutual understanding and shared purpose breaks down barriers between organisations and frees the frontline to respond directly to the needs of individual service users.

Increasingly, we will look to leaders of Community Planning Partnerships across Scotland to disrespect boundaries between public services and focus on the achievement of shared outcomes and cross-sectoral workforce development strategies.

We will encourage effective management and strong employee engagement at every level in every workplace. By working in this way we aim to maximise productivity, raise job satisfaction and promote improved well-being across the public services workforce.



## Our Achievements

Our commitment to the public sector workforce is evident in the choices we have made. When faced with unprecedented financial pressures we rejected the argument that public sector employment is a drain on the nation's resources. We know the work done by public service workers is essential to underpin our national prosperity and quality of life.

Since receiving cuts in the devolved budget, we have engaged positively with public sector unions and done our utmost to safeguard numbers of frontline posts by pursuing a policy of responsible pay restraint.

Recent achievements relating to the public services workforce include:

- the commitment of the **Scottish Leaders Forum** of public service chief executives to:
  - make **workforce engagement and development a core priority**. A sub-group of chief executives have set out priorities for action and released resources to take this forward; and
  - develop the fundamental **principles of local leadership** to be exercised by Community Planning Partnerships.
- supporting multi-professional **children's services leadership** retreats in 2010-11, organised by the Association of Directors of Education, Scotland's Virtual Staff College and Columba 1400. Participants were senior leaders from local authorities and health boards who are involved in the delivery of children's services. Evaluation of the programme shows improved relationships between professionals from different backgrounds, acknowledgment of shared values and commitment to plan and deliver services better together;
- 73 new NHS Scotland staff completed the **Postgraduate Certificate in Frontline Leadership and Management** in 2011 and an independent evaluation of labour management in NHS Scotland (University of Nottingham) shows Scotland at the forefront of staff governance and partnership working;
- taking forward, with all stakeholders, a programme of work to implement **Changing Lives**, the report of the social work review, to support workforce and leadership development and capacity building across the 200,000 strong social services workforce;
- bringing together emerging leaders from across public services in Scotland in **Collaborating for Outcomes**, an innovative and intensive leadership development programme;
- multi-agency training on how to plan for and respond to emergencies locally through the 8 **Strategic Co-ordination Groups** for senior officials in the 3 'blue light' services, councils and other key responders (e.g. Scottish Water, other utilities and SEPA); and
- the development of **Traditional Building Skills** to improve the standard, consistency and availability of skills training to preserve Scotland's historic environment.

## Our Priorities

Management and frontline staff in public services need to be encouraged and supported to prepare for change, promote innovation, embrace new approaches, improve performance and involve communities and service users in the design of public services. We are committed to the further development of the capabilities of the public service workforce and its leadership.

Our priorities for improving workforce and leadership during this Parliament include:

- emphasising that Community Planning Partnerships have a key role both in maximising the **shared capacity** of the public service workforce and in maintaining positive engagement with the frontline staff who deliver public services to people and communities across Scotland day and night;
- the commitment of the **Scottish Leaders Forum** to embed and expand our shared commitment to building collaborative leadership capacity and grow flexible development opportunities (such as secondments, action-learning and mentoring), pool resources and improve outcome focus;
- sharing the core learning and principles of the **UK Employee Engagement Taskforce** through targeted events in Scotland;
- taking forward the recently published report **Teaching Scotland's Future**, which reviewed teacher education, including leadership development for teachers. A National Partnership Group is taking forward the report's recommendations which include developing a clear, progressive educational leadership pathway;
- **driving workforce and leadership development** across the whole of the social services workforce, in particular through the work of the Scottish Social Services Council and through supporting collaborative approaches to workforce development between all of the key delivery agents - NHS Education for Scotland, the Scottish Social Services Council, employer bodies, employers and education and training bodies;
- developing a practice-based qualification for **criminal justice social workers** in Scotland (as a replacement for the current MSc) in partnership with the Criminal Justice Social Work Development Centre;
- developing the skills of the **Alcohol and Drugs Workforce** - focussing initially on developing skills in service user engagement;
- developing the skills of those working in the **third sector** by ensuring that third sector organisations have access to appropriate skills development opportunities, including leadership development through the **Just Enterprise** programme; and
- **Historic Scotland's** commitment to employ 30 additional apprentices over the next three years to enhance the development of traditional building skills and expertise.

# Improving Performance

“In the post-devolution era of buoyant public expenditure, many of the design shortcomings of public services - for example: complexity, duplication and weak accountability for outcomes - were manageable. To a large extent, they were masked by rising inputs and the willingness of staff to work around system imperfections... In this new and more challenging environment, it is essential that maximum value is wrought from every pound of public money spent in Scotland and, furthermore, that the public can be assured that this is so.”

Commission on the Future Delivery of Public Services

We will take action on a range of fronts to ensure that public money is spent wisely to achieve better outcomes and improve value for money. Where structural reform is required it should proceed but leadership and culture change matter more than organisational structures.

## Performance Culture

We are committed to: embedding an open and rigorous performance culture within Scotland's public services; ensuring greater clarity around the objectives of public organisations; and establishing clearer lines of accountability that help to bolster standards of service and improve outcomes.

We will encourage a stronger and more reliable set of approaches to public service improvement through an improvement framework that emphasises the importance of the following:

- clear aims;
- improvement priorities designed explicitly to achieve those aims;
- transparent measurement of progress and benchmarking;
- building stronger improvement capability; and
- spreading innovation and best practice across the public sector.

## Openness and Transparency

At a time when households' own finances are under such intense pressure, those who fund public services are entitled to know how public resources are used and to expect that services strive constantly to attain maximum value from every pound.

We have asked all parts of the public sector to report publicly on their plans to improve the efficiency of public services, actions undertaken and results achieved. It is clear that the scale of the fiscal challenge that now confronts us means we will need to continue a programme of efficiency and public service reform over many years.

We will continue to promote and extend **Scotland Performs** as the vehicle for transparent reporting on progress towards the Government's Purpose and National Outcomes, and will encourage the rest of the public sector to contribute to this monitoring framework through Single Outcome Agreements.

## Renewing Police and Fire & Rescue Services

After extensive engagement with partners and stakeholders over the last year and detailed consideration of all the available evidence, Ministers have decided that the creation of a single police and a single fire & rescue service is the best way to safeguard the vital frontline services communities depend on.

The case for reform is clear - single services for Scotland are the best way to protect communities from cuts by freeing up resources for frontline policing and fire & rescue services. The planned reforms retain local services for local communities while giving all parts of Scotland access to national expertise and assets whenever and wherever they are needed.

Estimated savings of £130 million per year can be achieved by making sure money is spent on the frontline and not on unnecessary duplication across eight services.

The new services will establish strong, formal relationships between each service and each of Scotland's 32 local authorities, creating designated local officers for each council area who will work with them and other partners to meet local priorities. At the same time, we will ensure more local councillors have a say in shaping services in their area. The Scottish Parliament will also have more opportunities to scrutinise services and hold them to account.

An eight-week consultation on the Government's proposals for new single Scottish services was launched on 8 September 2011.

## Digital Public Services

With improvements in the affordability and availability of digital tools (PCs, laptops, netbooks and mobile telephones), citizens increasingly expect to be able to access public services in the same way as they can manage their finances through internet banking or shop online at their own convenience.

Digital technology allows greater scope for people to access the services they need at a time and place that suits them. It offers the opportunity to develop new delivery models that are not only easier and more convenient for people to use but can also improve outcomes while reducing costs and ensuring services remain affordable and sustainable.

However, as the McClelland Review of ICT Infrastructure in the Public Sector in Scotland<sup>3</sup> highlights, the public sector, at all levels, can do more to transform how it procures, manages and uses digital technology to drive better public service delivery. We need to ensure that services are tailored to meet the needs of individuals and communities - exploiting the full potential of ICT will be critical in achieving this transformation.

For the Scottish public sector to reap the benefits of such a transformation, the Scottish public will need to be fully engaged and so the move to increase digital public service delivery is accompanied by a drive to increase digital participation, as set out in *Scotland's Digital Future: A Strategy for Scotland*.<sup>4</sup>

There is a great deal of activity in this area and the challenge ahead will be harnessing good practice and ensuring public services, citizens and businesses can benefit from transforming our services and enabling digital public services. Alongside this document we have published a response to the McClelland ICT Review that outlines our priorities for action.

<sup>3</sup> <http://www.scotland.gov.uk/Publications/2011/06/15104329/0>

<sup>4</sup> *Scotland's Digital Future: A Strategy For Scotland*, Scottish Government (2011), is available at <http://www.scotland.gov.uk/Topics/ArtsCultureSport/arts/DigitalAmbition/DigitalAmbitionScotland>.

## Our Achievements

During the last Parliament, we made significant progress towards a more transparent culture of public service innovation and delivery to improve standards of performance. For example, we have:

- enhanced public accountability and sharpened the focus on the delivery of better outcomes for the people of Scotland, replacing a proliferation of disjointed targets and organisational objectives with Scotland's first **National Performance Framework**;
- surpassed our **Efficient Government** targets to free up resources for re-investment, delivering efficiencies in 2010-11 of £2.2 billion against a £1.6 billion target;
- generated savings of over £800 million since 2006 through the **Public Procurement Reform Programme**, using collaborative contracting to maximise the buying power of the public sector;
- consistently achieved our 10-day target for **paying bills to businesses** that supply Government – over 98 per cent in 2010-11 – helping support firms' cash flow and economic recovery;
- reduced the number of national devolved public bodies through the **Simplification Programme** from a baseline of 199 in October 2007 to 145 and reduced the number of scrutiny and complaints-handling bodies by 25 per cent;
- introduced the **Public Services Reform (Scotland) Act 2010** that includes order making powers to facilitate further reform and simplification measures and put in place statutory duties of user focus and cooperation for scrutiny bodies;
- established **National Records of Scotland**, bringing together the former National Archives of Scotland and the General Register Office for Scotland;
- improved **transparency** by publishing details of all items of government expenditure over £25,000 and will soon make available additional information highlighting our annual spend on areas including public relations, consultancy, hospitality and entertainment; and
- introduced a consistent, transparent, proportionate and risk-based approach to **corporate scrutiny** across local government whilst reducing the burden of that activity by over 30 per cent.

### Renewing Scottish Water

Scottish Water has transformed its performance radically through management's determination to outperform efficiency targets set by an independent economic regulator. Performance improvements have included:

- a 76 per cent improvement in the standards of service provided to customers;
- around £1 billion of net savings between 2002 and 2010 through a 35 per cent reduction in operating costs;
- total investment of over £4 billion between 2002 and 2010 to improve water quality and environmental discharges – an investment programme delivered for £2 billion less than originally forecast; and
- delivering additional efficiencies and benefits to customers to the value of £175 million in the period 2006-10 by outperforming Scottish Water's regulatory contract.

These substantial achievements have produced a saving of £105 on a typical household's annual water and sewerage bill. Average household water and sewerage charges in Scotland, at £324, are now nearly ten per cent lower than in England and Wales.

## Our Priorities

We will advance the improvement agenda further in this Parliament by intensifying our efforts to recognise and spread the benefits of good practice in service delivery while also tackling any remaining sources of unexplained performance variation.

Specifically, we will:

- create a **single Scottish Police Service** and **single Scottish Fire and Rescue Service** to maintain our commitment to put **1,000 extra police** on the beat and ensure both services remain receptive and accountable to the varied and diverse communities they serve;
- **reduce running costs** of the core Scottish Government by £42.5m per annum by 2014-15 and reduce **management costs** within the devolved Senior Civil Service and NHS management by at least 25 per cent by 2014-15;
- deliver net savings of around £125 million by 2013 through **simplification projects** and deliver net recurring savings of around £39 million per annum thereafter;
- establish **Children's Hearings Scotland** which will see a move from 32 separate Children's Panels to a new national body;
- build on our successful programme of **scrutiny reform** to drive out savings of at least 20 per cent on the direct costs of scrutiny between 2011 and 2015, and ensure complaints-handling becomes more consistent and external scrutiny becomes more proportionate, risk-based and better coordinated;
- work with partners to take forward our strategy for digital public services, as set out in **Scotland's Digital Future**, so that an increasing proportion of services are delivered online;
- take forward the recommendations in the **McClelland Review** of Public Sector ICT Infrastructure which includes potential savings of £870 million, as set out in our response, published in parallel with this paper;
- consider a range of delivery mechanisms (e.g. online, smartcard) that may be used for digital service delivery, taking into account the needs of citizens; launch the **DirectScot** portal prototype and seek feedback from the public to shape its further development; and
- work with local authorities to more efficiently manage our **road network** through the sharing of services and adopting international road management best practice.



**The Scottish  
Government**

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