PUBLIC AUDIT AND POST-LEGISLATIVE SCRUTINY COMMITTEE

AGENDA

26th Meeting, 2020 (Session 5)

Thursday 19 November 2020

The Committee will meet at 9.30 am in the Mary Fairfax Somerville Room (CR2).

1. **Decision on taking business in private**: The Committee will decide whether to take agenda items 3 and 4 in private.

2. **Key audit themes - Data collection and planning for outcomes**: The Committee will take evidence from—
   
   Stephen Boyle, Auditor General for Scotland;
   
   Alex Hutchison, Director of the Data Collaborative for Children with UNICEF, The Data Lab;
   
   Linda Hutton, Research Team Manager, Citizens Advice Scotland;
   
   Dr Emma Miller, Senior Research Fellow, School of Social Work and Social Policy, University of Strathclyde, representing Personal Outcomes Network;
   
   Claire Sweeney, Director of Place and Wellbeing, Public Health Scotland;
   
   Jennifer Wallace, Head of Policy, Carnegie UK.

3. **Key audit themes - Data collection and planning for outcomes**: The Committee will consider the evidence heard at agenda item 2.

4. **Correspondence from the Finance and Constitution Committee**: The Committee will consider its response.
The papers for this meeting are as follows—

**Agenda Item 2**

Note By The Clerk  PAPLS/S5/20/26/1
PRIVATE PAPER  PAPLS/S5/20/26/2 (P)

**Agenda Item 4**

PRIVATE PAPER  PAPLS/S5/20/26/3 (P)
Introduction

1. At its meeting today, the Public Audit and Post-legislative Scrutiny Committee will take evidence from witnesses on data collection and planning for outcomes. This session is part of the Committee’s wider work to examine key audit themes, further background to which can be found below.

Background to session – Key audit themes

2. The role of the Committee is to examine whether public funds are being spent wisely and to hold to account those who are charged with spending taxpayer’s money. The Committee undertakes this work primarily through its scrutiny of audit reports prepared by the Auditor General for Scotland (the AGS).

3. The Committee scrutinises audits on an individual report basis. However, over the last session, it became increasingly frustrated that issues highlighted in audit reports by the AGS reappeared in subsequent reports. The Committee continued to see the same themes arising in audit reports across the public sector. These are—

   • Leadership and workforce challenges
   • Governance and accountability
   • Data collection and planning for outcomes
   • Managing major ICT projects and structural change

4. In September 2019, the Committee published a report, Key audit themes, which drew on the audit reports and evidence it had received since the beginning of the parliamentary session. The Committee’s report called for the Scottish Government to lead a debate across the public sector to address the key challenges that the Committee identified in its report. As part of its contribution to this debate, the Committee agreed to hear from key stakeholders and experts on each of the key themes identified in its report.

Themes for discussion

5. Suggested themes for discussion are set out below. Further background to these themes can be found in the Annexe.

   • Purpose and benefits of collecting data and planning for outcomes;
• The barriers to collecting good quality data and challenges to moving to an outcomes-based approach;

• How to improve data collection and planning for outcomes;

• The impact of the Covid-19 pandemic.

Clerks to the Committee
16 November 2020
Key audit theme: data collection and planning for outcomes

Summary of issues and evidence arising from audit reports

1. The following note summarises the key issues that have arisen in the audit reports and connected briefings that the Committee has scrutinised over the last session.

Data collection

2. Paragraphs 88 – 94 of the Committee’s Key audit themes report highlight issues with the quality of data collected, often poor quality or incomplete, and provides examples of how this can impact on decision making. Participants may be interested in the following points raised in the report.

3. At paragraphs 90 – 91, the report refers to issues with data collection identified in the Auditor General’s report on Early Learning and Childcare (ELC). The Auditor General’s report noted:
   - “significant gaps in the data” which included “a lack of accurate cost and spend data on funded ELC; incomplete data on staff providing funded ELC; and a lack of data on the number of hours of funded ELC children are receiving”.
   - “We make some recommendations particularly with regard to the eligible two-year-olds, because it is very difficult for councils to know which of the two-year-olds in their areas are among the estimated 25 per cent who are eligible as a result of coming from more disadvantaged backgrounds”.

4. At paragraphs 93 – 94, further evidence of poor data collection is noted from the Auditor General’s report on Children and Young People’s Mental Health:
   - “National data on reasons for referral and rejection is not collected, making it difficult to understand the nature of demand for specialist CAMHS. Collecting this data would help to assess the level of referrals that are not suitable for CAMHS and indicate the number of children and young people who would benefit from lower level support and services.”
   - Similarly, the report indicated that “poor data means it is not possible to identify total spending on CAMHS” in NHS boards because the boards report their spending inconsistently; the transfer of money from one board to another to pay for a CAMH service is not recorded and information in the spending summary is not comprehensive.
Outcomes vs inputs

5. The Key audit themes report also discussed the continued focus on inputs rather than outcomes. Paragraph 95 of the Committee’s Key audit themes report noted that:

- Despite the longstanding commitment to an outcome-based approach, the performance of many public services is still measured in terms of inputs rather than outputs and outcomes. By contrast, data to demonstrate improved outcomes or progress towards longer-term reforms are often absent or underdeveloped. A key impact of this is that it is difficult to measure whether a policy is making progress and delivering value for money.

6. Audit Scotland’s report on NHS workforce planning provides an example of inputs taking precedence over identifying outcomes against the National Performance Framework. It notes that:

- One of the most ambitious workforce commitments is the plan to have an additional 800 GPs over a ten-year period. Taking 2017 as the baseline, an additional 800 GPs would represent an 18 per cent increase, from 4,398 to 5,198. The Scottish Government has not set out what impact these additional GPs will have or how the target reflects retirement rates or changes in working patterns. It has not provided an assessment of how policy initiatives will contribute to reaching the target, or identified what the risks are if it is not achieved.

7. Other examples noted in reports from the Auditor General are:

- The report on Affordable housing: Key message 5 states that “In developing its long-term vision for housing, the Scottish Government needs to make much clearer the ways in which new affordable housing is contributing to wider Scottish Government policy commitments.”

- The report on Scotland’s city region and growth deals: Key message 3 states: “Deals have been developed against an evolving policy backdrop. All individual deals include output measures, such as new jobs created. But, five years after signing the first deal, the Scottish Government has not set out how it will measure their long-term success, how it will know if deals are value for money, or how deals will contribute to the outcomes in the National Performance Framework.”

- In its report on the Finances of Scottish Universities, Key message 5 states that: “The SFC has recovered funding where universities have delivered less than the agreed volume of teaching activity. But there is no evidence of a direct link between funding and university performance against other agreed targets, such as those for student retention and for recruitment to courses in Science, Technology, Engineering and Mathematics (STEM).”
Budgeting for outcomes

8. At its meeting on Thursday 7 June 2019, the Committee heard from the former Auditor General for Scotland on the need for an outcomes-based approach to budgeting in order to clearly illustrate value for money. She noted that:
   • “there needs to be a much clearer link at both the budget end of the cycle and the financial reporting end of the cycle with performance on the outcomes that the Government plans to achieve and how well it is doing in practice. We are also clear that that is not a simple thing to do.”

9. Paragraph 110 of the Committee’s Key audit themes report referred to the section 22 on the 2017/18 audit of the Scottish Government Consolidated Accounts, in which the Auditor General recommended that the Scottish Government prepare a performance report that clearly links to the financial resources outlined in the Consolidated Accounts. The report notes—
   • Greater transparency around the Scottish Government's own performance towards meeting its strategic objectives would provide greater accountability for the use of its financial resources. This would provide a more rounded account of the Scottish Government's overall performance and would enhance reporting to the Scottish Parliament and the public, and help strengthen accountability and scrutiny.

10. Paragraph 108 of the Committee’s Key audit themes report noted:
    • The need to link policy development to the intended outcomes has become even more critical given the new parliamentary budget process. In particular, the Budget Process Review Group (BPRG), on whose report the new process is based, recommended that new policies, strategies or plans should set out the outcomes they are aiming to achieve and the intermediate outputs, measures and milestones.

Challenges to an outcomes-based approach

11. The Audit Scotland briefing, Planning for Outcomes, sets out some of the key challenges in moving to an outcomes-based approach. The Committee’s scrutiny of this briefing can be found here. These are:
    • That there is a need to understand how national outcomes will work in conjunction with, and at times against, each other;
    • Collaboration between public bodies working towards multiple long-term outcomes is a complex task;
    • It is difficult to separate out what impact public services have on outcomes, as many factors are outside the direct control of the public sectors;
    • It will take time to see the impact that outcomes-focused planning has for people and communities.
Making it a reality

12. Audit Scotland’s Planning for Outcomes briefing notes that an outcomes-based approach applies to all public services, not just new policy initiatives. The briefing refers to the Scottish Government’s 3-step improvement framework, which was developed in 2013 to help public services implement reform and work towards commons goals following the Christie review.

13. The Audit Scotland briefing, Planning for Outcomes, also refers to the Scottish Government’s evaluation framework guide, published in 2016, which is based on a 5-step approach to evaluation:

- Identifying the problem – set out why an activity is needed, and what outcome it will benefit.
- Review the evidence – consider what existing data and evidence tells you about the problem, and what gaps in evidence exist.
- Draw a logic model – this plan details the resources you need, the activities you will do, and what interim and long-term outcomes you expect to see.
- Identify the indicators that you will use, and the data you will collect.
- Evaluate the success of the model.

14. The briefing details the application of this framework to evaluate the legacy of the 2014 Commonwealth Games:
• The Scottish Government and Glasgow City Council established clear plans for realising legacy benefits from the Games at local, citywide and national levels.

• They developed an evaluation framework to measure and monitor progress against outcomes. This included plans to improve the economy, the health and wellbeing of citizens, international roles, and the environment.

• The Scottish Government reported against these outcomes up until 2018. Using the framework approach, it was clear at the outset what indicators would be used to judge success and what evidence would be used to support these judgements.

• The April 2018 legacy report recognises that it is difficult to fully separate out what impact was achieved from the Commonwealth Games investment compared to wider regeneration initiatives. However, because it used a planning framework, the report could use the measures and outcomes it had set, including:
  i. The number of participants who felt they could influence decisions affecting their local area increased from 37 per cent in 2012 to 45 per cent in 2016. This is nearly twice the national rate.
  ii. The number of participants who said that they felt safe walking in their neighbourhood after dark increased from 52 per cent in 2012 to 72 per cent in 2016

15. However, Planning for Outcomes briefing notes that this type of framework is not used routinely, “making it harder to plan for and measure progress towards outcomes.” The briefing makes the following points:

• A clear assessment of gaps in evidence is needed;
• Financial reporting should show the link between financial decisions and outcomes;
• Scrutiny must consider how service and financial pressures affect outcomes.

Impact of COVID-19

16. Audit Scotland’s briefing on Planning for Outcomes noted the challenge of balancing national outcomes and understanding how they interact with each other.

• An initial challenge is to understand how national outcomes will work in conjunction with, and at times against, each other. For example, how will environmental outcomes be considered or prioritised against plans for economic growth?
17. In the current fast-moving landscape, there is a risk that budgetary decisions being made in the short term may have a negative impact on longer term outcome priorities identified by the Scottish Government.

Key audit themes report - Conclusions and recommendations

A number of audit reports that the Committee has scrutinised have revealed that key policy developments have not been underpinned by basic data. Recent examples of this are the reports on the provision of early learning and childcare and children and young people’s mental health services. In particular, absent or underdeveloped data has meant that it was not possible to know with any accuracy how much was being spent on these key areas of public service provision. The Committee considers this to be unacceptable.

The Committee recognises further that the collection of data has become ever more important given its potential to assist public bodies to identify where productivity and efficiency savings can be identified and subsequently implemented.

The Committee will be looking to hear from the Scottish Government and other public sector bodies about the steps that are being taken to ensure that essential information about the spend on key policy areas is collated, including information about the key elements of policy implementation.

The Committee is concerned that a number of audit reports have revealed that data on outcomes in relation to key service provision was incomplete or absent, including in relation to early learning and childcare, self-directed support and children and young people’s mental health services. This lack of data meant that the Committee could not be reassured that public funds were being spent wisely or whether such policies were making a difference to service users and their families. Audit reports have suggested that part of this broader problem stems from a failure to identify at the outset the intended outcomes of a particular policy development.

The Committee seeks information from the Scottish Government on the steps that it is taking across directorates to ensure that, when planning for a new policy development or other initiative, the outcomes are identified at the outset. Planning should also include identifying the data that will be collected throughout delivery of the project to measure its medium and long-term impacts and whether it is delivering value for money.

At a wider level, the Committee agrees that the National Performance Framework (NPF) should explicitly link to the Scottish Government’s individual policies and strategies.

The Committee further emphasises that this requirement falls not just on the Scottish Government but on all public bodies, noting the recommendation of the Budget...
Process Review Group which stated that “public bodies should consistently set out how they plan to contribute towards specific national outcomes in the NPF in their published corporate and business plans. Where possible, this should also include links to planned spending, the specific outputs that are expected and how these contribute to national outcomes.”

The Committee notes that each outcome in the NPF is underpinned by a series of indicators which are used to measure progress towards the outcome. The Committee notes that, in respect of several of the outcomes, “trust in public organisations” is listed as an indicator. The Committee’s scrutiny of a series of audits, including the 2016/17 audit of the SPA and the 2016/17 audit of NHS Tayside and the evidence of poor financial management that came to light gives further force to the need for outcomes to be specifically linked to the way in which public bodies are managing their finances.