1. The Scottish Government welcomes the opportunity to respond to the Local Government and Regeneration Committee’s recent Inquiry into Public Service Reform (PSR) in Scotland.

2. Our response covers all three strands of the Committee’s Inquiry:

   - Partnership and Outcomes, focused on community planning and published June 2012
   - Benchmarking and Performance Measurement, focused on local government and published November 2012
   - Developing New Ways of Delivering Services, focused on public services generally and published June 2013.

3. It focuses especially on the Committee’s Strand 3 report, which includes overarching conclusions and recommendations on PSR as a whole, including updated conclusions on Strands 1 and 2.

Public Service Reform Inquiry: General Conclusions

Commitment to PSR and community planning

4. As the Cabinet Secretary for Finance, Employment and Sustainable Growth stated to Parliament in February, the Scottish Government is determined that a vigorous process of Public Service Reform (PSR) be undertaken, to ensure that our public services deliver high quality services that make a positive difference to people’s lives in the face of increased demand for services and significant financial challenges. Our response to the Christie Commission and our actions since provide a strong, clear and consistent direction for such reform focused on four pillars: a clear focus on prevention; embedding close partnership at local level; investment in our workforce; and a commitment to consistent improvement of performance.

5. Our reform agenda has been recognised as being especially strategic by international standards. Indeed, in a review of international approaches to PSR the UK Carnegie Trust concluded that:

   “Scotland was the only jurisdiction where we were able to clearly observe a strategic approach [to public service change] and trace it to a series of cross-cutting policies. It is, of course, still too early to gauge the impact of these Scottish reforms and assess whether they will be sufficient to meet the scale

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1 Scottish Parliament, Official Report, 26 February 2013, Col 16986
2 “Renewing Scotland’s Public Services - Priorities for Reform in Response to the Christie Commission” (2011)
of need associated with financial, demographic and environmental challenges. Nonetheless, there was a strong sense in interviews that the analysis in the Christie Commission on the Future Delivery of Public Services was supported by policymakers at Scottish and local government level. Key policies, such as the Change Funds and the Early Years Collaborative, show how this approach is being taken forward into practical policy change.\textsuperscript{3}

6. The Scottish Government therefore echoes the conclusion in the Foreword to the Committee’s latest report that:

“PSR, including delivering on the Christie Commission recommendations, is critical if our public services are to play their full role in sustaining our society and communities. We have to make better use of our diminishing resources. That is a sound base on which to build”.

7. We welcome the Committee’s endorsement for our commitment to putting community planning at the heart of PSR\textsuperscript{4}. This commitment is framed by the joint Scottish Government/COSLA Statement of Ambition published in March 2012 and, as outlined in our response to Strand 1 below, is demonstrated by the national and local action that has been taken since then. We welcome the fact that the Committee focuses the thrust of its recommendations on behaviours and practical actions and agree that the delivery of services, and communication and empowerment within and across organisations are important. We also agree that community engagement, which the Committee described as its “area of greatest concern”\textsuperscript{5}, is a key element of PSR.

8. However, it is vital that the full scope and breadth of our approach to PSR across all four pillars is considered. In particular, and while the Committee draws attention to the scale of public spending directed towards negative outcomes, consideration of the need for a decisive shift to prevention is also required. Our approach to this is outlined at paragraphs 10 and 11 below. Furthermore, although the Committee’s earlier report helpfully highlighted a number of factors as being “key ingredients of an effective CPP”\textsuperscript{6}, and therefore PSR, these are not given as much weight in its final report. These factors include: ensuring a clear understanding of differential needs and priorities; purpose and leadership; a commitment to work together to deliver services that make a positive difference to communities; a commitment of resources; and effective performance management, challenge and governance arrangements. They are at the heart of the SG/COSLA Statement of Ambition and are also reflected in the Accounts Commission and Auditor General for Scotland’s description of a “virtuous cycle” of continuous improvement in community planning\textsuperscript{7}.

\textsuperscript{3} Carnegie UK Trust, “Weathering the storm? A Look at Small Countries’ Public Services in Times of Austerity” (2013); Other nations included in this review were Austria, Denmark, Netherlands and New Zealand, as well as Québec
\textsuperscript{4} Strand 1 report, para 56
\textsuperscript{5} Strand 3 report, para 146
\textsuperscript{6} Strand 1 report, para 256
\textsuperscript{7} http://audit-scotland.gov.uk/docs/central/2013/nr_130320_improving_cpp.pdf, para 76 and Exhibit 3
Addressing the challenge

9. We are confident that, working with each other, the 3rd sector and communities, our public services can rise to these challenges. There is a strong foundation to build on, with local public services enjoying high and increasing levels of public confidence. For example, despite spending pressures, levels of public satisfaction for key local services are higher in 2012 than in 2007. This includes 87% and 83% of people who were very or fairly satisfied with the quality of our local health services and local schools in 2012, compared to 81% and 79% respectively in 2007. As the Committee acknowledges, there are many good examples of projects taking place across Scotland and a real willingness across and beyond the public sector to pursue reform.

10. The Scottish Government has set a strong strategic direction and taken decisive action to increase the pace and scale of reform. As paragraph 20 below describes, there is a far-reaching programme at national and local level to strengthen community planning. Reflecting our commitment to making prevention the defining feature of how public services work in Scotland, we have invested over £500 million in three Change Funds over the current Spending Review period. These Change Funds are helping to give children the best start in life, reduce reoffending and improve the lives of older people by supporting the integration of health and social care services. Our Early Years Collaborative, launched last year, is the world’s first multi-agency, local, quality improvement programme delivered at a national scale to give children the best start in life. It is a major catalyst in making the shift to prevention. The Social Care (Self-Directed Support) Act 2013 will provide greater choice and control to people who require support.

11. We have introduced new legislation to drive the integration of health and social care provision to improve care for adults, particularly older people, and provide a more joined up service between health and social care and a more effective use of resources across the system. The Single Police Service of Scotland and Scottish Fire and Rescue Service are protecting frontline services, increasing access to specialist support and strengthening the connection between services and communities. We have embarked on a major restructuring of further education resulting in a smaller number of larger regional colleges, with four merged colleges vesting in August 2013 and a further four college mergers planned for November 2013. This is improving the sector’s ability to work with partners and plan and deliver more efficient services, and offers efficient, flexible and sustainable Further Education provision that is better aligned to the needs of learners and employers. And we have driven forward Scotland’s Digital Future - Delivery of Public Services, to help create more people centred, responsive public services and to lever a better return on investment through a more joined-up approach to procurement, integration and use of ICT across public services.

12. The Committee sets out four suggested early actions to address challenges it sees, i.e.:

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9 Strand 3 report, para 26
10 Strand 3 report, para 43
• Improving communications within and across bodies and systems to ensure communities and staff are properly engaged
• Reviewing the reporting arrangements within partnerships to ensure incentives are also directed to achieving partnership rather than only individual aims or ‘outcomes’
• Improving community engagement and supporting community-led initiatives
• Improving learning and exchange of experience.

13. Community planning has a critical role in driving many of these actions. Our response to Strand 1 sets out how we will ensure more effective communication and engagement with communities. Other proposals for the forthcoming Community Empowerment and Renewal Bill will support community-led initiatives, including by introducing measures which strengthen community voices in shaping and delivering outcomes, and make it easier for communities to take on public sector assets. Our response to Strand 1 also describes our proposals to ensure that public sector organisations are committed to achieving partnership rather than only individual aims or ‘outcomes’, through proposed statutory duties on public sector bodies in the Community Empowerment and Renewal Bill, with accountability arrangements taking account of how these duties are fulfilled.

14. The themes of effective communication and engagement with both staff and communities and improving learning and exchange of experience are central strands of the workstreams of the Scottish Leaders Forum, comprising leaders from across Scotland’s public services, and its Workforce Development Group. Their work is supporting innovation and experimental working on workforce development in a range of ways. One of these is Public Service Collaborative Learning (PSCL), which has a core aim to deliver collaborative, cross-public-service leadership development, to underpin transformational change, with access for staff at all levels from across public service organisations. PSCL as a group is working in partnership with the Improvement Service and the Joint Improvement Team on a strand of Capacity-Building for CPPs which is focused on targeted support for Board members and senior leaders.

15. A second workstream on Employee Engagement is supporting efforts to promote and develop the involvement of staff. Its areas of focus include connecting staff to strategic ambitions, promoting creativity and innovation across organisations, and supporting confidence, courage and resilience in the workforce. There is also a Skilled Workers, Skilled Citizens workstream, focused on promoting an assets based approach to workforce development, so that people who use public services get involved in developing the workforce that provides their services. Intended products of this workstream include sharing of examples of action taken and the development of supporting tools and resources.

16. Beyond the work of the Scottish Leaders Forum, a number of bodies undertake work to improve learning and exchange experience. For example, the Improvement Service provides learning and development opportunities to elected members, senior management and officers in councils and their partners, including sharing of good practice from the public, private and voluntary sectors in the UK and internationally. Its work includes core programmes in Improving Outcomes and Shared Services/Customer First. The Joint Improvement Team provides practical support and additional capacity to local health and social care partnerships so that
they can help them deliver better. NHS Health Scotland provides support for work to improve health and reduce health inequalities, including a range of networks for the sharing of information and good practice. Learning and exchange, supported by evidence and data, is an integral part of the Early Years Collaborative.

17. In addition, the Scottish Government used this year’s public bodies conference, which brings together leaders of Scotland’s public bodies, to strengthen commitment to leading public service reform. Outputs from that event include a series of case studies, illustrating how public service organisations have been putting the four pillars of reform into practice. One of the benefits of the recent quality assurance process for Single Outcome Agreements (SOAs) (discussed in more detail in paras 21 and 22) is that it elicited a wide range of innovative actions being taken locally by CPPs across Scotland. We will use these to support progress in strengthening community planning and Scottish Government Location Directors will liaise with, and where necessary challenge, CPPs on progress.

18. The Committee suggests in its General Recommendations provision of a “safe space” for learning and knowledge exchange about best practice, as proposed by Robert Black. We are not aware of any demand for such a proposal over and above the many safe existing opportunities for learning and exchange of ideas. We would be prepared to consider such a proposal further if there were demand.

19. Finally, we note that the Committee’s latest report suggests additional guidance at certain points. As the Cabinet Secretary for Finance, Employment and Sustainable Growth stated to the Chamber during the recent debate about the Committee’s inquiry, the Scottish Government is providing clear leadership on reform, alongside information and guidance where support is needed. But what makes the difference in overcoming real or perceived obstacles is not guidance, but leadership, commitment and action.

**Strand 1: Partnerships and Outcomes**

20. Since the Committee published its original Strand 1 report in June 2012, community planning has been significantly strengthened. New SOAs, with a strong focus on prevention, have been now been agreed with all 32 CPPs; each CPP now has an agreed Development Plan to make further progress against the SOA Guidance and Statement of Ambition; and CPPs and individual partners have been taking steps to, for example, review and improve their governance and performance management arrangements. The Accounts Commission and Auditor General for Scotland have published reports of three pathfinder audits of CPPs and a further programme of audit work has recently begun. This progress will be reinforced by the forthcoming Community Empowerment and Renewal Bill which will place new duties on CPPs and individual partners.

21. Before being signed off, a quality assurance (QA) process was undertaken with CPPs on their draft SOAs. This process involved 8 teams comprising 24 senior professionals.

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12 Strand 3 report, paras 47, 48
13 Strand 3 report, paras 32, 92, 94
14 Scottish Parliament, Official Report, 26 February 2013, Col 16983-4
leaders from 17 different organisations engaging with CPPs to discuss local circumstances, the content of the draft SOAs and how priorities will be delivered, against the expectations of the SOA guidance published in December 2012. From these discussions, each CPP agreed with its respective QA team a series of development priorities to drive ongoing progress.

22. This process is not as authoritative as a formal audit would be, but it has added a new richness to our understanding of what CPPs are doing and how well placed they are to make the step change expected of them. Whilst it is a snapshot, our assessment of what the QA tells us about community planning is somewhat different from the Committee’s view. In particular the QA identified a range of key strengths as well as some key areas for development which chime with some of the Committee’s findings.

23. Before responding to specific points raised by the Committee in its Review of Strand 1, it may be helpful to the Committee to set out where community planning is currently placed against this ambition, illustrating with examples of these strengths and areas for development identified from the QA. We describe this now, against each of the elements of the Accounts Commission and Auditor General’s “virtuous cycle”, which encompasses the Committee’s key ingredients. To show how this aligns with conclusions in the Committee’s Strand 1 report, Annex A maps the key ingredients identified in that report against the elements of this “virtuous cycle”.

24. **Effective community consultation and engagement:** The Scottish Government agrees with the Committee that effective community engagement is central to delivering reformed public services. We must continue to move towards public services “working with” rather than “doing things to” people. Public services must respect and value local people’s knowledge and experiences. This approach to PSR explicitly recognises that individuals, families and communities have a wide range of assets which can be brought to bear on improving a range of outcomes.

25. The Accounts Commission and Auditor General have “found a strong commitment by CPPs to engage with and involve communities and there are many examples of individual CPP partners consulting communities...In some CPPs, consultation also takes place through the CPP itself”\(^{15}\). The Scottish Government’s assessment of key strengths identified through the recent QA process on new SOAs echoes this, with most CPPs being able to demonstrate strong examples of community engagement, sometimes going far beyond what is reflected in the SOA documents themselves. This provides a solid base to build from.

26. We also welcome the Committee’s endorsement of the National Standards for Community Engagement. The Scottish Government continues to endorse the Standards as setting out good practice for community engagement activity. However, we want to see that good practice become even more widespread and delivered more consistently, especially in the context of community planning. We also recognise the point made by the Accounts Commission and Auditor General that CPPs need more consistently to ensure and demonstrate how their consultation

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\(^{15}\) “Improving Community Planning in Scotland”, para 55
activity is influencing community planning priorities and leading to better outcomes for local people.¹⁶

27. The Scottish Government will in the coming weeks launch our consultation on the content of the draft Community Empowerment and Renewal Bill. That consultation will seek views on how a new duty to be placed on CPPs relating to community engagement. It will also provide new opportunities for communities to be more involved in shaping and delivering better outcomes locally, and to take on public sector land and buildings. We will work with COSLA and other partners, including from communities, to explore how we can further embed use of the National Standards for Community Engagement and test out more innovative forms of community engagement, for example, participatory budgeting. We look forward to continuing to work with the Committee on this crucial and challenging element of public service reform.

28. The Scottish Government is also pleased that one of the Committee’s “key characteristics” recognises a point highlighted in the SG/COSLA Statement of Ambition, that third sector involvement in CPPs is of considerable value and that the sector should have an appropriate voice. We note concerns raised by the Committee as part of its Strand 3 review about the role and effectiveness of Third Sector Interfaces (TSIs) and Voluntary Action Scotland (VAS)¹⁷.

29. TSIs and VAS have a key role to play to ensure that the full spectrum of the local third sector is engaged with the work of the CPP at all levels. TSIs provide a means to support the third sector in a local area in an integrated and cohesive way, in particular by supporting and developing a strong third sector, developing volunteering, developing social enterprise and building the third sector relationship with community planning. The TSI network has replaced what was a cluttered landscape, in which 57 Councils for Voluntary Service, 32 Volunteer Centres and 31 Local Social Economy Partnerships worked independently to support voluntary organisations, social enterprises and charities. VAS, as the national umbrella organisation for TSIs, develops, represents and supports TSIs so they can influence policy and plan services at national, regional and local level. It works to ensure the third sector is recognised as key contributors to the delivery of high quality services. And it promotes and shares good practice and works with Scottish Government and other third sector intermediary organisations to develop and implement policy initiatives related to TSIs and wider third sector interests.

30. We have invested heavily in the third sector to help the sector build streamlined, effective relationships and increase its voice in the community planning process. In 2013-14 the Scottish Government is providing £8.139 million to support the Interface network, with a further £250,000 in grant funding for VAS. This funding is dependent on progress towards outcomes, as agreed in an annual workplan with each body. They are then required to submit progress reports every six months, setting out progress made against their targets.

31. There is evidence of real progress in the quality of engagement between TSIs and CPPs. In a recent survey of TSIs commissioned by VAS:

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¹⁶ Ibid, para 56
¹⁷ Strand 3 report, para 74
“All TSIs indicated that they have a permanent place on the local Community Planning Partnership at the highest level. All were involved in signing off the Single Outcome Agreement, and almost all say that they are involved at all stages of decision making processes within the Community Planning Partnership.”

32. **Ambitious shared improvement priorities**: The Accounts Commission and Auditor General’s “virtuous cycle” describes this as including the SOA as a true “plan for place”, improvement targets focused on equalities outcomes and a shared vision for public service reform driven by the CPP.

33. SOA guidance published in December 2012 had already explained to CPPs that new SOAs should provide a clear “plan for place”, with a clear focus on prevention activity especially across six policy priorities. All 32 of the recently signed-off SOAs mark an improvement over their predecessors. The Scottish Government’s assessment of key strengths and areas for development identified through the recent QA process found good examples of CPPs demonstrating a strong, evidence-based understanding of place and communities, and strong collaboration among partners in setting priorities. This is informing a commitment to prevention, and action by CPPs on policy priorities in ways that reflect local needs.

34. Nevertheless, CPPs recognise that significant further development on this theme is required. Particular themes agreed in SOA development plans include improving understanding of place and inequalities for different communities within the CPP area, be clear about the impact they intend to make on their priorities (including milestones to reflect short, medium and long term ambitions), and translating a strong commitment to prevention into a decisive operational shift which goes beyond identifying existing preventative activities.

35. **Robust planning and alignment of resources to agreed goals**: The virtuous cycle produced by the Accounts Commission and Auditor General described this as including partner resources directed to agreed improvement areas, partnership prevention plans, shared workforce development strategies and joint asset planning.

36. The Accounts Commission/Auditor General report “Improving Community Planning in Scotland” confirmed that local audit work has found many examples of local, jointly funded projects, and that these projects are “important”. It also lists a number of the “many examples of good partnership working across Scotland, often with a strong preventative focus”. The Quality assurance of new SOAs reinforces this conclusion, including the strong preventative focus evident in many partnership based local projects and services.

37. Nonetheless, the Government fully recognises that there is still a significant way to go if we and CPPs are to make the decisive shift to prevention which is such a critical element of our approach to PSR. This is reflected in the Development

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18 Voluntary Action Scotland, “The Impact We Make, the Potential We Have: A Report into the Impact of Scotland’s 32 Third Sector Interfaces” (2013), p.iii
19 Ibid, para 49
20 Ibid, para 21
Plans that have been agreed with CPPs and we expect the National Community Planning Group to consider what more can be done to support the shift to prevention.

38. Another key area for improvement is in the use of resources. The Accounts Commission/Auditor General report called on CPPs to use mainstream resources - including money, people and buildings - to support agreed outcome priorities as set out in SOAs. In order to support a “whole-system” approach to improving outcomes, the report states that a significant change is needed in their influence over how public resources are used, including staff and assets as well as finances21.

39. In oral evidence to the Committee on 1 May, the Chairman of the National Community Planning Group and Minister for Local Government and Planning referred to the step change expected for community planning partners to bring details of their budgets to the CPP table before decisions on allocations are made22. Following closer consideration by the Scottish Government and COSLA on behalf of the National Group, we have published alongside our latest Budget an Agreement on Joint Working on Community Planning and Resourcing, which has been signed by the Cabinet Secretary for Finance, Employment and Sustainable Growth, the Cabinet Secretary for Health and Wellbeing, the President of COSLA and the Chair of the National Community Planning Group. The Agreement places clear expectations on local government, the NHS and public bodies to share budget and resource planning assumptions with each other at an early stage and to work together through CPPs to draw upon this totality and breadth of resource to improve local outcomes for communities.

40. It is encouraging that most SOA Development Plans include actions around alignment of resources to agreed priorities. This underlines what Audit Scotland found in its pathfinder CPP audits, with the CPPs in question being very interested in attempting collective mapping of their resources and how they are used23.

41. Effective performance management, scrutiny and challenge: The Accounts Commission and Auditor General describe this as including having meaningful, relevant performance data, ensuring robust challenge and holding to account by CPP boards, and effective external scrutiny. Our assessment of key strengths and areas for development identified through the recent QA process highlighted that CPPs recognise that performance management is an issue on which they generally need to improve, and it features as a theme across SOA Development Plans.

42. While CPPs are primarily responsible for their own performance management, we have also provided external assurance and support for improvement. The recent QA process on draft SOAs has provided a valuable independent and external review process for CPPs on how they take local community planning forward. On external scrutiny, the three pathfinder CPP audits recently undertaken by Audit Scotland, together with the joint “Improving Community Planning in Scotland” report published by the Accounts Commission and Auditor General, have added

21 Ibid, para 49
22 Cols 2118 and 2133
23 Scottish Parliament Local Government and Regeneration Committee, Official Report, 24 April 2013, Col 2052
substantially to the richness of understanding we have about how well CPPs are working in Scotland, with valuable lessons for national and local partners and CPPs across Scotland. External scrutiny can also stimulate and support improvement within and across organisations. The Scottish Government is therefore pleased that Audit Scotland is to lead work on a further five CPP audits in the coming year, with key lines of enquiry capturing CPP performance against themes within the virtuous cycle.

43. **Review of outcomes and culture of self-evaluation:** The Accounts Commission and Auditor General have stated that CPPs need to establish effective self-evaluation arrangements. They recognise that many CPPs are reviewing their governance structures in response to the clearer expectation of effective shared leadership set by the Statement of Ambition. This is being encouraged further through development plans agreed as part of the SOA QA process. In addition, and with co-funding from the Scottish Government, the Improvement Service has supported self-assessment in 16 CPPs at either Board, partnership or thematic level.

44. **Strong shared leadership supported by effective governance:** The Scottish Government fully recognises that clear leadership is required and governance displayed by CPPs needs to improve for effective PSR. As the Accounts Commission and Auditor General recently stated, CPPs and their Boards need to provide clearer leadership and stronger governance, and hold each other to account more rigorously, while partners need to engage in community planning more consistently.

45. CPPs are committed to this agenda. As mentioned above, the Accounts Commission and Auditor General acknowledged that several CPPs have been reviewing their governance arrangements and undertaking self-assessment. In addition, many SOA Development Plans include actions around reviewing or improving standards of leadership, governance and local accountability.

46. We have no plans to introduce a formal **role for MSPs in the oversight of CPPs.** The Statement of Ambition makes clear how political accountability in community planning will be achieved. Local elected members will exercise oversight and formal accountability through their involvement in CPPs, and will exercise joint oversight and ensure accountability with the Scottish Government through the SOA. The Scottish Government will hold national agencies to account for their contribution to local community planning and SOAs, within the context of their national remit and responsibilities. It is also for CPPs to decide for themselves how they are organised and operate, provided they do so in a way which enables them to fulfil their responsibilities effectively.

47. Nevertheless, we recognise that some CPPs may value the involvement of MSPs in their work, while some MSPs may benefit from engaging with CPPs for their constituency interests. Clearly, where it is considered mutually beneficial we welcome CPPs and MSPs working together.

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24 Ibid, page 20
25 Ibid, para 37
26 Ibid, paras 32-36
48. Developments in hand will further contribute to driving improvement. We propose to create new **statutory duties** in the forthcoming Community Empowerment and Renewal Bill, requiring public sector organisations to work in partnership to deliver outcomes for local communities, and on CPPs to ensure effective collaboration through community planning in the delivery of outcomes for communities. We intend to consult on policy proposals when the draft Bill is published for consultation in the coming weeks, and would welcome the Committee’s views on how these duties can be framed to have best effect.

49. In advance of the Bill, we have made clear that we expect bodies to be acting as if the duties applied and have taken steps to make community planning more integral to the planning and governance arrangements of key bodies, as one of the corporate expectations to which they are subject. Local Delivery Plans now require NHS boards to set out how they will contribute as CPP partners to better outcomes.

**Review of Strand 1**

50. As our response to the Committee’s “General Conclusions and Recommendations” makes clear, it is important that the Committee does not lose sight of the full ambition of our PSR agenda, including the focus needed on prevention. The Committee had previously demonstrated its understanding of how community planning should drive PSR, through its list of “key ingredients of an effective CPP” in the original Strand 1 report.

51. In its review of Strand 1, the Committee reached four conclusions.

52. The first conclusion was that “10 years of community planning has yielded little significant evidence of major improvements in public services”. As the Minister for Local Government and Planning stated in oral evidence to the Committee on 1 May 2013\(^27\), we recognise that community planning has previously not had the positive impact we would want. Nevertheless (and as the Accounts Commission and Auditor General has stated\(^28\)), there have been many examples of good partnership working across Scotland.

53. The second conclusion was the “we are clear that community-led changes are generally more successful than top-down initiatives”. We agree with the Committee’s position that “at working level, when communities are fully engaged, there is a great deal of action, some success, and often a feeling of achievement”. At the same time, the SOA QA process revealed a wide range of services and projects, such as approaches to neighbourhood planning across partners and services, which had been initiated and developed through the community planning process to respond to community needs. Moreover, through the CPP and the various working groups which underpin it, community planning plays a critical role in setting clear priorities, informed by communities, which staff can then act on.

54. Nevertheless, it is essential that community planning as a process is able to ensure a clear line of sight through which the front line and strategic centre inform each other. CPPs need to be effective at strategic level, to overcome barriers faced

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\(^{27}\) Scottish Parliament Local Government and Regeneration Committee, Official Report, 1 May 2013, Col 2121

\(^{28}\) “Improving Community Planning in Scotland”, paras 20, 21
or perceived by communities and front-line staff. This includes using the perspectives of communities and front-line staff in shaping priorities, building a culture of commitment to local priority outcomes throughout partner organisations (including at middle-management level), ensuring that resources are deployed more directly towards these priorities, and giving front-line staff in particular a sense that progress on these priorities matter to Boards.

55. The Committee’s other conclusions relate to the National Community Planning Group. The Committee states it is “not convinced that the emerging National Community Planning Group proposals fully address the concerns we set out in this report”. It also considers “that the National Community Planning Group represents an additional superstructure for community planning in Scotland”\(^{29}\). The Scottish Government does not accept that conclusion. Contrary to the Committee’s concerns\(^{30}\), the National Group does not add extra layers of governance to the community planning process and structure. CPPs are not formally accountable to the National Group, nor are these arrangements restricting the focus on localities that is properly delivered through CPPs. The role of the National Group is to provide the strategic leadership needed to drive the step change in Community Planning that has been set out in the Statement of Ambition. There is much work to be done, but over its four meetings in the last year the National Group has translated the Statement of Ambition into a set of priorities for action, agreed the key elements of guidance for the development of the latest SOAs\(^{31}\) and agreed a capacity-building programme to support CPP Boards. Most recently, it has directed work towards addressing how the totality of resource in an area can best be used to achieve local outcomes.

56. The Committee raises the new **statutory duties on community planning** in the context of the National Group, expressing concern that they will be seen as a box-ticking exercise and will not in itself sufficiently drive expected changes\(^{32}\). It is important to recognise that, as well as being important in their own right, the proposed statutory duties form an integral part of a coherent package of improvement measures. The statutory duties will put beyond any doubt that all CPPs and the partners that make up those CPPs have a fundamental responsibility and accountability to delivering outcomes for communities through partnership working. They will form part of what bodies are held to account for, through existing accountability arrangements. Our reform measures provide a sharper focus for how bodies and CPPs are expected to apply these duties, primarily through the latest set of SOAs and associated development plans. They provide support for CPPs and bodies in making this shift, through a range of capacity-building measures. And, while bodies and CPPs will be primarily responsible for their own performance, external scrutiny will provide additional assurance as well as a further stimulus for improvement. How public bodies and CPPs use community engagement to identify priorities and to shape and deliver services will be an important element of this agenda, which will also be supported by a proposed statutory duty on CPPs relating to community engagement.

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\(^{29}\) Strand 3 report, paras 142 and 143  
\(^{30}\) Ibid, para 143  
\(^{31}\) Ibid  
\(^{32}\) Strand 3 report, para 146
57. The Committee might find the comparison of how Best Value applies to local government helpful in demonstrating how we expect these proposals will work. Part 1 of the Local Government in Scotland Act 2003 introduced a statutory duty of Best Value on local authorities. But, as with our proposals for community planning, that model does not rely exclusively on the existence of the statutory duty. Responsibility for fulfilling that duty rests with local authorities themselves, with external scrutiny in the form of Best Value audits providing both assurance and further stimulus for improvement. As the Accounts Commission stated:

“the statutory duty on councils, and the introduction of the BV audit, focused the minds of elected members and senior officers and provided a catalyst for change and improvement.... The duty of Best Value, and the audit of Best Value and Community Planning, has had a positive impact on local government in Scotland”.33

Strand 2 – Benchmarking and Performance Measurement

58. The Scottish Government welcomes the Strand 2 report and follow-up work in Strand 3. It shares the Committee’s recognition for the value of benchmarking as a resource for understanding performance and, critically, driving improvement.

59. All councils need to be committed to continuous improvement – in terms of improving outcomes, improving service delivery and in working more efficiently and securing savings. We are confident all parties with an interest in this – COSLA, SOLACE, the Improvement Service, Audit Scotland, the Scottish Government and the Committee – share a common understanding about the value of benchmarking alongside other performance information for the leadership of councils in supporting performance improvement.

60. We applaud the work by local government to develop their approach to benchmarking local services and look forward to seeing its ongoing implementation across all councils as one of the drivers for improving performance. We also welcome the Accounts Commission’s decision to remove all but two of the Statutory Performance Indicators (SPIs) and to replace these with benchmarking indicators for the SPI Direction 2012. This is a highly significant expression of confidence from the Commission in these indicators, and also removes 25 SPIs on which councils were previously required to report.

61. Most of the Committee’s recommendations on benchmarking are for local government to take forward. One issue in which the Scottish Government has a direct interest is on the volume of data returns, where the Committee recommends that the number and content of returns must reduce and returns additional to benchmarking data should be required only in exceptional cases34.

62. The Scottish Government fully recognises the importance of minimising the information return burden on local authorities. Since this Government came into


34 Strand 2 report, para 72
office in 2007, we have stripped out many of the information demands previously placed on councils. Nevertheless, there is constant demand for more and better statistical information to be delivered faster, with greater accuracy and reliability, at smaller geographical levels and, in the case of population statistics, with increased coverage of small equalities groups. Much of the information we collect is valuable to local government and CPPs, and is for instance used within SOAs as well as for benchmarking. Stakeholder engagement lies at the heart of our data collection work, from the early stages of planning through to feedback on dissemination methods. This helps us ensure data collections and the end outputs meet the needs of users, provide value for money and place minimal burden on data providers.

63. The Committee expressed interest in the development and extension on benchmarking into community planning\(^\text{35}\). The Scottish Government is liaising with the Improvement Service, which is developing proposals for further development work on benchmarking, including its application to community planning. This work will also support broader analytical and evidence capacity building work for CPPs.

64. At this stage, it is worth noting that, while we agree the discipline of benchmarking is relevant for CPPs, its purpose will not always be exactly the same as for local authorities. In particular, since CPPs do not deliver services directly, benchmarking data on the cost of delivering services is of less immediate value to them. On the other hand, as many CPPs’ undertake ‘total place’ type exercises as part of their own improvement journey, this area of benchmarking will become more relevant. Benchmarking information about outcomes will be very helpful for CPPs, and in particular can both inform their understanding of need locally and provide a basis through which they can understand and ask questions about the impact of partners’ interventions by working together and sharing good practice.

Strand 3 – Developing New Ways of Delivering Services

65. The Scottish Government endorses a number of the key principles highlighted through the Committee’s latest report. We recognise there are a number of practical barriers which inhibit the task of delivering PSR effectively. Some are real, others are perceived. The most effective way to overcome perceived barriers in particular is through strong local leadership which fosters a can-do culture within and across public sector bodies\(^\text{36}\).

66. In line with broader concerns about how the Committee has interpreted the scope of PSR in its latest report, discussed in detail under “Public Service Reform Inquiry: General Conclusions”), we do not agree with the description of “barriers to progress of PSR” presented by the Committee\(^\text{37}\). Although the report claims these were “identified by the Accounts Commission for Scotland/Auditor General for Scotland”, it is clear from our reading of their written evidence\(^\text{38}\) that they identified these as barriers to shared services, not PSR as defined by either the Christie Commission or Scottish Government.

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\(^{35}\) Strand 3 report, para 156
\(^{36}\) Strand 3 report, paras 126-7
\(^{37}\) Strand 3 report, para 62 and Figure 4
\(^{38}\) http://www.scottish.parliament.uk/S4_LocalGovernmentandRegenerationCommittee/Inquiries/PSR3_1_Accounts_Commission_and_Auditor_General_for_Scotland.pdf, para 23
67. We endorse instead another statement about shared services made by the Committee in this report, that:

“We agree with both Sir John Arbuthnott and Colin Mair that shared services are but one tool in the box of PSR and is difficult to achieve in the current climate.”

68. The Scottish Government recognises that all public bodies, even those that are already working in an efficient way, can do more to deliver further efficiency. Public bodies need to identify and work through opportunities for themselves. We have supported these efforts, and in July 2011 we issued updated Shared Services Guidance. This is a web based resource offering information and case study examples to those looking to share services and those already making the transition. The Guidance addresses a number of issues which need to be considered including vires, procurement, data sharing and VAT. We have also considered barriers to particular projects that arise where solutions are not identified in the Guidance. We have given active support and advice to various shared services projects, including the Clyde Valley Review, East/Midlothian Shared Education and Children’s Services Project and Pan-Ayrshire Regulatory Services.

69. Good procurement is vitally important to both public sector and business alike. Public services need to make the best use of public money and focus on helping the government achieve its overarching purpose and strategic objectives. The Scottish Government’s public procurement reform programme, set up in 2006 following publication of John McClelland’s Report, ‘Review of Public Procurement in Scotland’, is making real impact on public sector purchasing. It now has a well-established impetus, underpinned by real progress on joined-up working across a wide range of procurement activity and practice. The Scottish Government Programme for Government 2012-13 stated that £1.2 billion in efficiency savings had been delivered by public procurement reform in the period to March 2012.

70. The Scottish Government fully supports changes driven by the European Union which will simplify the public procurement rules, make the award of contracts more flexible and increase the efficiency of public spending. We expect the EU will publish a new package of directives in the autumn. We will have responsibility for transposing the new Directives into Scots law, once adopted. We will consult stakeholders on implementation of the Directives to ensure that our implementing Regulations are clear and workable and promote the achievement of wider social and environmental benefits through procurement activity. As a key member of the Public Procurement Reform Board (PPRB), COSLA plays a vital role in contributing to the discussions on the complex and challenging issues raised by the procurement reform agenda. The PPRB provides strategic direction, support and monitors progress on the procurement reform agenda. This will include consideration of the implications resulting from the introduction of the new Directives.

71. The Committee’s report raises specific concerns regarding the application of the Scottish Government’s forthcoming Procurement Reform Bill to contracts between public bodies which are non-commercial in their nature. The Bill will

39 Strand 3 report, para 58
introduce a small number of general duties on public bodies regarding their procurement activities and some specific measures aimed at promoting good practice in procurement, so that doing business with the public sector is simpler, more transparent and more accessible to suppliers. Responses to the public consultation on proposals for the Bill are being considered along with other available evidence. As we refine the Bill, it will be important that it strikes the right balance in being business friendly whilst addressing social and environmental needs and aspirations.

72. Finally, on risk, we share the Committee’s recognition that we have to accept the possibility that some initiatives will fail if we are truly serious about meaningful PSR. Empowering staff to innovate is an important element of reform and one that inherently involves some risk. However, we agree with a statement made by the Auditor General in oral evidence to the Committee⁴⁰, that a defined failure rate is not a marker of good risk management. Instead, good management of risk has to be about management itself – such as having a reasonable understanding of the likelihood and benefits of success and the likelihood and any consequences of failure, solid planning, effective monitoring of progress, taking remedial action where required and learning of lessons. Public sector organisations are subject to audit for how they manage risk in line with Best Value guidance.

Scottish Government
September 2013

⁴⁰ Scottish Parliament Local Government and Regeneration Committee, Official Report, 25 April 2013, Col 2055
COMMITTEE’S “PRINCIPLES FOR EFFECTIVE COMMUNITY PLANNING PARTNERSHIPS AND SOAs” AND “VIRTUOUS CYCLE OF CONTINUOUS IMPROVEMENT IN COMMUNITY PLANNING”: A COMPARISON

This table lists the “principles for effective community planning partnerships and SOAs”, set out at paragraph 256 of the Committee’s Strand 1 report. It provides the Scottish Government’s assessment of how these principles map against the elements of the “Virtuous Cycle of Continuous Improvement in Community Planning”, set out in Exhibit 3 of the recent Accounts Commission/Auditor General for Scotland report “Improving Community Planning in Scotland”41.

<table>
<thead>
<tr>
<th>Principles for Effective Community Planning Partnerships and SOAs</th>
<th>Maps against the following element of the “Virtuous Cycle of Continuous Improvement in Community Planning”</th>
</tr>
</thead>
<tbody>
<tr>
<td>A clear and shared vision for the CPP</td>
<td>Ambitious shared improvement priorities</td>
</tr>
<tr>
<td>Strong, inspirational and coordinated leadership at all levels in the council and partner bodies, but particularly at the top of each body</td>
<td>Strong shared leadership supported by effective governance</td>
</tr>
<tr>
<td>A clear understanding and appreciation of the value of partnership work and a commitment to working across organisational boundaries and breaking down silos at all levels within those bodies making up the CPP</td>
<td>Strong shared leadership supported by effective governance</td>
</tr>
</tbody>
</table>
| A shared sense of responsibility among the partners for the actions of the CPP | Strong shared leadership supported by effective governance  
Effective performance management, scrutiny and challenge  
Review of outcomes and culture of self-evaluation |
| A clear process for the evaluation of the actions of the CPP | Review of outcomes and culture of self-evaluation |
| The commitment of resources by all partners | Robust planning and alignment of resources to agreed goals |
| Incorporation of partnership work within the performance appraisal systems of partner organisations | Effective performance management, scrutiny and challenge |

<table>
<thead>
<tr>
<th>A commitment to data sharing amongst partners and to the development of technological solutions to overcome data sharing challenges</th>
<th>Effective performance management, scrutiny and challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of roles within CPPs for the third sector as appropriate to local circumstances</td>
<td>Effective community consultation and engagement</td>
</tr>
<tr>
<td>Effective, meaningful engagement with communities to understand their needs and to develop and deliver services that respond to them</td>
<td>Effective community consultation and engagement</td>
</tr>
<tr>
<td>A commitment to the preventative spending model and early intervention</td>
<td>Robust planning and alignment of resources to agreed goals</td>
</tr>
<tr>
<td>Embedding of the outcomes based approach into policy and service delivery development</td>
<td>Ambitious shared improvement priorities Robust planning and alignment of resources to agreed goals</td>
</tr>
<tr>
<td>Outcomes that are smart, consistent and that are not local authority centric, but that are shaped by all partners including the local communities</td>
<td>Effective community consultation and engagement Ambitious shared improvement priorities</td>
</tr>
<tr>
<td>Spending decisions by the CPP that reflect its agreed outcomes</td>
<td>Robust planning and alignment of resources to agreed goals</td>
</tr>
</tbody>
</table>