



OFFICIAL REPORT
AITHISG OIFIGEIL

Local Government and Communities Committee

Wednesday 2 October 2019

Session 5



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LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

24th Meeting 2019, Session 5

CONVENER

*James Dornan (Glasgow Cathcart) (SNP)

DEPUTY CONVENER

*Sarah Boyack (Lothian) (Lab)

COMMITTEE MEMBERS

*Annabelle Ewing (Cowdenbeath) (SNP)

*Kenneth Gibson (Cunninghame North) (SNP)

*Graham Simpson (Central Scotland) (Con)

*Alexander Stewart (Mid Scotland and Fife) (Con)

*Andy Wightman (Lothian) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Kenneth Ferguson (Robertson Trust)

David McNeill (Scottish Council for Voluntary Organisations)

Marie Quigley (Unison Scotland)

CLERK TO THE COMMITTEE

Peter McGrath

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Local Government and Communities Committee

Wednesday 2 October 2019

[The Convener opened the meeting at 09:15]

Decision on Taking Business in Private

The Convener (James Dornan): Good morning and welcome to the 24th meeting in 2019 of the Local Government and Communities Committee. I remind everyone present to turn off their mobile phones.

Under the first agenda item, the committee is invited to consider whether to take agenda items 3 and 4 in private. Item 3 is consideration of evidence that we will today as part of the committee's pre-budget scrutiny, and item 4 is consideration of the stage 1 report on the Non-Domestic Rates (Scotland) Bill. Do members agree to take those items in private?

Members *indicated agreement.*

Budget Scrutiny 2020-21

09:15

The Convener: Under agenda item 2, the committee will take evidence from representatives of the Scottish Council for Voluntary Organisations, Unison Scotland and the Robertson Trust as part of its pre-budget scrutiny of the long-term financial sustainability of local government. The purpose of the session is to inform a letter that we will write to the Scottish Government later in the autumn, suggesting issues to prioritise in next year's budget. The committee also has a more general and long-term interest in the future of local government funding and financing.

I welcome David McNeill, who is the director of development at SCVO; Marie Quigley, who is a member of Unison Scotland's local government committee; and Kenneth Ferguson, who is director of the Robertson Trust. I thank you all for your written submissions. We move straight to questions from members.

Sarah Boyack (Lothian) (Lab): I have some introductory questions about levels of expenditure and the pressures on local government. What is your take on the impact of budget levels and pressures on council services as a whole?

Marie Quigley (Unison Scotland): We know that council budgets have been cut drastically over the past 10 years or so, which has had a massive impact on council staff and the services that they provide. Over the past 10 years, there has been a growing crisis in terms of experience and skills in local authorities; one in seven local authority workers has left employment since the beginning of the period of austerity. People who have become old enough to withdraw their pensions and have been offered voluntary redundancy have left local authorities, so there has been an experience gap, or an experience brain drain. That is a direct result of the cuts. They have been called "efficiency savings" from the beginning; we call them cuts, because efficiency savings sounds like a positive thing.

If all the efficiencies that could have been taken by local government have been taken and there is nothing left to make a saving on, we will have reached the point at which services are being severely affected. Anything that is not an essential service that is required by legislation is now at risk of being cut. All the people whom I speak to—our union members in local government—feel that the cuts have had a massive impact on their workplace and their workload. What they are most concerned about is the effect on the services that they deliver.

Sarah Boyack: Do the other witnesses want to comment on the overall situation?

David McNeill (Scottish Council for Voluntary Organisations): We are all aware of the challenges regarding public sector finances, and the third sector has experienced the knock-on effects of those challenges. Our latest evidence showed that since 2010, funding has been cut from around £1.9 billion to around £1.8 billion, which is a real-terms cut of around 20 per cent.

Public sector funding is crucial to the third sector. It accounts for around a third of its overall income, and half of it comes directly from local authorities. The large majority of that relates to social care and other things. The sector appreciates the financial challenge: there is a need to deliver efficiency savings and there is not an unending amount of money to go around. The sector has dealt very well with the challenges around cuts, efficiency savings and freezes, but there is a sense that it is now at a real crunch point.

Although the public sector has made progress with wage increases, the third sector has not been able to match that because funding has been frozen or cut. The sector is facing real challenges as a result of the overall local government financial settlement.

More generally, the issue is not about the total amount of money that goes into the sector; it is about processes and how local government and the wider public sector deal with awarding contracts, procurement, and commissioning. Those issues are more critical than the total amount of funding.

Kenneth Ferguson (Robertson Trust): As a charitable funder, we see the accounts of about 1,000 Scottish charities each year. Since 2008, it has been clear that the charities sector in Scotland has tried to cope, and it has coped very well, with some of the funding and grants challenges that have been put to it.

There are two aspects to that: the contract side—a lot of charities are involved with local authorities through contracts—and the grant side, both of which have been tightened up. There have been cuts to both those aspects. Since 2008, the charities have coped with the challenges by being much leaner and cutting their cloth accordingly. They have really cut things back to the bone.

We have recently seen charities starting to use up their reserves, and more of them are now on the verge of insolvency. A lot of charities have squeezed their efficiency as hard as they can and used up their reserves, and they are still facing cuts. The situation is therefore becoming increasingly difficult for charities.

On top of that, a lot of charities have in the past been forced to be part of the local government pension scheme. It is now too expensive for them to be in that, but it is expensive for them to come out. That is causing problems for charities. The final salary pension scheme has been a contributory factor in some of the recent charity failures.

It is a difficult situation for charities in Scotland at the moment.

Sarah Boyack: That has come across from all three witnesses. The statistic of a 20 per cent real-terms cut over nine years is quite stark.

Do you want to highlight specific service areas that have seen cuts in spending? Somebody mentioned the things that local authorities have to spend money on, such as education and social care. What services are missing out? You have all talked about pressures.

Marie Quigley: One thing that we see is the effect of ring fencing on local authority budgets. For example, in education, if the spend on teachers is ring fenced, everything else in that department is vulnerable to cuts. Protecting teacher numbers has the effect of making the jobs of classroom assistants, special needs assistants, technicians and other support workers in schools and education departments vulnerable. Those jobs are reconfigured time and again or salami sliced year on year. There are no big headlines saying that a local authority has withdrawn all its classroom assistants, because it happens every year.

In a lot of places, support in schools is down to the bone. Although teacher numbers are protected, councils do not have the autonomy to distribute the resources in the way that they see fit. Ring fencing causes a massive problem in education.

Sarah Boyack: I am thinking about the third sector. Sometimes the Robertson Trust fills the gaps when services have gone, and at other times, you are doing contracts. What is your perspective?

Kenneth Ferguson: I would say that the sector has been badly affected by ring fencing. I do not want to overdramatise it, but a lot of the time, it feels as though the redundancies have been outsourced to the third sector. Because of ring fencing, a lot of local authority budgets have been protected and the bit that is left to get the savings out of is the third sector, which has seen a disproportionate amount of cuts. A 20 per cent cut in budget is not uncommon and we have certainly seen a lot of that in the past few years.

As funders, we are concerned. I also speak on behalf of the Scottish Grantmakers; we represent

50 grant makers within Scotland. We all see the tide of public spending retreating and leaving vulnerable people on the beach. As funders, what do we do? We would not normally fund a lot of the services that are left exposed but, as funders, there is a role for us to pick some of that up. It is moving us into new territory. That is a result of the tightening of local authority finances and the disproportionate, magnifying effect of cuts on the third sector.

David McNeill: I echo Kenneth Ferguson's comments.

The tightening of budgets has resulted in statutory services and requirements being the priority for the local authorities. That has pushed out any focus on early intervention or prevention and the upstream work that is needed. In its response to this committee, Shelter Scotland talked about the extent to which homelessness provision is statutory and that it has had some protection but, because of the cuts to funding, all the prevention work that will stem that tide in the future is suffering.

Sarah Boyack: You anticipated my next question, which is about the impact on preventative spend. That point was made strongly at last week's meeting, in relation to the Christie commission idea of early intervention. I will push that back to the other two witnesses. Does Unison or the Robertson Trust have a perspective on preventative spend issues?

Marie Quigley: Because of the level of cuts, preventative spend is an obvious place for local authorities to make savings. Long-term preventative spend, such as on reducing alcohol consumption and expanding early years provision, is all well and good. However, in a lot of places, short-term preventative spend is no longer going into services such as road gritting, which prevents trips and falls and cost to the national health service.

Youth work has been massively hit. It has an immediate preventative impact in relation to antisocial behaviour and positive destinations for young people, but it has been sacrificed. It is an easy hit—with his experience, Kenneth Ferguson would probably agree with that. That has not garnered a lot of attention in the press and not a lot of people understand it enough to see the immediate impact of cutting those services. It is the same with family learning and adult community education. Services such as that are immediately preventative, and stopping them stores up problems for the future. They have been decimated.

Kenneth Ferguson: I concur with that. We see some of that in London, where there have been huge cuts. As you know, England has suffered

much deeper cuts than Scotland. My fellow funders in London see that in areas where there have been funding cuts to services such as youth provision. Part of the reason for the rise in knife crime is the fact that there are no youth clubs, so there is nowhere for young people to go. That is part of the impact of cuts.

When it comes to preventative spend, the late Colin Mair said to a meeting of the Scottish Grantmakers that we are the research and development for the public sector, because there is no money in the public sector now. The public sector has no ability to do the great preventative things that the third sector is able to bring forward.

That is our experience. When it comes to preventative spend and innovation, there are lots of good things in charities and the third sector, but there is no ability for them to be brought into the services that local authorities provide, because their finances have been clamped down so tightly. We are not seeing much initiative coming from local authorities to say, "Let's see if we can move towards preventative work."

As you know, we have to keep going with high-cost reactive services at the same time as trying to bring forward preventative measures. Somehow, we have to have extra money in the system to allow that to happen. That is our driver, which I hope we will come to later. Our social bridging finance is about providing that bridging from high-cost services to the low-cost preventative model.

09:30

Sarah Boyack: Unison's evidence was about balancing a reduction in money with, in certain areas, increased service demand. It is challenging.

Marie Quigley: Across the board, there is an increase in demand for local authorities' services, which mostly comes from service users who are in the lowest-income groups. We have had wage freezes for 10 years or more now. The demand on services comes disproportionately from lower-income families and households, so cuts disproportionately affect lower-income service users.

Unfortunately, we count some of our members in that category. A lot of our members have part-time, low-hours contracts, so they fall into that category. Although they are service providers, they are also service users, so they get a double dunt. This year, we have made progress on the wage freeze, but that does not make up for the lost wages of the past few years. Therefore, there is a double whammy for people who are low waged and work in a local authority. A lot of times, the services that they rely on are also being cut back.

The Convener: Can we clarify that there is now no wage freeze?

Marie Quigley: Yes. I meant the effect of the wage freeze.

The Convener: However, your members have received a wage rise.

Marie Quigley: Yes—the wages have been unfrozen, but the cumulative effect of the wage freeze up until that point is still evident for people. People's wages are still a lot lower than they would have been had there not been a wage freeze.

The Convener: That is the same across many areas of society.

Marie Quigley: I do not deny that.

Graham Simpson (Central Scotland) (Con): I will move the discussion on from the panel saying that there is not enough money in the system. Perhaps some of us can accept that. However, what is the solution?

At the end of the written submission from the Scottish Council for Voluntary Organisations, you give us examples of successful projects in various councils. Your conclusion is that

“there are better ways of working.”

You say that

“Money is not always what's required”.

If that is the case, perhaps you could expand on that. Perhaps you could all reflect on that.

Is money always the answer? Are there better ways of doing things? It is easy for councils to continue doing things in the way that they have always done them, but perhaps it is difficult for them to make a dramatic change.

David McNeill: When it comes to better ways of working, there is a lot around procurement and commissioning and the failure of the market model. That is not necessarily about legislation; it is about practice, a risk-averse culture in local authorities and the wider public sector, and the processes that moved us away from relationship-based funding to contracts. The evidence shows that, in 2004, 18 per cent of public sector funding was contracts; now, the figure is 70 per cent. We have moved away from grants to contracts and service level agreements. The evidence shows that it is based first on efficiency savings. There is nothing wrong with procurement on its own, but a lot of the practice has been driven by reducing the costs and delivering efficiency savings, not considering the design of services and how to make them better.

There are other models. There is market facilitation—bringing together people and

communities to design the services that they need. There are examples in the submission, such as East Ayrshire Council's youth work service, which has created five hubs; some are delivered by the public sector and some by the third sector. That model was based on existing organisations and shaping what they do, and as a result of conversations, not of creating a procurement specification for five things that needed to be delivered and putting that out to tender.

It is crucial that we have more conversations, more collaboration and more co-production in the local community. People in some areas are good at that, but others are governed by the strict interpretation of procurement legislation and the rules and guidance relating to that, which makes them risk averse.

Kenneth Ferguson: I concur. The drive that we have seen in the third sector towards a contract approach has involved almost a supermarket-type master-servant relationship. There is a huge imbalance in power between local authorities and the charities concerned, which are often quite small. That feels wrong, but there has been a strong emphasis on that approach, which has been pushed hard.

The other thing that happens, which I think that many people will be quite shocked about, is that local authorities demand complete transparency of accounts. That would not happen with a supermarket and a supplier—the supplier would be able to keep their margins to themselves—but local authorities demand to know whether third sector organisations are making any kind of surplus, which is often clawed back. That does not lead to long-term sustainability or a partnership approach. David McNeill is absolutely right: there needs to be a shift away from the master-servant relationship to one in which there is parity of esteem.

I was very encouraged by public social partnerships, which are an extremely useful addition to the landscape. They involve a different approach to the development of services. They have their weaknesses, which we highlighted in our submission, but they represent an extremely useful change in the lens for looking at the relationship between the local authority and the charity. PSPs involve asking, “How can we do this together and play to our strengths?”, instead of one party having a big stick and trying to hit the other one as hard as it can in order to get the lowest price.

The master-servant relationship is a race to the bottom, because it is just about driving down cost. That is the fundamental discussion; it is not about service or the quality of what is delivered. The third sector prides itself on having the ability to provide quality and a depth of relationship to

beneficiaries. When the focus is exclusively on money, that promotes completely the wrong values in the sector.

Although money is important, it is not everything, and there are definitely different ways of doing it.

Graham Simpson: That is very interesting, but I wonder how we can change that. Given that the money comes from the councils—they are the ones that procure the services—they will demand certain things.

Kenneth Ferguson: It is a question of how councils look at that, going forward. Local authorities are not taking a sufficiently long-term look and—this comes back to Marie Quigley's comment about salami slicing—they are not being strategic in thinking about who their partners should be and who they should work with. Instead of just saying, "We'll apply a 20 per cent cut across all the third sector providers," it would be far better to say, "These are the providers that are producing the right outcomes." Rather than looking at inputs, authorities should be looking at outcomes and the quality of what providers are providing.

Marie Quigley: That is a good point. When we speak to local authorities, we find that the ability to be strategic and to plan for the long term is an issue. Successive one-year budgets have made that almost impossible.

Mr Simpson referred to change being difficult for local authorities, but that might be a bit unfair. They have had to deal with massive changes over the past few years. They have all done it differently, and salami slicing has been one of the effects.

I was very interested in what Kenneth Ferguson said about the master-servant relationship. The same could be said of local government having to deliver certain things for central Government, the effect of ring fencing and so on. There is definitely an echo there. That is having an effect on our relationship with communities and third sector organisations.

Over the past few years, ideas such as regional collaboratives and shared services have been seen as a way of cutting costs and creating efficiencies. In our experience, they are expensive to set up and do not produce many savings. The effect is to take control of services away from local people. It is a one-size-fits-all approach. Kenneth Ferguson will recognise that.

On the one hand, we talk about involving communities in the distribution of resources and managing services through participatory budgeting; on the other hand, however, shared services and regional collaboratives do not

necessarily work together. We recognise what Kenneth Ferguson said about the effect that the difficult relationship between communities, third sector organisations and local authorities has on the service users on the ground and on the most vulnerable people. Either as providers of services in the local authority or in the voluntary sector, those bodies all work with those people.

The Convener: You mentioned the effect of ring fencing, but most of those services are accepted as core services. Which core services should not be core services and should, instead, be left to the whims of each council?

Marie Quigley: "Whims" is a pejorative word. It is not about whims; it is about the needs of the community that the council serves.

The Convener: On which services should the decision as to whether they are core be left to the local authority?

Marie Quigley: That should be up to each local authority and the needs of the communities in that area.

The Convener: Therefore, there should not be core services.

Marie Quigley: I am not saying that. Core services are bleeding the resources from the rest of the services. Depending on people's point of view and on the services that they use, they will have a different view on what core services are. For example, for a lot of people we speak to in surgeries, street cleaning and grass cutting are core services. Legislatively, those are not core services but they have massive effects on communities. If councils are not cutting grass or cleaning the streets—

The Convener: Are you telling me that they sit on a par with education?

Marie Quigley: I am not saying that. Depending on people's point of view, they are equally important. If people have rats in their back lane but they do not have kids at school, they will have a different point of view. From a societal point of view, street cleaning is not more important than education but, from a service user point of view, the services are all important.

The Convener: However, the council has a responsibility to the society that it represents. Local representatives and others have responsibility to assist the individual in every case. I agree. For the individual, whatever faces them is the important thing. The council has a different responsibility.

Kenneth Gibson (Cunninghame North) (SNP): Paragraph 11 of Unison's submission says:

“We believe that the Parliament needs to devolve further powers to communities.”

Which powers should be devolved?

Marie Quigley: As I said in my response to the earlier question, when we take decisions away from the Scottish Government on what is core funding and what is ring fenced—as well as projects that are part funded, such as the expansion of early years provision—that takes the spotlight and resources away from services that local communities might find more important, such as transport infrastructure.

Kenneth Gibson: When you say “local communities”, do you mean local authorities?

Marie Quigley: No. I mean people living in local communities.

Kenneth Gibson: I thought that you were talking about local authorities. I wondered whether we were talking at cross-purposes.

Marie Quigley: Local authorities are the conduit to local communities. It is all connected. Local authorities are the bodies that connect people in communities. They connect voluntary organisations, the users of our services and other bodies, such as the NHS. Local authorities have an important societal role and when they supply services for communities—and want to save money and not make expensive mistakes—the best place to start is to ask the communities what they need. That is what we are referring to. If local authorities have dialogue in communities, as well as local leadership and ownership, they will save money, because they will not provide services that people will not take up or need.

09:45

Kenneth Gibson: You are saying that local authorities should devolve services to community level.

Marie Quigley: Yes.

Kenneth Gibson: Okay. That is fine for clarification.

Paragraph 12 of Unison’s submission says:

“Since 2007 there have been two substantial inquiries into a replacement for the council tax and a consultation on a local income tax.”

Paragraph 16 goes on to say that

“A replacement for the council tax is not enough.”

and that

“there needs to be a much wider basket of taxes and income raising routes for local authorities. The power to introduce taxes must lie with local authorities”.

There do not seem to be any specifics on what the “wider basket of taxes and income raising routes”

would be, how much they would raise for local government and what the impact would be on the public—the people who would pay for that. If we raise additional, new taxes, people will have to pay for that. Can you give us more detail?

Marie Quigley: I am not a tax expert, so I cannot give you much more detail. However, some local authorities would find the transient visitor tax useful, in order to raise cash. There are other behavioural taxes, such as the paper cup tax and the parking tax; they are useful, but their impact would be small. Those taxes are about persuading people to take a different path, such as not to use a paper cup—like Boris Johnson did yesterday.

On many occasions, we have spoken about the transfer of non-domestic rates back to local authority control. Local authorities could use that as an economic lever. I cannot answer the question about the impact on taxpayers. You would need to speak to somebody who is more experienced than me.

Kenneth Gibson: I do not want the discussion just to be me asking you questions. In a second, I would like other the panel members to comment.

On the subject of non-domestic rates, there is an issue. I represent a constituency in North Ayrshire. A lot of people from North Ayrshire spend their money in places such as Braehead or Glasgow city centre. Non-domestic rates would reduce the amount of money available to North Ayrshire but increase the money available to Glasgow. If we returned the rates to local authorities, we would have to change the distribution model, in order that local authorities such as North Lanarkshire or Clackmannanshire were not disadvantaged compared with Edinburgh, Glasgow or Aberdeen.

Marie Quigley: You are probably right. That is why the question has to be part of a wider review of the funding arrangements for local government. Local government needs more money to come directly from the Government, but it also needs the ability to raise money. A replacement for the council tax would be a good start. The control of non-domestic rates is also part of that. However, that is not the be-all and end-all. All those things will not solve the main problem, which is that local authorities do not have enough money to deliver the services that are needed.

Kenneth Gibson: That is an important point—local authorities do not have enough money to deliver the services that are needed. We will produce a report that will make recommendations to the Scottish ministers to inform the 2020-21 budget. Given the fact that, for example, 43 per cent of the Scottish budget is dedicated to health, where should the money for that come from? Should it come from additional taxation or from

other areas of the Scottish budget? How much additional funding should be provided to local authorities this year? Who should pay for that and how should it be funded? We have to make recommendations on that. I will ask that question of the other panel members, too; it is not just about Unison.

Marie Quigley: Over the past few years, in comparison with every other area of Scottish Government funding, local authorities have been disproportionately affected by the reduction in funding. You asked how much more funding should be provided. In the next three years, the authority that I work in faces a cut of between £100 million and £130 million. That will have a devastating impact on the services that it delivers and on the people who work there. I do not have the figure for the whole of Scotland, but that is your starter for 10. That is the sort of gap that there will be in one local authority in the next three years.

Kenneth Gibson: Which local authority is that?

Marie Quigley: It is North Lanarkshire.

Kenneth Gibson: How should that be funded? It is easy to say that we should give a local authority X, Y and Z, but how we pay for it is the \$64,000—or £130 million—question.

Marie Quigley: People who are better paid than I am are the ones to answer that. Our point is that the distribution of resources so far has disproportionately affected local authorities. Rebalancing that would go a long way. We are also calling for a look at local taxes, particularly a replacement for the council tax.

I do not have an answer for the question of who should pay for it. We should pay for it collectively, but it is about how it is organised.

Kenneth Gibson: Local government has been disadvantaged. In 1999, the NHS had about 36 per cent of the Scottish Government budget; the amount is now 43 per cent, and that is projected to go up to 50 per cent in the next few years. How can we rebalance and help local government? How can we achieve what everyone on the committee wants to achieve, which is local government having more resources? How can we square that circle?

David McNeill: That is a difficult question to answer, based on the evidence that we have. Statutory services such as education and health are crucial and need to be funded, which results in pressures on other services.

It comes back to the earlier point about preventative spend: the prevention that will stem the tide is being squeezed. The former chief medical officer, Harry Burns, talked a lot about how we cannot achieve successful early

intervention by spending the same amount of money; rather, we need to double investment for a period in order to reduce the future burden. That would require more money, but where would that money come from?

There are also issues around tax reform to consider. SCVO is not expert on tax and does not take a particular position on tax, because our members have a diverse range of views.

In the past we have talked about three principles. The ability to pay should be considered. The third sector often supports people who are most vulnerable, who cannot pay, and who have a proportionally higher tax bill. There are real consequences in terms of them affording basic goods such as food, fuel and housing.

Kenneth Gibson: I am sorry, but preventative spend is already happening. The roll-out of family nurse partnerships is an example from recent years, as is the increase to 1,140 hours of free childcare for eligible two-year-olds, and all three and four-year-olds next year. That will, we hope, have a big impact, although it will be a number of years before all the benefits are realised.

Preventative spend is happening. The question is how we get people to disinvest. The Scottish Government put in £500 million over three years after the 2011 election; it was easy enough to get people to invest in preventative spend when there was additional Scottish Government money. However, it has been very difficult to get them to stop investing in things that are not delivering as effectively as they should, and to switch to other areas.

David McNeill: That comes down to the principle of transparency in decision-making. We have talked about salami slicing of budgets, but we should be having conversations about local priorities and engagement with communities. We need to be clear on the areas, topics and themes from which we choose to disinvest and why, and we need to be clear that we are choosing to disinvest rather than just cutting a budget or cutting everybody's budgets. The current experience seems to be that everything is based on financial decisions rather than on transparency about what the best service is or the prioritisation that is needed. Transparency in engagement with the third sector and communities is perhaps missing.

Kenneth Gibson: Earlier in the meeting, Marie Quigley said that nothing more can be saved through efficiencies. The Accounts Commission has said that there are widely different costs of delivering almost the same services in different places, even accounting for deprivation and rurality.

Can more efficiencies be made? If so, where should they be made? What changes could be made in order to deliver the most sustainable and best possible local government, given the financial constraints? Even if we provide additional funding for local government, there will never be as much as we want.

Kenneth Ferguson: We are ignoring one of our greatest assets: the passion and innovation of our third sector. The preventative spend that David McNeill mentioned is there in bucket loads in that sector, but it is not being given a chance to come forward.

The other thing that is not happening, and which causes us great angst, relates to scalability. There are lots of great examples of good things being done in preventative spend, but they are all small. We need to scale up the small examples to something that has national significance. I could spend the rest of the day giving examples of third sector organisations that are doing fabulous work in our communities. If that work was scaled up and delivered nationally, the amount of spend that would be prevented downstream would be astronomical.

Kenneth Gibson: Should such work enhance local government services or replace them? Where should the work tie in?

Kenneth Ferguson: It should do a mixture of both. It is about additionality: we do not see either the third sector or local government as trying to replace the other. The third sector can provide additional services in different ways, and—

Kenneth Gibson: I am sorry for interrupting, but I realise that we have a time limit and that other members want to come in.

I am sure that the third sector is doing this, but should SCVO suggest that projects that deliver exceptionally well in Moray or East Lothian, for example, be rolled out in Glasgow, Edinburgh and across the country? What dialogue are you having with ministers on successful initiatives?

David McNeill: We do a huge amount of work to share good practice and to share what the sector is doing. The challenge in relation to scale is that things that work in East Lothian might not work in Glasgow or might not be appropriate in the Highlands. Local solutions are the most important thing.

As the Robertson Trust says in its submission, the challenge is that short-term pots of money are used to develop projects, but then the money is removed, which reduces projects' sustainability and their ability to scale up, to move, to replicate and to learn. People in the sector are willing to learn from one another, but good work is lost when short-term projects and programmes disappear.

Sometimes, innovation is prioritised over what works.

Kenneth Gibson: Do you have views on non-domestic rates being returned to local authorities? Should additional taxes be made available to local authorities?

Kenneth Ferguson: I do not want to comment on that.

David McNeill: I do not want to comment, either.

Andy Wightman (Lothian) (Green): I thank the panel for coming.

The Robertson Trust's evidence on social bridging finance says that there are five stages to the model. The second stage is the signing of a binding contract for a specified period, then there is demonstration, which usually lasts two to three years, and then there is evaluation. Finally, under sustainability, you say:

"if the evaluation concludes that the success criteria have been met, the contract determines the length of time for which the public sector agency will sustain funding for the service."

Does that mean, for example, that there could be a commitment in the contract that, after demonstration for two years, and if evaluation was successful, the service would continue for a further five years?

Kenneth Ferguson: It means exactly that.

Andy Wightman: Typically, how long are projects committed to beyond demonstration?

Kenneth Ferguson: The commitment is usually less than five years—usually, two to five years.

Andy Wightman: Is the system designed to embed, in two to five years, permanent change to how a service is delivered in a local authority?

Kenneth Ferguson: That can happen. That would depend on whether a project in a service was going to be scaled up across the whole local authority, whether it was just being sustained, or whether it was to go.

Andy Wightman: Can you give us some examples?

10:00

Kenneth Ferguson: Yes—I can give you some great examples. You might be aware of MCR Pathways, which is a fantastic charity in Glasgow that provides adult mentors for young people who are in the care system. It started off working in one school in Glasgow and has built up to six schools, including in the north of the city. The young people who have been involved have fantastic educational outcomes.

MCR came to us saying that there was potential for it to work with Glasgow City Council and to roll out the programme to 12 schools, and that Maureen McKenna—who was the director of education at the council—had said that, if the educational outcomes for the young people were met, she would roll it out to 29 schools and sustain it for five years. That was the model that we used and we put in £1 million for a three-year trial period. That £1 million was to take the programme from six to 12 schools. At the end of that there would be an independent evaluation of the educational outcomes of the young people.

After 18 months, Maureen McKenna said that she wanted to stop the trial, because the programme had exceeded expectations, and that it would be remiss of her to continue with the trial rather than to roll it out to 29 schools. The council rolled out the programme to 29 schools. Maureen said that she was not going to sustain it for five years, but was instead going to change her systems and embed the programme as “business as usual”. There was an amazing change in the education outcomes of young people who are in the care system, and best practice was embedded in the education system in Glasgow.

Maureen McKenna said that it was important that she had the ability to run two systems at once—I referred to that earlier—because the authority had to keep going with current systems but wanted to bring in new ideas. We provided the money to do that. The beauty of the contract was that if the programme had not met the educational outcomes, Glasgow City Council could have walked away with there having been absolutely no impact on the public purse. All the risk was borne by the philanthropic funders in our model. It worked: the outcomes that Maureen had set as success criteria at the beginning of the trial were met, so she was absolutely happy to embed the model, because that was exactly where she wanted to be with the outcomes for young people.

Andy Wightman: So, it is about transformation in services and delivering better outcomes by investing in doing things differently.

Kenneth Ferguson: Yes.

Andy Wightman: Is it fair to say that it is not necessarily about preventative spend in all cases?

Kenneth Ferguson: That is fair. The Glasgow case was not about preventative spend, although I suppose that in the long term it will be—changing the life trajectories of young people who are in the care system is hugely preventative spend.

I do not need to outline to the committee what happens to young people in the care system. A poll was taken of the young people in HM YO1 Polmont that showed that 50 per cent of them had been in the care system. That is the kind of

trajectory that we are trying to prevent and which can be prevented through education. In a sense, the spend that I described is preventative spend: although it would not necessarily be badged as such, it changes lives.

Andy Wightman: You gave the good example of Glasgow. For the sake of argument, if Glasgow manages to transform the lives of young people in care, it is anticipated, and highly likely, that that will reduce the prison population of Polmont. How do you do the accounting for that? I have looked at cases of the third sector running projects that were principally funded by local government and that were, when they were evaluated, found to have saved money for the police, the health service and even the local authority in other service areas. However, the projects were not able to get that money back.

It seems that there is challenge in accounting. If we are serious, there would need to be balance sheets set up—between, for example, Glasgow’s education service and the Scottish Prison Service, so that if a link can be demonstrated between what the education service does and an impact on the budget of the prisons, the money should go back to the education service. What are your thoughts on that kind of change? It seems that the people who are responsible for delivering services in the public sector are reluctant to commit money to preventative spend when they think that someone else will get the financial benefit.

Kenneth Ferguson: Being a chartered accountant, budgets are music to my ears. However, budgets are not what drives such work: it is leadership, which Maureen McKenna exhibited in the Glasgow case. It is sometimes about what is best for the people of Scotland and our young people. Maureen took a difficult decision: she realised that the savings would not necessarily come to her department, but she wanted to do the right thing, which showed great leadership. We need more of that in local authorities and our public services.

The model that I have been talking about is probably ideal for local authorities, which have different budgets for education, social work and so on. It is easier to move between a local authority’s budgets. With the police, there would be a very different discussion. I do not think that social bridging finance is a magic bullet, but it could have a lot of use in the public sector.

We refer in our submission to an interesting example. In East Renfrewshire, the health and social care partnership is partnering with Children 1st to provide a service there. That joint provision by the council and the NHS is being funded through the integration joint board.

Andy Wightman: David McNeill, do you have views on such models?

David McNeill: The shifting of mainstream budgets to where the spend goes is a huge challenge, because departments are protective of their budgets and want to spend the efficiencies or savings that they realise. The evidence from Audit Scotland on community planning shows that the public sector has been limited in its ability to shift budgets between health, local authorities, the police and others, so knocking that on to the third sector will be a significant challenge.

We have recently produced evidence on social prescribing that shows that people who present to the health service with long-term conditions might best be served by becoming involved in local community activity such as volunteering, befriending and physical activity. However, many such programmes are set with the intention to invest in the process in order to save the NHS or the public sector money by prescribing involvement in third sector community groups and projects, with the result that the savings do not flow back to the organisations that deliver the services. Because money is realised as efficiency savings and is not passed on, such community services are not sustainable.

There is limited evidence that money is being shifted around the system effectively. Leadership is crucial to achieving that: there is a lot of work to do on the systems. If we are to meet the national outcomes and the sustainable development goals that Scotland is trying to achieve, we must think about the systems and ecosystems at local level, instead of thinking about the budgets of individual departments and services.

Andy Wightman: How does community planning fit with what we are talking about? Community planning was meant to be a framework within which communities could become more empowered and services could be better designed. Has that had any impact on your thinking? I am particularly interested in whether the Robertson Trust has any insights into that from the work that it has done.

Kenneth Ferguson: The picture has been very mixed. The community planning approach has worked to varying degrees. In some places, it has worked very well, but in others it has not worked well, at all. It is very difficult to generalise. In our experience, there has been a very varied picture.

David McNeill: I agree. I think that it comes down to people and leadership rather than to frameworks and legislation.

Andy Wightman: Efficiency savings have been mentioned. David McNeill gave an example of a situation in which efficiency savings were achieved but the outcomes were not, but surely efficiencies

are about doing the same or more with less resources and is not about making cuts. Earlier, it was suggested that some efficiencies that local government is reporting are not actually efficiencies.

Marie Quigley: It is a matter of terminology. We have got to the point at which most of the efficiencies that could possibly have been identified in the system have been identified and achieved. The notion of doing less with more—

Andy Wightman: Doing more with less.

Marie Quigley: Thank you for the correction; it does not feel as though it is the other way round. *[Laughter.]*

Because of salami slicing, we have fewer people working in departments. Roads is a good example: we recently surveyed Unison members who work in roads teams. Year on year, budgets are being reduced and the number of people is being reduced, but the amount of work has not reduced—in fact, it has increased. People are now more likely to complain about the state of the roads and pavements, which is adding to the workload.

There is immense pressure on our members who work in local authorities in such situations. There are fewer people to do the work and there is more work to be done. Their morale is at rock bottom because they have been through years and years of seeing their colleagues disappear. The people who have left have been the ones with the most experience—there is hardly anybody over the age of 55 working in some sections in local government now—and there are no new people coming in to replace them. People who are aged between 40 and 55 are now it in local government. There is nobody coming up through the ranks, because all the jobs that the 55 to 65-year-olds had have been deleted—they have gone. It is not as if people are retiring and being replaced. We are losing experience at one end and, for want of a better term, youth and vitality at the other end—the people who would come up to help us old people who are in the middle.

People are really feeling the strain. They are covering the work of people who have left and have not been replaced. In my experience, work-related stress has gone through the roof: absence due to work-related stress is a major problem in some local authorities. That all comes down to the fact that people are working longer hours, and are working unpaid hours. They are working through their breaks—they do not take breaks, because they want to provide a service to their community. That is a massive strain on people.

Andy Wightman: Is there a lesson there about either delivering efficiencies or designing and delivering services differently? Are you suggesting

that the people who are responsible for delivering services on the ground need to be a bigger part of the process of redesign? You seem to imply that there is an efficiency, overall, in accounting terms, but the people who are delivering it are finding themselves working more.

Marie Quigley: I am saying that we have got to the point where it is no longer about achieving efficiencies. What you are doing is making cuts, but you are making cuts to the number of people who are delivering the services and expecting the same or higher levels of service to be delivered. We spoke earlier about the increase in demand among lower-income groups of service users. The demand increases, but the number of people who are available to deliver the services, no matter how they are configured, continues to drop. We get to a point where it does not work any more. The efficiencies have been achieved, and what you are doing now is damaging services and communities.

Andy Wightman: Okay—thanks.

The Convener: Graham Simpson has a question on IJBs.

Graham Simpson: The SCVO talks in its submission about health and social care partnerships. The committee has looked at IJBs and the concerns around them a number of times. The SCVO states:

“There have been issues with the formation of Health and Social Care Partnerships”.

It continues:

“Despite spending billions of pounds of public money, there is very little oversight of their spending decisions; their decision-making structures lack transparency, with their rationale for their choice of services not always backed by long-term thinking”—

we have already discussed that—

“or a clear desire to achieve the best outcomes for communities. This is of concern to the sector”—

that is, the voluntary sector,

“who have sometimes found their services pulled despite achieving excellent results.”

That is hard-hitting stuff. It is obvious that you have concerns about the way in which the partnerships are operating. As I said, we have heard about that before and we, too, have concerns. Will you expand on that? You can all come in on that, because you are all affected by it.

The Convener: Mr McNeill can respond first, but I ask everyone to keep their answers a bit briefer, because we still have a fair amount to get through.

David McNeill: There are lots of individual examples and they are varied across the country. Some are good and some are bad. However, it

comes back to the point about the lack of transparency in decision making and the fact that decisions often seem to be based on cost rather than on the services that are needed or conversations about what the priorities are. If it is purely based on cost, that can have knock-on impacts on the services that are delivered. Short-term cuts to projects have resulted in longer-term impacts on the public sector. I can follow that up and give examples if required.

Kenneth Ferguson: I concur. Our experience has been varied, and some partnerships are further down the road than others. One of the big problems that we have encountered is achieving clarity on who holds budgets or has authority to spend, which has been quite complicated at times. In our capacity as a funder, we increasingly find that we are coming in and saying, “We will do this if you will do that” and trying to find out whether there is an ability to match our funding.

10:15

Graham Simpson: Have you found difficulties there?

Kenneth Ferguson: Yes, but they are not universal—the position varies across the country.

Marie Quigley: Unison Scotland would agree that there are difficulties across the board. The main difficulty that IJBs cause for our members is the imbalance in power in health and social care partnerships, such that people who work in local authorities feel that they are very much the junior partners. For example—and going back to the issues of saving money and making budgets cuts—the NHS has a no redundancies policy, which means that if there are cuts within an IJB, those redundancies must be achieved by laying off people who work for the local authority. That is having a disproportionate effect on social workers and others who work in that area for local authorities. Jobs and services that are non-statutory are more vulnerable than their equivalents in the NHS.

The Convener: I want to clarify that point. Are you saying that if there have to be redundancies in an IJB, they have to come from the local authority section?

Marie Quigley: Yes, that is correct.

The Convener: Could you send to us examples of that? It is a really interesting piece of information; I had not realised that.

Marie Quigley: Yes, we could do that. When partnerships are looking at their budgets for the next year and at what the shortfall will be, the NHS is a no-go area because it has a no redundancies policy. A partnership cannot reduce the number of

staff in NHS areas, so the local authorities have to take the cuts.

The Convener: Having examples of that would be really helpful.

Graham Simpson: I guess that the position might depend on whether the council involved also had such a policy, as some of them still do.

The Convener: Nearly all of them—

Marie Quigley: Most councils have a policy of making no compulsory redundancies, but the NHS's policy is to make no redundancies at all.

Graham Simpson: No redundancies at all? Right, okay.

Marie Quigley: No, so savings cannot be achieved through people taking voluntary redundancy in the NHS.

The Convener: Do you want to come back in, Graham? If not, I have a question.

Graham Simpson: I know that you want to move on, convener, but I have one follow-up question for Mr Ferguson, since he is an accountant. How do we sort out the lack of transparency over budgets? Health and social care partnerships are meant to be partnerships, but they do not appear to be because the power seems to lie with the NHS rather than councils.

Kenneth Ferguson: I am sorry, I do not have an answer.

Graham Simpson: Oh, well. We can but hope.

The Convener: You disappoint us, Mr Ferguson; we were relying on you. *[Laughter.]*

Kenneth Ferguson: Failed again.

Graham Simpson: Some accountant.

The Convener: I would like to ask Mr McNeill a brief question. At the beginning of this line of questioning I asked you all to keep your answers short, and you decided to keep them really short, Mr McNeill, which I appreciate. However, you said that there is a knock-on impact on the third sector. Is that because the two bodies have not joined particularly well and so have not been able to get things in place to trickle out to the third sector, or is there another reason?

David McNeill: The position varies, but I think that it comes down to confusion about responsibility, lack of transparency in decision making and the feeling that decisions are based on cost and not quality of service or priorities. It is okay to decommission a service or to stop funding something because it is not a priority or because of quality issues, but the conversations do not happen in that way; such decisions are based on cutting.

The Convener: Are partnerships still too busy finding their own places before they start to deal with the third sector?

David McNeill: That could be the case. The power imbalance is great. The third sector bears a lot of the risk but is often informed of decisions at the last minute, which has knock-on impacts on its staff and wider workforce.

Alexander Stewart (Mid Scotland and Fife) (Con): You have given us a very enlightening view of where you believe we are in tackling local government and the sectors that you work in.

Your written evidence also contains strong views about how things are working—or not working. We have talked about having to do more with less and you have given the committee some examples about the spending to save that has happened across some councils. There is also the idea that we may be facing a crisis. You have given your opinions that that is about the lack of a workforce, the removal of specific services, and the changes that councils have had to adapt to so that they can manage all that.

At this stage, could more efficiencies be managed? If yes, how could they improve and how are they improving service delivery for individuals and service users in today's circumstances?

The Convener: I am sure that Marie Quigley's response to that would be fairly short, so we will let Kenneth Ferguson kick off.

Kenneth Ferguson: I really do think that the model is broken, particularly in relation to working with the third sector. It plays to nobody's strengths and, as I said earlier, it is a race to the bottom. One of your questions was about what I see happening in 20 years' time. If you keep going with this kind of model, I see a vastly reduced charities sector. I cannot see it working.

There are new paradigms and new ways of working, and I hope that we have alluded to those. Those are about partnership and taking a different approach. It is also about looking to the long term. There is far too much short-termism in everything that we do.

To come back to Mr Simpson's point about finance, no business would work or invest on a one-year cycle. Businesses look forward and invest for the long term. We need to get that kind of mindset within the public sector and our public finances. If we could look at that and decide how we can be strategic, we could start to see things with the right lens, invest in prevention, and start to move that big oil tanker in a different direction.

Marie Quigley: I could not have said it better myself.

Alexander Stewart: The Scottish Government's priorities are partnership working and community empowerment and you want to be involved in all those aims and ambitions because you see them benefiting communities and service users. However, if you do not have the resources and manpower, how can you square that circle?

Kenneth Ferguson: I come back to my social bridging finance model. I am not a snake oil salesman and it is not the only model; there are other ways of doing things. However, it is a way of looking at how to bring new money in to take a risk.

I have always described philanthropy as the flea on the back of an elephant, because we can only ever provide a tiny amount compared to the public sector budgets, but we can take a risk. We can be fleet of foot and do things that no one else will do, because we are not looking for financial return; we are looking for social impact. We are looking for a change in our society, so we are prepared to risk our money in ways in which other people would not.

That is a key point, and it is part of the equation that might have been overlooked. The philanthropists, the trusts and the foundations are willing to step up, but they want a partnership. It is not about coming to us to subsidise cuts. That is not a partnership; it is a subsidy.

We are looking for a different way of doing things. We could rise to that challenge. We are looking for the Government to challenge us on how we could work better with it. A lot of the philanthropists and philanthropic money in Scotland, and further afield—I sit on the board of a United Kingdom organisation that represents 350 philanthropic foundations and almost £2.6 billion of spending per year—are amazed at the partnership opportunities in Scotland. We could really build on the idea of partnership between government, local authorities, philanthropic organisations and charities. There is a great opportunity in Scotland that I do not see in other countries.

Alexander Stewart: You seem to be saying that that opportunity is being missed here in Scotland to some degree, and that there needs to be much wider communication and understanding about how we can attract those kinds of investment and support mechanisms so that we can benefit from them.

Kenneth Ferguson: The opportunity has not been missed, but we are not maximising it. We could do more with charities and philanthropy money. We could do more within the public sector to change attitudes so that it is willing to work with us.

Alexander Stewart: Mr McNeill has strong views on how that should work.

David McNeill: It is about the model. There is no doubt that, if we are to achieve all the outcomes that we want, more money is always useful and needed. That is not always possible. I go back to the point with which I opened—it is about the process and a change to systems thinking, to the ability to take a risk, to have relationships and not have that race to the bottom in procurement.

We acknowledge the role that different models can play in bringing in external funding and valuing the work that has gone on in communities. The Edinburgh Voluntary Organisations Council showed that, in Edinburgh, for every £1 in public funding, the sector brought in £8—it employs more people than the finance sector does. The finance sector, however, is seen as being about the economy, whereas wellbeing is not. Although we talk about inclusive growth, we measure the economy, not wellbeing.

Alexander Stewart: Councils have had to deal with service level agreements. To some extent, in creating that new partnership model, that has been a success. What would you like to see extended from that service level agreement that would enhance and support the council and the employees that work in the sector?

Marie Quigley: Across the board, it is about investment in people. It is about investing in the skills and talents of the people in third sector organisations and in local authorities. Partnerships work because people speak to each other and work together.

From Unison's point of view, the local authority has to be the employer of choice in the marketplace. As I described earlier, we are losing skills, talents and experienced people. I am sure that the other witnesses' organisations find the same thing. A town planner or surveyor will get better pay and conditions working in the private sector. It is the same across the board.

We are getting to a point where local authorities and our partner organisations can employ people only on temporary contracts. That has a massive impact on the sort of people that we attract to an organisation. Long-term planning and investing in people make partnerships work.

Annabelle Ewing (Cowdenbeath) (SNP): We have had an interesting and wide-ranging discussion. Some of the issues that I was going to address have already been asked about and answered. Looking at wider issues, we have talked about third sector involvement. What is the capacity of the third sector to do all the good things that you have outlined? At this stage, do you have the capacity?

David McNeill: There is a lot of capacity in communities. There are lots of assets in

communities; it is about how to maximise them. We have already talked about the challenges around money and how it flows. Needs arise in communities and organisations respond, because there is a gap that is not being filled, and money springs up. Sometimes, those needs are resolved and organisations close—if things have been addressed, that is okay. However, we need to invest in capacity. That is not just about the public sector. The third sector does not expect solutions to come from central Government or local government. It expects there to be a partnership. On either side, there are roles and responsibilities.

Kenneth Ferguson: There is great latent capacity. The model that we have seen is broken. We cannot go on with it. However, within that sector, I still see immensely motivated and committed people. There is huge potential. If that was recognised and given a green light, we could see a huge increase in capacity just by the willingness of people to be involved.

In relation to David McNeill's comment on communities, too often, we see our communities in terms of "negative" and "deficit". There is a huge amount of asset in our communities. I worry about what is happening to civic Scotland and about the loss of that asset, because it is a huge asset. A lot of the time, it does not want to be paid; it wants just to go and do good.

10:30

A huge part of our culture is about doing good. We are a kind and compassionate country. We are one of the most charitable countries in the world in terms of our giving. It is about how we tap into, encourage and build on that thinking, and there are ways of doing that. The environment has to change because, at the moment, everyone is playing to their deficit rather than to their strength, which is a real shame.

Annabelle Ewing: That would be an interesting topic for discussion all on its own. I agree that it is great to see resilient communities using their strengths and building on what they have. In my constituency, a community cinema was recently set up in Kelty, there was the first 5km fun run in Cowdenbeath a month or so ago and there have been other community activities. It is important to recognise that there are assets in every community in Scotland, but the question is how we harness them.

In paragraph 11 of her submission, Marie Quigley makes the important point that

"Suggesting that the solution to budget cuts are through shared services, joint working, collaboratives and regional and national decision making will continue to move decision making even further from communities."

Logically, would a sine qua non of greater joint working with the third sector and shared services be decisions moving further away from local communities? It seems to me that, unless we get out of a silo mentality and look at improving the lives of our citizens, wherever they happen to be, in the totality, we will struggle to see the promised land. However, Marie Quigley has raised a fair point about the importance of democracy and local decision making. Would greater joint working with the third sector diminish such decision making?

Kenneth Ferguson: We are great believers in grass roots, the user voice and the idea that people know best. Top-down initiatives tend not to work; bottom-up initiatives are often the solution. I do not speak for Marie Quigley, but I think that she is saying that top-down initiatives do not work and that initiatives must come from the community. We always encourage initiatives that come from the community because, at the end of the day, we are trying to support community organisations and people who have come together with a passion to make a change.

David McNeill: There are opportunities to do things across boundaries and geographies, and to do things nationally, where appropriate. If we are buying widgets in Scotland, why not buy them once rather than 32 times? However, decisions that involve people, priorities and the complex outcomes that we are trying to achieve need to be taken at as low a level as possible in communities. We can use assets at that level to engage communities.

Marie Quigley: In our experience, top-down services are expensive. Services that are driven, resourced and identified by communities can be tailor made. We can get them right first time and we do not need to keep reinventing the wheel. The services can be exactly right for the circumstances.

I was interested in what Kenneth Ferguson said about the deficit model. The Government, local authorities and third sector organisations have slid into thinking that they are there to fix issues in communities. However, if we look at things the other way round—the community-asset model—we see that the answers lie in the people who are already there. If we apply efficiencies of scale to interactions with people and communities, we miss the opportunities to get things right first time and to engage with people in communities who can help to make a difference.

Annabelle Ewing: It is obviously to the benefit of all projects and our citizens that they feel empowered and engaged, whatever the issue is.

In that regard, I was struck by the SCVO submission, which provides good examples of activity that has been undertaken by the third

sector, some of which has been touched on already. One such example is the work of the Food Train in West Lothian, which I had already heard about and which seems to be a highly successful venture. The submission makes the important point that

“West Lothian has a very active seniors’ forum, supported by the HSCP”.

That example of the on-going work to join up health and social care suggested to me that there is light at the end of the tunnel and that there are areas of good practice when it comes to IJBs. I just wish that that good practice could be shared more widely. That also illustrates that it is not incompatible with the IJB model to have direct engagement with people who are directly affected—in this case, the West Lothian senior people’s forum.

Would you like to comment on that particular example or on the general point?

David McNeill: The Food Train is a great example of realising assets in communities, because it is about bringing volunteers into people’s homes to provide them with food. There is a nutritional benefit, which might be the objective, but the Food Train also reduces social isolation and builds relationships in communities. It can be thought of as a food delivery service, but it achieves many more outcomes than that.

I know that Food Train services have struggled across IJBs and that some have been decommissioned. Funding for the Food Train service in North Ayrshire was withdrawn and, within a few weeks, two of the people it worked with had to go into residential care, costing the public sector more than the service that the Food Train provided.

Kenneth Gibson: We gave a warning that that would happen.

David McNeill: The service in West Lothian is a great example of the Food Train working, and it is being rolled out in other areas. The challenge is the variance across the country and the decision-making process that leads to that.

Annabelle Ewing: The issue of IJBs comes up a lot. In broad-brush terms, when it comes to local service provision, if West Lothian has a functioning forum for community engagement—which everyone agrees is extremely important for all this to work—that gives us hope that what is being done there can be replicated by authorities across Scotland to ensure that such important health and social care projects can function. If they do not function, that has an impact not just on staff, as Marie Quigley said, but on every person in the community. Therefore, we have an obligation to get such projects functioning, and that should

involve everybody who has something to bring to the table, including the third sector.

The Convener: Interestingly, when Annabelle Ewing said that there was light at the end of the tunnel, she was talking about a Food Train operation. That is highly encouraging.

Mr Ferguson mentioned that the philanthropists to whom you talk at UK level say that there are huge opportunities to use their money in Scotland. What did you mean by that? Why do they think that there are better opportunities to use their money in Scotland? How can we encourage them to come here and use that money wisely?

Kenneth Ferguson: There are benefits to being a smaller country. We are a progressive country from the point of view of our policies, and we are seen to be progressive. This is not a political statement, but access to politicians and ministers is easier in Scotland. When I sit on the board in London and talk of my conversations with ministers, people are blown away, because they cannot even get to meet ministers down south. There is a feeling of distance from power. There is a different attitude here. I think—dare I say it?—that the committee’s invitation to us to speak to it is evidence of that different attitude. There is a willingness to hear about the third sector and the role that it can play, and the role that philanthropy and philanthropic funds can play within that.

Many of the funders that I have just mentioned are big London-based funds that have a remit across the UK. They often feel underrepresented in Scotland because they know that it is a different jurisdiction with different ways of working, which they are keen to come and learn about. When I tell them about the things that we are able to do here and the progressive policies that we have, they are keen to see whether they can sandbox that approach and fund something in Scotland that they can then use as an exemplar to take south and land in other parts of the UK. That is a huge opportunity. Those funders have a great appetite to come and learn here because, south of the border, they are stymied in getting access to public systems and being able to see change within them. In Scotland, we already have such an appetite and a willingness to look at the situation.

The Convener: How do we get them here? They have all that money down south, but they cannot spend it, so surely we should help them as much as possible.

Kenneth Ferguson: We need to invite them and show them what we do. We have already had several visits, and we often host foundations from the south and introduce them to key decision makers in Scotland. We could do a lot more of that, and do it more formally.

The Convener: We will have to finish shortly, but Sarah Boyack has a question.

Sarah Boyack: I have a brief supplementary question. We have spent quite a lot of time thinking about preventative spend in relation to people, demographics and social justice. You will have clocked that, last week, the Parliament considered the Climate Change (Emissions Reduction Targets) (Scotland) Bill at stage 3, which puts a strong emphasis on investment in infrastructure and changing service delivery. Unison's submission highlighted how we might reduce our carbon footprint and invest in options such as heat and power and low-carbon transport. However, how would that happen in the context of the national performance framework, in a climate in which reduced expenditure is coming to local government but we have to totally change what is done?

The witnesses have made good points about leadership and the concept of using research and development from outwith local government. We are talking about something that is not new but that now has a much stronger focus on it, so how might local government respond to that? Given your different perspectives on R and D and service delivery, how would you change local authorities' approaches to leadership?

Marie Quigley: The approach should be about strategic thinking, looking towards the future and leadership. However, most importantly, it should be about ambition for local authorities and communities. Initiatives such as shared heating and sustainable transport schemes would obviously have an impact on our carbon footprint, but they would need investment, because local authorities cannot cover the cost of those within their existing budgets. As we discussed earlier, there should be a measure of preventative spending and investment in communities. Leadership is important, because it provides ambition for local authorities, which goes back to the question whether we look at communities in the context of a deficit model or a model of ambition and the assets that are there. We must build such solutions and use local authorities as the interface between communities, what can be achieved and the way of achieving it. Achieving progress on climate change locally will need leadership, investment and ambition on the ground.

Sarah Boyack: Do the other two witnesses have any comments?

David McNeill: I will give a completely non-strategic example, which is also quite specific. I have been involved in a lot of cross-sector work on digital transformation, which has involved looking at reducing travel and the associated carbon footprint. All transformation of service—whether

digital or otherwise—is about people and the local culture. One such project involved introducing technology into a service to allow people to meet remotely, via videoconference, rather than travel across a large rural area. However, people persisted in coming to physical meetings because they were paid mileage allowances for doing so.

We can have enabling environments, the right tools and technology and the willingness, but changing what people do involves issues of culture and behaviour. Whether it is on transport, waste or whatever and whether the people involved are staff, the wider workforce or communities, it is hard to change behaviours. That cultural change is a fundamental building block.

10:45

Kenneth Ferguson: I reiterate my earlier point about our sector being the flea on the back of the elephant. We cannot bring infrastructure to the party; that is a task for Government and local authorities, who have the scale to do so. However, we can bring people and communities.

An interesting piece of recent research on environmental funding in Scotland found that the Robertson Trust was the largest environmental funder, yet we have no strategic thread that says that we will fund such work. All our funding was going towards working with people and using the environment to change their situations. We talked earlier about social prescribing, in which the environment and the outdoors are used to benefit people and change their lives. Our work was an example of precisely that. We sometimes look through the environment lens from the viewpoint of just the environment, when the important point is people's interaction with it. The sector has a huge part to play in that and could really influence and change attitudes on it, too.

The Convener: Thank you very much. That is a good note on which to finish.

I thank the panel for attending our evidence-taking session, which has been useful for the committee. A further session will take place on 9 October. That concludes the public part of our meeting.

10:46

Meeting continued in private until 12:11.

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