



OFFICIAL REPORT
AITHISG OIFIGEIL

Finance and Public Administration Committee

Tuesday 27 June 2023

Session 6



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FINANCE AND PUBLIC ADMINISTRATION COMMITTEE
20th Meeting 2023, Session 6

CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

DEPUTY CONVENER

*Michael Marra (North East Scotland) (Lab)

COMMITTEE MEMBERS

*Ross Greer (West Scotland) (Green)

*Douglas Lumsden (North East Scotland) (Con)

*John Mason (Glasgow Shettleston) (SNP)

*Liz Smith (Mid Scotland and Fife) (Con)

*Michelle Thomson (Falkirk East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Malcolm Burr (Comhairle nan Eilean Siar)

Robert Emmott (Dundee City Council)

Iain Tough (East Ayrshire Council)

CLERK TO THE COMMITTEE

Joanne McNaughton

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Finance and Public Administration Committee

Tuesday 27 June 2023

[The Convener opened the meeting at 09:30]

Public Service Reform Programme

The Convener (Kenneth Gibson): Good morning, and welcome to the 20th meeting in 2023 of the Finance and Public Administration Committee. We continue to take evidence on the Scottish Government's public service reform programme. With names hopefully pronounced correctly—we had some debate at this end of the table—we will hear from Malcolm Burr, chief executive of Comhairle nan Eilean Siar; Robert Emmott, executive director of corporate services at Dundee City Council; and Iain Tough, head of corporate support at East Ayrshire Council. I welcome you all to the meeting. I will allow up to 75 minutes for the session. If witnesses wish to be brought into the discussion at any point, please indicate to the clerks, and I can then call you. We have your written submissions, so we will move straight to questions.

My first question is to Mr Burr. Let us start at the beginning. One of the things that we have been asking about is sustainable services. The submission from the Convention of Scottish Local Authorities used the phrase “fair and sustainable funding”. What does that mean to you, bearing in mind the comment in your written submission that your local authority has had consistently the biggest reduction in revenue funding over the past few years? Will you talk us through that?

Malcolm Burr (Comhairle nan Eilean Siar): I am happy to do so, and I thank the committee for its invitation.

The comhairle has indeed seen the largest pro rata funding reduction in its revenue budgets over the past 10 years, of some 15 per cent. That is all set out in the Scottish Parliament information centre's analysis of Scottish budgets each year. That is due to a combination of the funding formula and other factors. For a small council, it means that our sustainability in performing our statutory duties, showing community leadership and being an effective advocate for our area is inevitably questionable in future. In the Highlands and Islands, we were all struck by the statement of Highland Council's chief finance officer at his council's budget meeting in February that

Highland Council is no longer sustainable in the medium term. That was a striking statement. It was there in black and white. Many of us in local government could construct a similar argument.

You will have seen from our submission that, as well as the traditional means of using resources more effectively—no doubt, we will come on to those—a lot of our answer to that is to invest in public service reform, particularly the single public authority model. Thankfully, that is on the move again. Without that, there is a real risk in areas such as mine, where multiple organisations face significant funding reductions, that we singly become less and less effective and then the capacity for community leadership and delivery is lost. Soon, the services that we provide will not be at the level or standard that we would like.

The Convener: What is “fair and sustainable funding”?

Malcolm Burr: For us, it is needs-based funding. That brings me, in our case, to the Islands (Scotland) Act 2018. I am sorry to make it a more specific point. The law provides that an island communities impact assessment must be made for any change to policy, strategy or service. That, in our view, includes Scottish budgets. There is that formal side to it.

In answer to your question, we need a gradual restoration of funding levels, not in excess of what was there before but to mitigate some of the reductions. Like most councils, we also seek multiyear clarity. We have to be honest: it is difficult to undertake strategic planning in an atmosphere of one-year budgets where, every Christmas, you await the verdict on what the allocation will be. That impacts smaller councils particularly. Sustainable funding in today's straitened times—we recognise the pressures on the Scottish Government, too—means having a multiyear budget, with indications for at least two or three years; otherwise, we cannot plan effectively. Fair funding means looking at the needs of areas and what is required to run a reasonable level of services in those areas.

Part of that assessment has to be that options that are available to larger authorities, such as outsourcing services and sharing services across boundaries, are simply not available to the islands councils. There is no market in the Western Isles to undertake refuse collection, waste disposal or leisure services. Likewise, I cannot close a leisure centre and hope that the private sector will pick that up or that customers will be able to travel by bus to another part of the island. If I close a leisure centre, the entire island's leisure facilities are gone. There are four islands: Lewis, Harris, Uist and Barra. If one service goes, it is taken away from the whole island. That genuinely needs to be taken into account. I am not a fan of special

pleading, except where there is evidence to justify it, but the approach needs to be more nuanced than it is. Sorry for the long answer.

The Convener: No—it was a comprehensive answer. You touched on a couple of things that are mentioned in your written submission. For example, you talked about the need to have a single authority, which is a significant point. You also talked about the difference between the ability of your council and that of others to outsource, which is also significant. I imagine that depopulation has played a part in the reduction in funding. No one ever seems to want to say how much “fair and sustainable funding” is in pounds, shillings and pence.

Do you accept that, as Ross Greer said last week, the Scottish Government does not have multiyear funding, so it is kind of difficult for it to provide multiyear funding for those who depend on it? Is that not a fair comment?

Malcolm Burr: That is a clear difficulty, but we must rise above those difficulties and at least set indicative budgets for a longer period than we currently do. We all recognise the circumstances and that there have been unexpected events, but the share of the Scottish budget that local government attracts has diminished significantly in recent years. I am the longest-serving chief executive in Scotland. When I was appointed in 2005, there was, roughly, a third for local government, a third for the national health service and a third for the Scottish Government and its business. That is now hugely skewed towards the NHS. I make no comment on that—that is a political choice—but it has a consequence. Greater balance needs to be restored if we truly recognise the fundamental importance of local government services.

We need—I hesitate to use the words “a new deal”, because that is on the cards, but we need a number of things. We can talk about lots of them: one is fiscal empowerment. However, in the short term, we need greater clarity. I respect that that clarity is not there for the Scottish Government either, but we must set indicative budgets. Otherwise, proper planning will be impossible, because we will be down to single-year solutions, which really means either drastic reductions or redundancies among staff very soon. That is what Highland Council said, and I endorse that.

The Convener: Mr Emmott, all the evidence suggests that, even when you know that funding is only for one year, medium to long-term planning is extremely important. Do you not agree?

Robert Emmott (Dundee City Council): Absolutely. Certainly, in my experience, we have been making savings for, it is safe to say, most of my career. Particularly since 2008, we have been

under financial pressure, so it has been important to plan. It has become harder to do things, and it takes more time to do them. The types of changes that we are looking at now will take longer to make.

We have to plan ahead and look at what is happening with our cost base. Some of our costs are easy to project. However, you will be aware that inflation in the recent period has had a substantial impact on the nature of planning. Its impact on the cost of private finance initiative contracts, energy and staffing, in particular, has increased the uncertainty for us going forward.

We are looking forward. Our projections, which we considered when we set the budget in February, were that we will have to save almost £30 million over the next few years on the basis of the best information that is available to us. We have to plan so that we can set a budget when we come to next year, and we have to make sure that we consult on any proposals that we are taking forward and assess their impact in advance. That planning is important, although the plan might change, and it is based on a set of assumptions. We can see some of the thinking from the United Kingdom Government but not all of it, and we can see what the thinking is in the Scottish Government. The medium-term financial plan gives us a steer on what we might expect and what plans we might put in place to address that.

The Convener: One thing that you are implementing, as everyone is to a degree, is digitalisation. Over what time do you hope to deliver digitalisation, and are you working with other local authorities on that? When I read the reports about local authorities and their work on digitalisation, it seems that everyone is beavering away. I am not sure what level of cross-local authority working there is. For example, we could have similar systems being implemented and possible economies of scale. Where are you on that?

Robert Emmott: It is a multiyear programme. As I said, moving towards those things will take time. We are working with a neighbouring authority on what we can and might be able to do on sharing services. Could we share a system? Could we share a team? Would that help us with resilience? Would it save us any money? Would it make us more efficient in the process? As I said, we have been on a journey over the past 10-plus years to find out how we can make things more efficient. That is the next area to look at.

My view is that we have a lot of public bodies in Scotland that are repeating things. They have their own payroll systems, ledgers and, dare I say it, directors of finance. What can we do to streamline that process and make it more digital? There is space there that we could be in, and COSLA's

digital office is doing work on that. It is hard to synchronise big public authorities into the same system. I think of Fife Council across the water, which has invested in a big enterprise resource planning system. Synchronising that with what we are doing would be quite a big job. You would have to plan to do it and have a long-term challenge. Would the providers then look to charge you double for moving into that space?

There are challenges around that, but that is the direction that we are going in. We are looking at tests of change: can we work collaboratively? Can we focus on where we are with back-office services?

Digitalisation is only part of the service. Our management costs are about 1 per cent of the business. Most of our costs of delivering services are tied up in front-line staff and what they do on the front line. Digitalisation is part of the agenda that will continue to improve efficiency. With other things, it will help to bridge some of the gaps that we have in trying to reduce resources and streamline things.

The Convener: Staff will always be a major component, if not the major component, in all local authorities, no matter how digitalised they become.

Do you see digitalisation as an on-going thing or as a goal where you feel that you will be able to reach optimum service delivery?

Robert Emmott: It will be on-going. If you think about how technology has evolved and how virtual meetings became a thing overnight, you will see that that has transformed how people can do business and what they can do. We are still on a journey. We are some way off technology replacing people in things such as care services but, if you think about some of the developments in artificial intelligence that we have seen even in the past few months, the question is how we capture and take advantage of those. We do not know what is around the corner that we will be able to make use of to do what we do better. In the education space, the information and the technologies that are available surely provide opportunities to think about how we deliver services and how we deliver them differently, particularly in remote areas where access to services is a challenge.

The Convener: Mr Tough, you also provided a lot of detail on your digitalisation strategy. You hope to invest in digitalisation but recoup that cost ultimately. Have you a time over which you think you will be able to recoup the cost of digitalisation, or will it always be something that you are never quite able to manage?

09:45

Iain Tough (East Ayrshire Council): Our digital strategy is a five-year strategy, but that five-year period will not be the end of it; it will be a longer journey for us. We have really promoted recouping the investment. For the strategic plan that we set last year and the budget that goes along with it, which is the medium-term financial strategy, we have set aside a £3 million investment fund. I think that that is mentioned in our written submission. To incentivise some of that return on investment, we have money up front that services can use. That is deliberate, to address the point that you made about how sustainable some of the innovation can be.

We are encouraged by our digital strategy, which builds on what we had to do, by necessity, through the worst of the pandemic in moving much of our transactional work online and helping communities still to engage. That was really successful for us, and we want to build on it. Okay, it happened by necessity, but it put in place the foundations for what we think is an improvement journey for us. We will not get to the end in five years, but we will certainly make inroads into where we want to get to.

The Convener: You state in your written submission:

"Monthly online transactions have increased from 1,500 pre-pandemic to over 25,000 monthly, reducing paper handling, improving processing times and transforming service delivery."

How does that work for people who are not digitally included?

Iain Tough: Inclusivity is a theme in the digital strategy. It is about making sure that those who are furthest away from having access have other ways of getting it. We have examples of providing equipment to communities, schools and families. We have a digital access network that is about identifying gaps and addressing them. Although we want to shift as much of this as possible, because there are efficiencies to be made, we recognise that not all parts of our communities will be able to embrace it as much as other parts will. It is very much a theme of the digital strategy that we want to embrace efficiencies while ensuring that we leave no one behind.

The Convener: Another thing in your submission that caught my eye, Mr Tough, is the fact that you have transferred 58 assets to community ownership and operation. Obviously, rationalisation of the estate is an important part of the reform agenda. How successful have those transfers been? Have some of the assets had to be handed back, or are all the communities managing to work effectively, albeit one or two of them or perhaps more will need continued support

from their local authority? How is that working? Do you believe that other local authorities could learn from East Ayrshire's model?

Iain Tough: That has been a success for us over 10 years. We are up to the low 60s—61, I think—in asset transfers. Some have been more challenging than others, but we have had some fantastic successes. A former high school in Kilmarnock, Kilmarnock academy, is now part of CentreStage, a performing arts centre that has a fantastic reputation. It has been able to draw down resources that the council could not access to invest in the facility. There is a range of examples, from very small community asset transfers to very large ones such as CentreStage at Kilmarnock academy. They have been fantastically impressive. They are very much owned by the communities—the facilities are theirs, and they run them. We provide some support at the start to get them up and running, but we are yet to have any assets returned to us. We know that there are more transfers to come.

That 10-year journey on asset transfers was very much part of our transformation strategy work from 2012-13 to 2020-21. The service that we created to deliver the CATs, our vibrant communities service, has just celebrated its 10th anniversary. CATs are one part of its success, but there are many more. It is a different model of supporting our communities, and it has been a big success for us.

The Convener: I have talked about shared best practice among local authorities for many years. Should other local authorities look at how East Ayrshire does asset transfers? What could you learn from how other local authorities deliver services?

Iain Tough: We have been approached by other councils, because we have been promoting what we do. The chief officers—the team that has been delivering our vibrant communities service—won a *Municipal Journal* award just last week, so we have a bit of a national platform for our vibrant communities service. We have been approached by others who want to see how we do it.

We are also keen to look at good practice in other areas of our work and to see what else is happening. One priority for us, which ties in a wee bit with the digital aspect that you mentioned, is how we take a more strategic approach to managing data. We are actively looking for a benchmark of good practice for that. We are spreading the net wide; we are looking not just at Scottish authorities but elsewhere.

Going back to our transformation strategy, we did some work on cultural change and developed what we call FACE—flexible, approachable, caring and empowered—principles. Again, that was very

much based on the best practice that we found in other parts of the country. We are open to seeing what else is out there, but we are also proud of some of the stuff that we have taken forward ourselves.

The Convener: Thank you.

Mr Emmott, I am looking at Dundee City Council's submission to the committee. One of the questions that we asked was about how the organisation's plans seek to deliver on the Scottish Government's three strategic priorities, which were set out. I notice that, in Dundee City Council's response, you say that you are

"reducing child poverty and inequalities in incomes, education".

However, you have not expanded on that to say how you will deliver that; it is just a line. Will you expand on that a wee bit, please?

Robert Emmott: I am happy to share with the committee the details of the city plan, which goes into more detail about what we are doing. A lot of the focus of the city's work is preventative, and on investment in early years. To my mind, that reflects, to a certain extent, the priorities of the Government, which have been about investing in early years and giving people the best start. That also comes through in the investment in staffing. The growth in staffing across the council has been in the children and family service and in teaching, over recent years, whereas efficiencies and reductions have been made across the other services. One of the challenges for us, as we go forward, is that that is such a priority for us.

There is a place for digital in the classroom, but a lot of the work that is needed in schools to give people the best start is around resources in the classroom and the early years setting. That has been a priority for us. That also comes though when we are setting our budget and looking at what areas we, as a council, are focusing on and protecting. I do not know whether that helps, convener. You will appreciate that I am not the expert on early years.

We are doing work across the council that is looking at positive destinations and how we can collaborate with our partners to give people the best start. It looks at where people end up when they leave school, what opportunities they have and what influences whether they have a positive outcome or a less successful outcome. We have seen that that comes back to attendance at school and support in school. If you are thinking about where you want people to end up, how far back in the process do you go to make sure that they have the best start? One thing that comes out of that, in my view, is that a number of bodies are involved. Different agencies are working around the table and they do not necessarily all have the same

objectives. Our public sector landscape is quite complex.

The last thing reflects a combination of pressures and circumstances. We have seen that our biggest financial pressure, this year and last, is from placements for children and making sure that we find the best way to look after people who are in challenging and complex circumstances. Individual placements can be expensive. We need to find ways to make sure that we prevent the need for placements from coming to fruition and that we find the best outcomes for children in our community. That can be a very expensive area in terms of a council's resources, and it is for Dundee. At the moment, we are working on how best to look after people in our local community, which is where they are best served. Often, that is also the most efficient way.

A lot of these things link in, convener, so that takes us back to community wealth and how we look after, retain and manage resources in our own communities rather than at a distance from us. Apologies: I have gone over a lot of ground there.

The Convener: Not at all. I will ask you about one more thing, and then I will move on to Mr Burr and open out the rest of the session. It is about the 12 questions that we asked. I was intrigued to note that the response to three of the questions was "Not applicable". I will ask Mr Burr about the reasons for that in a moment. In Dundee's submission, you did not respond to questions 10 and 11. Question 10 was one of the questions that Mr Burr also did not respond to. Question 10 was:

"What level of support and guidance has your organisation been given by the Scottish Government to deliver the efficiencies and plans necessary for your organisation, and how adequate has this been?"

Mr Tough responded to that, but I wonder why Dundee did not. What is your view on that? Do you feel that you are not getting the guidance and support?

Robert Emmott: Not at all. Local government is a tier of government with responsibility for discharging its duties. Through COSLA and our own politicians, we try to work closely with the Government on responding to and implementing consultations on policy direction. To go back to your previous question, I would say that what the council aspires to do is closely aligned to what the Government aspires to do. There is a local aspect to that in terms of what is right for Dundee. In my experience, when we have needed guidance and support on particular aspects, the Government has been there to provide it and engage on it. It is for us, as an autonomous local authority, to make decisions, within the parameters that we are given, about how we deliver services.

The Convener: Okay. Thank you for that.

You know what I am going to ask you, Mr Burr. Question 9 was:

"How, if at all, is your organisation working collaboratively with other public sector organisations to produce joint service reform plans for the public body landscape and use of resources (for submission to the Scottish Government later this year)?"

The reason why I was surprised by your "Not applicable" response was that you talk about a single islands partnership. I would have thought that you would be working with the other public bodies on the islands, such as the NHS. I am sure that you do work closely with those bodies. Can you give us a wee response to those questions?

Malcolm Burr: Yes, convener, I am happy to do that. I genuinely think that that is caught up in our other answers on public service reform, the local outcome improvement plan and the community planning partnership. We probably answered it rather literally, in the sense that all local governance reform and public service reform was effectively suspended during the Covid period. We are now delighted to see that that is being reactivated.

One of the first things that we did post Covid was to invite the then Deputy First Minister to talk to us about a single public authority and about public service reform as a good thing in itself but also as part of a financial strategy. That answer is caught up there.

We have an active community planning partnership that tends to focus on specific pieces of work, but its overarching strategy is about the retention and growth of population. That is everything for us. The population has remained stable, but the projections are not good. One has to watch the projections too, because they have been quite inaccurate over the years. The population is stable, but it is not good in terms of working-age population retention, and that is common to rural Scotland. That is everything for us, and that is the focus of the community planning partnership. I hope that the answer to that question is caught up elsewhere in the submission.

The Convener: Okay. Time is against us, so I will not push that any further. Thank you for that. I will open the session to colleagues. The first person to ask a question is John Mason, to be followed by Douglas Lumsden.

John Mason (Glasgow Shettleston) (SNP): Perhaps I can pursue that with you a little, Mr Burr. Are you talking about a single islands partnership or an authority? In my mind, a partnership would mean that you keep umpteen different bodies but you work together more closely. An authority would suggest that you come down to one

organisation that would run the council, the NHS and everything else.

10:00

Malcolm Burr: It is an authority. It recognises, though, that people did not join the NHS, for example, to work for local government. The NHS has its own remit and clinical priorities, and that is not for an elected authority to manage directly. Our model—it is on public record, although we would be delighted to update it now that the review of local governance is back on track—recognises that there will be a national health service within that, but it is saying that the resource available to the Western Isles and how that is distributed, managed and how delivery of it is structured should be through one elected authority, which is the model in many other parts of Europe, it must be said. Scandinavia always comes to mind.

John Mason: Do we have to have a national health service that is the same all over the country? There is a health board in Glasgow: does that mean that we have to have a health board in Western Isles? It gets raised all the time that there is a postcode lottery or that it is different here and there, but it seems to me that it has to be different here and there.

Malcolm Burr: I do not think that there has to be a health board in the Western Isles; rather, there have to be agreed national health outcomes in the Western Isles. How those are delivered has to be, as much as possible, in support of the islands that are being served and there may be different outcomes based on different needs. There is absolutely room in a single island authority model for the NHS to do what it does, what it has to do and should be doing with its employees, but it is about the wider resource. At the moment, frankly, we have too many organisations serving 27,000 people.

A further impetus for the work, if any were needed, is the national care service; not the outcomes and aims of the national care service but the structural issues, which would impose a third public sector body with a chief executive and all the rest of the apparatus, necessary though that is, serving 27,000 people. If anything promoted the need for public service reform—on grounds of efficiency alone, to say nothing of democracy, financial strategy and outcomes—it was that.

We are talking about an authority, not a partnership. We have a partnership already. We work constructively. Partnerships do not solve the amount of money and resource tied up in structures, and they cannot because—

John Mason: Okay. I might come back to you afterwards.

As I understand it, there is one health board for Ayrshire—the committee had them in—but there are three councils and three health and social care partnerships. That is seven bodies. Could we cut that down? I think that the health board would like to have just one HSCP for the whole of Ayrshire.

Iain Tough: Yes, it probably would. Claire Burden gave evidence, although I am not sure whether she said that. You could say the same about the police division: it covers the three councils, as does the fire and rescue regional service. There are opportunities to declutter some of that but, in practice and through our partnership arrangements, delivery is pretty much seamless. We do not see that there are any barriers there because the three councils are working to a single health authority. In fact, we have just done a self-assessment of how productive our partnership has been. It scored really highly from all partners who see the work that we do. The assessment went back as far as 1996, when the local government reorganisation happened. That partnership has been built up and is a real strength for us. The lines on the map might show that there is one health board, three health and social care partnerships and three councils, but, as regards delivery, we think that we have got to a point where the partnership work is really effective.

There are opportunities in that; in fact, East Ayrshire shares a single road service with South Ayrshire Council. There are opportunities in Ayrshire and more broadly that we look to make the most of. Other shared services include a shared corporate fraud team across the internal audit facilities of the three councils. There are opportunities, and, to answer your question directly, yes, we can and will do more on that.

John Mason: You mentioned the police. When witnesses from Police Scotland gave evidence to the committee, they said that the radical reform of merging the separate police organisations into Police Scotland would not have happened without a drive from the centre. When you look at local authority and HSCP reform, are you tweaking what is there, or would you ever consider a merger with another council?

Iain Tough: I do not think that any opportunity can ever be written off, but, as I said, our partnership arrangements are such that we are really effective and productive. We have real challenges in our communities, but we are determined and have a shared outcome agreement with our partners in Police Scotland, the Scottish Fire and Rescue Service and health. We are all heading in the same direction on outcomes and the structural arrangements—how we do that—are a secondary issue.

John Mason: Do they not matter so much?

Iain Tough: We blur those lines, because it is about providing services and better outcomes to our communities. At the moment, we are trying to do that within the current structural arrangements, and it is working for us. East Ayrshire and North Ayrshire include some of the most deprived areas in Scotland, so we have our challenges, but the structures are not getting in the way of our providing services.

John Mason: Mr Emmott, Dundee has a slightly different situation. The city started with a health board and a council, and now it has the health board, the council and the HSCP, or the integration joint board. Has the landscape become more complicated?

Robert Emmott: I think that it has. What is important is to focus on the outcomes. From the perspective of an elected councillor in Dundee, it is about thinking, "What are we doing for my community?" It is interesting to think of the Outer Hebrides with 27,000 people, and about the 150,000 people in Dundee and the fact that we have three councils and the Tayside health board. It is more complex. Would one council be more efficient? There are efficiencies. Would you lose some of the democratic accountability? You might, because of what people are focused on. People in Angus and Perth might be concerned about losing some of their identity and being a bit swamped by the city.

You are right about radical reform. Businesses and organisations such as Scottish Water centralised and nationalised. The banks have taken everyone out, and they are all in the centre. There is an issue in Lewis and Harris about jobs being sucked out of the islands and the rural places because a service can be delivered more efficiently centrally. As councils, we are at the heart of our communities in trying to build wealth and provide jobs in them. In Scotland, we have 10 assessor boards, and four are carried out in-house. Do we need all those bodies? Could that be streamlined?

The challenge is that radical reform requires strong leadership and a direction for what we are going to do. The centralisation of the police has given us a more efficient and coherent approach. Would you have got that while you had all the police authorities? No. Have you lost something in the local accountability of police services? You probably have, a bit. How we want to deliver services should be weighed up politically, but we should not be afraid. We need to think about our outcomes, to go back to what the convener said. How is it helping to address child poverty? Do we need those bodies, or are they acting as barriers? Do we have too many leaders and not enough people on the ground doing things? For us, management is 1 per cent of costs, so you not

talking about a big bulk of costs. However, if you can save half a per cent of that, it is still a contribution to the challenges and putting the resources where they are needed.

John Mason: Thanks. My time is up.

The Convener: Mr Burr wants to come back in.

Malcolm Burr: Thank you, convener. The back office costs are still significant and there is a lot invested in structural delivery that could, on a local basis, be successfully merged. It is all about looking at the best solution for local areas.

What heartened me most about the recent revival of the review of local governance was the involvement of the NHS, because it is genuinely difficult for non-elected bodies to participate in discussions that might suggest their change or even demise. They are usually there with a statutory purpose, a board and a clear mission; they do not really have the power or authority to do that. Local government can make these suggestions because it is government, just as this Parliament and the Scottish Government can, but other organisations have to be enabled and encouraged through leadership to be part of that debate. Otherwise, it is genuinely easy for them to say, "We can't be part of this. You do what you want, but we can't be part of it, because we have a statute, a mission and a commission."

John Mason: Yes. Your population is quite small. I love the Western Isles, and I love going there and so on. Does there come a point when you just do not have enough people to have your own council and should just go in with Highland?

Malcolm Burr: I genuinely do not believe so, and that is not self-interest. The days of the Western Isles being managed from Dingwall, in the case of Lewis, and from Inverness, in the case of the rest, were not happy days for service provision. Indeed, when Comhairle nan Eilean, as it then was, was formed in 1975, some of the road conditions and housing conditions were among the poorest in Scotland. We are also a natural unit. We are an islands area. Merging the council with a mainland authority would not be good for the islands.

John Mason: I will not push that; I was just playing devil's advocate.

The Convener: Thank God you are not pushing that, John.

Douglas Lumsden (North East Scotland) (Con): I want to go back to something that Mr Emmott said at the start about back-office services, which really got my interest. Maybe there is more scope for back-office services to be shared across all 32 local authorities. Can Robert Emmott give a bit more of an idea of what he thinks is possible around that?

Robert Emmott: The functions that we carry out include rates collection, for example. We all collect rates. Broadly, we follow national policy and legislation, and we use similar systems and adopt similar approaches in the work that we do.

There is the potential to have a single national function that collects rates in Scotland. Some of my colleagues might not like that idea, but that might be a more effective way of delivering a service for Scotland. It would not save an enormous sum of money, but we should think about the information technology support for that, the technical support, and the development that goes with it. There might be different policies in different areas, but there could still be a similar system. However, that is challenging, because the 32 councils are all doing slightly different things at the moment. I talked about strong leadership. If we want to make progress on those things, there has to be a real push to do them. The rewards will not solve the problem; they will only contribute to helping with it.

There are other things, too. I will highlight scientific services. Dundee City Council is one of four councils that run a public analyst function. I think that those would be much better run as part of a national function rather than as an adjunct to a council. That is an important service in Scotland, but it is not well suited to being run by some councils and not by others. There is territory there.

Collaboration is hard, and councils have slimmed down over recent years. That affects our capacity to make change and the pace at which we can do so. We need to look at how we can invest in delivering transformation and how we can get those changes to happen, along with all the other things that councils are busy doing. That is a challenge for us. However, I believe that there are opportunities for us to move some of that forward. The issue is nothing new. Such things have been talked about for a decade or more—probably since the Christie commission.

Douglas Lumsden: Can we go a step further and look at some functions as a whole—potentially finance, human resources or IT? Is there scope for a centralised unit for those functions that could provide services to each of the 32 local authorities?

Robert Emmott: I think that there is. There are two issues not to lose sight of, the first of which is where the jobs are. If a council in the islands were to say that the payroll function was going to be centralised in Dundee, that would not be popular. However, virtual working and the way in which we now work means that there could potentially be a national agency that has outreach offices, and we could do things better.

10:15

I am very much thinking about how we could take advantage of some of those things and maintain our focus on our priority. Our priority is not employing people to run a payroll, although, obviously, paying our staff is important; our priority is the outcomes of our plans around poverty, economic development and net zero, for example. How do we focus resources on those things?

I am not saying that it is easy. All the easier things have probably been addressed. Joining up and collaborating is harder. As I have said, we are doing work with a neighbouring authority that looks at the opportunities to do things collaboratively on a test basis to see whether we can go further. That will not be the answer, but it will be part of the answer.

Douglas Lumsden: Do Iain Tough and Malcolm Burr think that that is a possibility that should be looked at?

Malcolm Burr: We have to look at all possibilities openly, but we have to do that on the basis of there being genuine equity, not just equality of opportunity. For example, there are hard-to-fill posts in internal audit just now. There is a shortage of internal auditors. Would a national service be an answer to that? It might be. We have, thankfully, moved from the idea of the centralisation of people and services in, say, a warehouse somewhere in central Scotland that delivers to the whole country to the fact that people can be in Stornoway, Uist or Barra and deliver an internal audit service to other councils. We have to be open to new things, particularly where there is a service gap, but any development of that kind has to be sensitive to all areas of Scotland and provide an opportunity to people in all areas of Scotland to be part of the service without having to move or be lured to a central location.

Iain Tough: I had the opportunity to see some of the evidence that has been presented to the committee. I think that it was Audit Scotland that provided some information about where the reductions in budget have been across the country. It showed that there had been a greater reduction in corporate or support services than in other parts.

The issue is the capacity in those services to deliver change, shared services and collaboration. Usually, those are the services that provide the IT infrastructure or the HR or management systems that support all of that. If councils are reducing the resource that they have in those areas, it becomes even more challenging to deliver transformational change, collaborations or shared services. That approach would require more investment to do that effectively.

Douglas Lumsden: The point was made that a central pool of people does not mean that the service is centralised; it could involve more people working in remote areas. That could be to our advantage. It would cut out duplication and costs. That is what public sector reform is about—reducing costs.

I think that Robert Emmott mentioned ERP systems. Is that still taking place? Is there duplication across all 32 local authorities? How can we change that?

Robert Emmott: It is challenging. All councils have their own ledger and their own systems for doing things. There is an opportunity, but it requires really strong leadership, a burning platform and a real push—

Douglas Lumsden: Mandated, then?

Robert Emmott: That is a difficult question. That could bring about some of those changes. We can think about some of the changes in the police. There must be some direction and not too much opportunity. I need to be careful about what I am saying here, but if you are going to bring about change, you need someone to say, “We can do this better. We can demonstrate that we can provide better services to the public.”

We have to be really careful about people with vested interests trying to protect the status quo for some reason and not looking at the bigger picture of what we need to focus our resources on. It is not about running systems; that is not why we are here. If we kept that at the front of our minds, you would say, “Well, why wouldn’t we?” There are challenges. Everyone is on different systems. Can we harmonise everyone? Even if we told everyone, how long would that take?

One of the best things that COSLA introduced was the myjobscotland portal. Everyone now advertises their jobs in the same place. That was a quick win. Because that was a new service, it was easier to say, “We will not all develop this. We will all just use this.” I think that almost all councils buy into that service, and there is not really any debate about it. That is just the best thing to do. That is where we want to be.

Douglas Lumsden: As you have said, it is easier with a new system. Would there be difficulties if everyone was going to use the same finance system, because in each local authority, people might say, “Hold on. I want to protect what I’ve got.”?

Robert Emmott: There should not be. People should think about how they can serve their council best.

The services that councils deliver all have their unique aspects but, with a lot of the back-office functions, there is an efficient way in which to do

things. There is an efficient way in which to pay an invoice. That does not vary depending on where people are in the country. That is where we should be making sure that the transactional processes are as efficient and as digital as possible, to go back to what we talked about before. Can things be done digitally? Why is applying for a council tax reduction in one council area different from doing so in another? Some investment is probably needed to bring about some of that change and to consider how we can do things better. Instead of 32 councils developing an online solution, is there one council with the solution? Strong leadership is needed to bring about that level of change.

Douglas Lumsden: On online solutions, can each council develop its own system for, say, parking permits, although that issue probably does not affect everyone here, and put it online? Is there some guidance from the centre? How does that work?

Robert Emmott: It is for councils to make their own decisions on how they want to provide services locally, such as for an application for a permit for a garden waste bin. Some councils are signed up through mygov.scot, which is a common platform for sign-in. People can have one account and access services across different councils, but not everybody is signed up to that. That is optional rather than a mandatory approach.

Douglas Lumsden: We have spoken about digital strategies. They save money in the long term, because putting everything online reduces the number of staff dealing with a manual process. For each of your local authorities, have you estimated the impact that your digital strategy will have on reducing your workforce head count?

Iain Tough: I do not think that we have quantified that. Our workforce strategy is where we will see the connection between our digital ambitions and their impact on our workforce. The digital strategy, as it stands, does not have a target for reducing the workforce. It has ambitions relating to efficiency and cost saving, but it does not quantify what that will mean for the workforce. The workforce strategy, in its most general terms, is where we would expect to see that direction of travel.

Douglas Lumsden: What costs will be saved from your digital strategy if they are not people costs?

Iain Tough: The strategy also provides us with an opportunity for redeployment of staff to other areas. That was the experience throughout the pandemic, when, as I said earlier, we, by necessity, moved a lot of activity online. That freed up resource to do other things to support communities and to be physically in communities in some respects, dealing with all the various grant

applications that were being processed. There was not so much a reduction as an opportunity to relocate the resource to where it was needed.

Douglas Lumsden: My last question is on multiyear budgets. What would multiyear budgets mean for councils? When I was a councillor, we did not know exactly what we were going to have for the next couple of years, but we had a pretty good idea. What do you think a multiyear budget would give you that you do not have now?

Malcolm Burr: Councils' financial situation is now so precarious that it is perhaps different from that in previous years. At the moment, we have projections that are quite alarming in respect of their reach. For example, we talked about head counts a moment ago. I have been managing a reduction in head count in the comhairle over the past 12 years. That has reduced from about 1,900 full-time equivalent posts to 1,600. That is about 500 jobs—about 500 people—which is of significance to the economy.

The type of planning that we need to do now to take account of those projections requires certainty. Some services are now so marginal that a sudden reduction beyond the projections could put some of the non-statutory services in particular in jeopardy. Public service reform is partly about looking at costs but, in my view, it is really about the retention of a strong public sector in each locality. Unless we tie the approach up with public service reform and multiyear budgets are part of that, we cannot do that very effectively—or as effectively.

Douglas Lumsden: What would you like to see? Would you like to see the exact sum that you will get for the next three years, or would you like things to be tied to the inflation rate? Last year, you probably got more than you expected to get two years ago, but that has been eaten away by the pay deals and everything else. I am trying to work out what certainty you would like to see.

Malcolm Burr: I appreciate that, and I go back to the fair comment that the Scottish Government, too, is subject to one-year budgets. I am looking at the issue practically. About 10 years ago, my council's revenue budget was about £120 million; it is now £102 million. I am not expecting that to be restored overnight, but I am looking for some indication that that budget will at least keep pace with real inflation, that commitments that the Government seeks to have us deliver will be fully funded, and that there will be, preferably as part of a deal with local government, a recognition that public service reform will not be delivered overnight, advanced though we are along that route, and that there needs to be stability for the next two to three years while we look to deliver a more efficient public sector locally.

As Robert Emmott said, that is quite complex, because the situation in the Western Isles will be different from that in Dundee. However, the principles will be the same if they are focused on outcomes and on keeping a strong public service in a community that has the capacity for community leadership. My biggest fear in all of this is that we will lose collectively our capacity to provide leadership in our communities, to be effective advocates and deliver effective change for our communities, and to look after people and do what we are meant to do.

Robert Emmott: Indicative figures would help councils to plan. The UK Government produces indicative figures periodically to show how things will look for the next few years. We all accept that circumstances change. Where we are with inflation now was not predictable before Covid. We are in a more unusual period, but it would help to say, "This is what you can expect to get next year if things stay the same, and there will be changes."

We all accept that political decisions and policies will come through and that some of them might come through relatively late in the day. If you look at the public information that is available on next year's budget, you will find that it is difficult to work out where we are going. We have just started thinking about next year. However, at the moment, we have the medium-term plan, which indicates that there is a gap of around £1 billion, but not how that will be addressed. We are trying to judge the savings that we might have to find and where those cuts will go.

I am particularly conscious that we do not want to have a discussion about cutting services that we do not need to cut. That will just create alarm and discontent about what we are doing. We need to have some idea of what we can expect and what we should be doing, and then decisions about where we might invest or disinvest. Where we might focus on priorities can follow that. There will always be the caveat that circumstances might change. Covid has amply demonstrated that.

Douglas Lumsden: You might have some flexibilities coming down the line. I am thinking about the workplace parking levy and the tourist tax. Do you see those as being ways to plug your budget? I always thought that they were intended to raise additional funds, but have things changed to just being about keeping the lights on?

Robert Emmott: I do not think that either of those things will have significant implications for Dundee. If you look at the councils that will probably have the biggest return from the tourist tax, you will see that they spend significant amounts of money on services for tourists. Highland Council usually stands out most. However, if you look at the impact of tourists, the success of some of the advertising that they have

done and the numbers of visitors that they have, you will see that the costs of servicing those probably drown out the additional revenue that might be received from a tourist tax.

10:30

We do not expect that to be a significant levy. Maybe I am underestimating the popularity of Dundee after the big weekend, but we expect it to be more of an extra. Like the parking levy, it is not something that we, as a council, are looking at. It is fair to say that rates and council tax are the areas of local taxation in which there is most ability to generate income and influence behaviour.

Michael Marra (North East Scotland) (Lab): I start by declaring an interest: two immediate family members work in children and family services at Dundee City Council.

That brings me to Mr Emmott. You talked about the expansion of early years provision and the number of people involved. At the same time, the number of additional support needs teachers in Dundee has almost halved since 2010, dropping from 165 to 93. That is in the context of a drop in the number of teaching staff across the board in Dundee, despite the number of pupils having remained roughly steady. That does not feel strategic as a way of delivering better outcomes for kids from the most disadvantaged backgrounds.

Robert Emmott: It is a challenge. You probably know that, in terms of spend per head in schools, Dundee is at the more efficient end of the scale. My colleagues in education would say that, if they had the resources, they would want to see additional support going into schools. Particularly since Covid—you will be aware that we got additional resources for teachers and classroom assistants on the back of that—the needs of young people and the demand have increased. The council recognises that as a priority area.

One area that we explored in the budget for this year was whether we might look at teacher numbers, and we came away from that. The council recognises the importance of that, but resourcing is a challenge. If you look at the envelope that we are working within and the resources that we have, you will see where we have got to. The picture on staffing shows us—I do not have the detail on ASN teachers that you have to hand—that the children and families service has been valued at a higher rate than some of the environmental services.

I am not surprised, looking at the figures, that corporate services, for example, have been squeezed, because that is where I would expect councils to squeeze out efficiencies in the delivery of services. There is a challenge, particularly

across Scotland, about how we get the best outcomes and how we invest. That is a policy matter rather than a—

Michael Marra: Absolutely. The purpose of my comment is not necessarily to criticise you on that issue. We could have that discussion elsewhere. My concern is about public sector reform and the process of driving that. You have described this as an outcome that is to be delivered by diktat of the Scottish Government. It wants there to be a focus on this area. It also wants there to be a focus on early years, as you said earlier. Dramatically cutting provision for the next stage for the most vulnerable children at the same time, with no sign of that recovering, does not feel like a strategic approach. As a council, you have to respond to that instruction, but it does not feel like a strategic approach to public sector reform. That is a comment from me, but perhaps you could reflect on the process.

Robert Emmott: The only thing to say is that what is important for us in the public sector is to invest where our priorities are and to recognise where that investment is. I touched on taxation before, but if we are to have public services at the level we want, we will have to think about how they will be funded and the opportunities that exist to raise revenue to pay for the level of services that we wish for. If we wish to invest even more in early years because we think that that is important and in prevention, which is important, and if we have to make more savings, I am concerned that that will eat into services that have a knock-on impact, and we will have to think about how those are funded.

As a council, we will think about income, charges and opportunities to raise funds to make sure that we can still deliver services, but that is a bigger conversation. My point about public sector reform is that we can change the bodies—Iain Tough talked about the efficiency of this, which is why I quoted our management costs figure of 1 per cent—but we are at the margins in merging organisations.

The way in which you deliver services and the people on the ground are what make a difference. That is not to say that we cannot do better some of the work that we do—there is always scope for improving some of those things—but some of that will involve a big policy question about the level of taxation and public service. It is right that our efficiency in what we do should be under scrutiny, but once you get to a level where you have the right number of people in the classroom, there is not a lot of leeway for further improvement.

Michael Marra: You mentioned changes in the number of children going into placements. Removing young people from their families and putting them into placements is a very expensive

thing to do. If fewer children are put into placements, will there be an increase in support for social workers to work with children who are not in placements? When you are balancing that budget and, hopefully, reducing the cost on one side, are you seeing a linked increase in the resource for social workers to work with children who are kept in-house? That must be a live discussion at the moment.

Robert Emmott: Absolutely. Costs can be compared with those for someone in a secure placement, for instance. The cost of local provision will require investment. It is not just about the cost; it is about the fact that retaining someone locally is likely to lead to better outcomes in the long term. You have to put the support in.

There are a couple of active discussions at the moment about different ways of providing that support and creating the capacity. In my former council, we spent a lot of time creating local capacity so that there were alternatives to secure placements. That meant that, when you went to the children's panel, you were not in a position in which the panel would say, "The only thing we can do here is very expensive." It could say, "Actually, there are a range of measures that might suit the circumstances of the individual and deliver the outcomes that you want."

I know that that is all easy to say, but we recently appointed a new member of staff who is working hard to look at how we can put in a strategy that will deliver all of that. I do not know all the reasons for it, but Dundee City Council's costs in that area are disproportionately higher than those of many other councils. It is difficult to get to the bottom of why that is the case. It should not be an excuse, but there might be specific circumstances that give rise to that position.

Michael Marra: You put forward the figure of 1 per cent of costs being for the executive function, and colleagues also mentioned it. I find that some of the discussion about shared services misses the point in some respects: we are talking about a small number at the top, rather than the bulk of the costs. Has there been discussion across the Tayside region about a shared leadership team with one chief executive and one director of finance, for example?

Robert Emmott: We are discussing what opportunities there might be around that and thinking about what we could do and how that might work, but it is early days. There are challenges around the chief executive role, in particular, because of the support that councils need in a political sense, but we think that there are opportunities to be explored. There might be things that could be done, but you are right to put your finger on that suggestion: it is one factor that has the potential to help. If you can save a tenth of

that 1 per cent, you will have made a contribution. It will not be a panacea, but it might help.

The number of bodies presents a bigger challenge. That might be where you have competing objectives, because not everybody is necessarily in the same space. We all have to be focused on the outcomes. Iain Tough described it better: if the partnership is working and you are all properly focused on the outcomes, the barriers are not there. You can remove the barriers, but they sometimes pop up and make it more challenging to deliver services, particularly when you have different targets.

Michael Marra: There was also mention in the evidence of the medium-term financial strategy that was published by the Government. The Institute for Fiscal Studies said that that told us that a significant funding gap was looming but gave little sense of how to address it. The Fraser of Allander Institute said the same, as did the Scottish Parliament information centre. As organisations, what have you learned from the medium-term financial strategy about the challenges and the opportunities that are in front of you? Did it illuminate? Did it help?

Iain Tough: That is probably a question for our section 95 officer rather than me. It has helped us to develop our medium-term financial strategy and to align it with the national position. The issue goes back to Mr Lumsden's question about why we have a medium-term financial strategy. A lot of the outcomes that we want to deliver for communities cannot be delivered in a year. You need a longer period to be able to make a real impact.

The answer to both your questions is that that is why you need certainty or, at least, projections with some certainty around them about where you can direct your resources to best meet those community outcomes and to best deliver services. Having a national medium-term financial strategy helps with that, but that one is just as open. Part of the problem is that there are so many movable parts and so many variables within a medium-term financial strategy, nationally as well as locally.

Michael Marra: The MTFS told us that there is a £1 billion funding gap in the coming year, which will rise, within three years, to £1.9 billion across Scotland, between the projected policy prospectus of the Government and what is to be delivered. Malcolm Burr, did the financial strategy simply tell you the size of your black hole?

Malcolm Burr: Yes, I think that that is right. It told us of the need for significant reform. The point that you made about outcomes is a good argument for having a single public authority in the areas that want one. If your focus is, say, population retention and growth, what makes that

happen? Jobs, skills, housing and having a good service for children and young people are what makes that happen, if the whole resource of the whole public sector in a locality can be devoted to that end without having to negotiate the structural landscape and the priorities of each statutory body. At a time of financial constraint, the tendency is always to retract and say, "I have to do this, and I don't have any capacity for that." It made the argument for significant public service reform very strongly.

You asked about the black hole. That is correct: it identified a gap that we know about and are all trying to fill through the use of the reserves that we have left and through so-called efficiencies. That cannot go on, and that is what the report said. There is a gap between expectation and statutory duty and financial reality. We have to be more imaginative about how we address that—hence my plea for indicative budgets to at least allow us the space to work through the issues. That will require primary legislation, hopefully in the form of a local governance bill towards the end of the current session of Parliament. However, that will not solve the issues in the next three to four years, so let us please have an environment that allows us to be creative as well as simply to manage.

Liz Smith (Mid Scotland and Fife) (Con): My question is the question that I have asked two previous panels, and it relates to the fundamental tension at the heart of public service reform. There is a difficulty because we are trying to bring together the mandate situation that the Scottish Government would like to see across all public sector reform—namely, having its targets in place—and the targets that councils set because they feel that they are the best people to know the local circumstances. That is the central problem that we are grappling with.

I cited the example of the national care service, because the Scottish Government has rightly said that the current system—for all sorts of reasons—cannot continue, but what the Scottish Government has proposed has, generally speaking, not been well received by the local councils. Will you comment, not on the politics of that but on the difficulty of bringing together the perspectives of national and local government to ensure that services are delivered in the best way? It is a challenge to bring your own perspectives together in a way that delivers improvement.

Malcolm Burr: I am happy to try to answer that. That would be a good way forward. I think back to 2007, when there was a concordat with local government and a local agreement between the Scottish Government and each council. I thought that that was effective, because it talked about not only what Government legitimately wanted but

what local government, as an equally elected partner, wanted and what could be delivered jointly. That approach merits reconsideration, because it involves more than a local outcomes impact assessment; it is really about saying, "We will do this in this area."

10:45

Liz Smith: That is a helpful comment, Mr Burr. Let us say that there was a new type of concordat. Would you want it to be negotiated by Government with each council or by Government with all 32 local authorities? How do you see the negotiation working to ensure that people in local government are satisfied that they are offering the best delivery?

Malcolm Burr: I can see the advantage of a common approach across Scotland, but what was done locally would be what mattered. One cannot ever presume what communities want. I think back to our budget consultation that my colleague Robert Emmott led for us 10 years ago. We thought that we knew what the priorities would be. In Lewis and Harris, the priority of the community was economic development; in Uist, it was community transport so that people could have the freedom to move around and access services in a sparsely populated community. One should not presume.

Local engagement is necessary. The Government has its outcomes and rightly so, but how those are best delivered in our area will genuinely be very different from how they are delivered elsewhere. I could give housing as an example, which is a really positive thing that could be delivered better. That local agreement is absolutely essential. It gives to the two parts of elected government in Scotland the parity of esteem that the Scotland Act 1998 envisaged all those years ago.

Liz Smith: Mr Tough and Mr Emmott, would you like to see that as well?

Iain Tough: Yes, that common approach would be helpful, but it should leave room for localism and for local priorities to be reflected. Police Scotland has been mentioned a couple of times today. It has national strategic priorities but, at a local level, each local authority is required to have a local police plan that reflects the local priorities. I think that we could get to a similar approach. We cite the national performance framework all the time. We want to align with it, but only where it is important to us at a local level and we can see the connections. I am talking about things that are in our local outcomes improvement plan. There is a nod towards the national performance framework, but it is dominated by our local issues. That approach is proven to work.

Robert Emmott: I am thinking about where decisions are made and whether they are made at the right level. We have not always got that right. Who should decide how resources are deployed in a school? Should it be the headteacher, the local authority or the national Government? Where is it right to decide whether you need to recruit a teacher, to buy in resource or to employ, say, a psychologist? Some decisions should clearly be made at a local level and others at a national level. There are some policies where we would not want 32 ways of doing things across the nation.

In any framework, we should not be afraid to have the conversation about who should make the decision. At a national level, you should be saying, "That is a matter for the local council, on which it will stand or fall," and a local council should say, "The policy on income tax is national and a matter for the Parliament." Some conversation about which things sit where and who is accountable for them would help us to move forward. We can make difficult decisions and, sometimes, accountability is best left at a local level. Rationalising schools, for example, can be a difficult, painful process. Very few would go back 10 years and say, "I wish we hadn't closed those two old schools and built a brand new one." Although that would have been a difficult discussion at the time, it was one for local politicians. If it was not popular, they would not get back in. That is the reality of democracy.

Liz Smith: Thank you very much.

The Convener: Sometimes it is hard not to get back in when you have multimember wards. *[Laughter.]*

Michelle Thomson (Falkirk East) (SNP): Good morning, everybody, and thank you for joining us.

I will come to Robert Emmott first, as he is the only person to have mentioned AI thus far. Such is the exponential growth in the use of AI that change in that respect is likely to be foisted on the councils and, indeed, the Scottish Government. Given that we know that, what active consideration have you given thus far to how AI can assist public sector reform and, indeed, the general provision of your services?

I appreciate that it will be a slightly different question for Malcolm Burr, so, as I have said, I will come to Robert Emmott first. After all, Dundee is home to Abertay University, which is a leading light in the field. Can you give us a flavour of that, Robert?

Robert Emmott: I am happy to. The main area that we have been looking at is customer services and our interaction with the public. The issue gives rise to a host of things, not least the ethics of using AI in decision making, and I know that there has been some discussion on that. When we worked

with a leading business on this, we found that one of the things that AI struggled with was understanding the local dialect, but I hope that we will get past that.

The pace of change is probably faster than we have been moving at, if I am being honest. If you think about developments just in 2023, you will find that they have outpaced us. Most people are looking at AI and thinking about how they can use it. Our ability to respond efficiently and effectively to customers ought to become better, and our ability to join up the various pieces of customer inquiries ought to become better if we have access to the data and the processing power.

The short answer, though, is that AI is untapped, but we need to be careful with it, as it opens up lots of doors with regard to, as I have said, ethics, data protection and various other things. There is also the risk that it will go off in completely the wrong direction in how it responds to people. For example, I have been having a conversation with our executive director of children and families about where AI sits in education. I know that it is a challenge and creates situations in which you need to ask, "Is this your own work?" After all, if you have to write an essay, you can get a computer to do it for you. However, can it not help us, too? Can it help us, say, learn a language, access information or mark work? How can we tap into it? There is something to look at there.

I suppose that I am not qualified enough to know how revolutionary AI will be. There must be opportunities in that respect, but at this stage we will need to tackle them with care. Anyway, that is my sense—perhaps in a year's time, I will have a better understanding of the things we can do.

Michelle Thomson: As a follow-on, I suggest that one of the critical enablers for the utilisation of AI is sound collection of data. I fully accept what you say about the ethical use of such data, but how aware are you, as a council, of its being an enabler? You mentioned customer services, but that is almost looking at things the wrong way round. After all, the whole point of AI, which is driven by process, is that it blows up and breaks asunder a lot of the functions that we have already developed. How actively focused are you on collecting data as a minimum, given the massive processing power that AI can utilise off the back of that?

Robert Emmott: It is an active conversation that we are having at the moment. We are mindful that different parts of the council use data in different ways, and we are trying to look at how we bring all that together. We are conscious that we have a huge amount of data and that we do not always make best use of it. Sometimes, it just sits there, and we do not look at it.

Decisions on what services we will have in the future, who will use them and what their needs will be are really important, and we need to understand the impact of the changes that we make to services and who will be impacted by them. We have a lot of information—there is a huge amount of data about school performance, attendance at facilities, council tax and those sorts of things—but we have to use it carefully. Sometimes, it is a hindrance to have loads and loads of data, because you might not use it effectively. At other times, because we are really careful about following the law and making sure that we do absolutely everything right, we are too cautious. Again, there are opportunities that we are not capturing.

We must also ensure that we make evidence-based decisions. As you know, people can sometimes become passionate about something and lose sight of the facts. A service is not always underpinned by the number of people using it or its value to them, so decisions, particularly the difficult ones, need to be evidenced.

That is where AI can come in, because it might, I hope, remove the legwork. If you are confident, you can ask it a question, and if it comes back with an answer that you can believe, you might have saved yourself a day's work. I have not tried it, but can I get it to write my budget strategy for me? What will it suggest? It might uncover something that I had not thought about; for example, it might say, "If you look at what Comhairle nan Eilean Siar is doing, you might pick up on something that has been done differently." It has applications, but we do not even know what questions to ask it yet. I certainly do not, but perhaps others are ahead of me.

Michelle Thomson: I will bring in Iain Tough and then Malcolm Burr, and then I have a follow-up question.

Iain Tough: I asked an AI app recently, "Can you provide me with a job outline for an AI researcher?", and it produced a perfect job outline and advert that I could use, so it has practical uses. Robert Emmott is absolutely right, though—the pace of change with AI is something that we have not caught up with, certainly where I work.

We need to understand not just what AI can do but what the risks are. Robert Emmott talked about the management and governance of the information that it provides, whether it is subject to the general data protection regulation or whatever, and we need to understand that better. That is a journey that we are on just now. Having used it once with great results, I think that there is something in it for us, but we need to understand it better.

Michelle Thomson: Are you taking active steps to develop a strategy—or even to conduct the research that will help frame such a strategy? Again, I am thinking specifically about how it might be utilised in public sector reform, which is all future focused. Where are you in developing your knowledge as a council?

Iain Tough: I will tell you, once I get someone appointed to the position that I got the job description written for. [Laughter.] That is the approach that we are taking. It is very much one of the emerging issues in our digital strategy. I know that I have mentioned this a couple of times already, but it is a priority area for us.

Michelle Thomson: Malcolm, I understand and appreciate that the scale of this will be markedly different for you.

Malcolm Burr: Yes. We work primarily through the Society of Local Authority Chief Executives and Senior Managers, the Improvement Service and other agencies on developing our strategy, but AI has changed what we thought of as digitalisation. The questions that we always have to ask are: how does it empower, and whom does it empower? That is my test for new technology. The lawyer in me always asks how safe the evidence is.

Iain Tough gave a good example of what AI can do to save time. It has that evidence base, and, provided that it is something neutral to which, say, human beings can apply their critical faculties, it can be part of a digital efficiency strategy. We just have to ask how it empowers people. In principle, it should empower the less articulate and those who are less able to participate more, but will it? I do not know.

It is exciting, though. We should see AI not as a threat but as something to be managed. We do need to be wary of its negative aspects, but all technology usually has more benefits than disbenefits.

Michelle Thomson: Finally, I have a general question for all of you. What public sector reform guidance are you receiving from the Scottish Government to ensure that you include it? Are you grasping a sense of urgency from the Scottish Government that it is something that you need to look at? Have any conversations taken place?

Iain Tough: I am not aware of any. As Malcolm Burr has said, any advice and guidance that we have seen has come through our professional networks such as COSLA and the Improvement Service. I am not close enough to what is perhaps emerging nationally from the Scottish Government, but our professional networks are very much looking at where the opportunities lie.

Michelle Thomson: Is that the same for all of you?

Robert Emmott: Apologies—are you talking just about AI?

Michelle Thomson: Yes.

Robert Emmott: At a national level, we are working with COSLA on it, but it is a fast-moving space, and there is still a bit of catching up going on.

Malcolm Burr: It is something that is ripe for national and local collaboration across the whole public sector, because the issues involved are largely the same.

Michelle Thomson: Okay. Thank you.

The Convener: That appears to have concluded questions from the committee. Are there any further points that you would like to make before we conclude the session?

Malcolm Burr: I will just say a final word about public service reform. The questions have been illuminating, but, just in case people think that this is largely about local governance or local government, it is also about empowerment, improvement and sustaining public service.

The Convener: Okay. Thank you very much for your evidence this morning. It was very helpful to the committee. We will continue taking evidence on this subject after the summer recess.

That concludes our public evidence taking. As the next item on our agenda will be taken in private, I will call a five-minute recess to allow our witnesses to leave.

11:01

Meeting continued in private until 11:24.

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