OFFICIAL REPORT
AITHISG OIFIGEIL

Local Government, Housing and Planning Committee

Tuesday 19 December 2023

Session 6

The Scottish Parliament
Pàrlamaid na h-Alba

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LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE
31st Meeting 2023, Session 6

CONVENER

*Ariane Burgess (Highlands and Islands) (Green)

DEPUTY CONVENER

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

COMMITTEE MEMBERS

*Miles Briggs (Lothian) (Con)
*Stephanie Callaghan (Uddingston and Bellshill) (SNP)
*Pam Gosal (West Scotland) (Con)
Mark Griffin (Central Scotland) (Lab)
*Marie McNair (Clydebank and Milngavie) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Dr Jonathan Carr-West (Local Government Information Unit)
Professor Jim Gallagher
Professor Donna Hall

CLERK TO THE COMMITTEE

Euan Donald

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Local Government, Housing and Planning Committee

Tuesday 19 December 2023

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Ariane Burgess): Good morning, and welcome to the 31st meeting in 2023 of the Local Government, Housing and Planning Committee. Please note that we have received apologies from Mark Griffin.

I remind all members and witnesses to ensure that their devices are on silent.

The first item on our agenda is to decide whether to take items 3 and 4 in private. Do members agree to take those items in private?

Members *indicated agreement.*

New Deal with Local Government

09:30

The Convener: Under agenda item 2, we will take evidence on the new deal with local government. The session is an opportunity for the committee to explore external perspectives on the relationship between central and local government in Scotland. We are joined in the room by Professor Jim Gallagher and online by Dr Jonathan Carr-West, who is the chief executive of the Local Government Information Unit, and Professor Donna Hall CBE, who is a former chief executive officer of Wigan Council and NHS Wigan borough clinical commissioning group. I welcome all of you.

I will start with a broad question. I would be interested to hear what you see as being the strengths of the Verity house agreement and whether you think that it encapsulates an approach that could enable local authorities to respond to the severe challenges that they currently face. If not, what does local government need to succeed?

For ease, I will start with Jim Gallagher in the room.

Professor Jim Gallagher: Good morning, everybody. It is always a pleasure to be here in this enormous room. I can see you all in the distance, including colleagues who are even further away.

You have asked a very general question about the so-called Verity house agreement, convener. In its own terms, it is rather a disappointing document because it is a set of warm platitudes about what we would all like to see and have. Who could be against sustainable public services? The document does not provide a mechanism for choices, and it does not go beyond general statements of good will. It would nevertheless be a good thing—general statements of good will are not a bad thing—if it led to a set of changes in behaviour in the relationship between central and local government.

Unfortunately—I might as well put King Charles's head straight in the middle of the room—it did not lead to changes in behaviour; it led almost immediately to exactly the opposite of the behaviour that it described in the form of an unplanned and unconsulted-on freezing of the council tax. Having agreed to a set of warm-hearted platitudes with one hand, the Scottish Government simply drove a coach and horses through them with the other. I fear that the relationship requires a genuine fresh start and, at the moment, I do not see how it is going to get it.

The Convener: You mentioned that the agreement does not provide mechanisms for choices. Could you illuminate a little what might need to be there?

Professor Gallagher: I mentioned sustainable public services. One of the tests when somebody says something is that, if you cannot reasonably say the opposite, they have not said anything useful. Who in the room is for unsustainable public services? Nobody. The document tells us nothing, and it does not give a mechanism that says do this and do not do that.

Politics is about choices, and sets of warm statements that do not imply any choices and do not set out the mechanisms by which choices will happen—the agreement does not do that—are no more than sets of warm words. We have plenty of warm words around here, folks.

The Convener: That is great—thanks. I will come back later with another question to delve a bit more into the council tax issue, but thank you for bringing the matter up.

Let us go online. Donna, what are your thoughts on the strengths of the Verity house agreement?

Professor Donna Hall: I hope that you can hear me all right, convener.

The Convener: Absolutely.

Professor Donna Hall: I am a resident of yours now—I am living in the Highlands and no longer in Wigan.

I think that it is good to have the agreement, although I agree with Jim Gallagher that it needs to be a bit more specific. Sustainable public services are achievable only through wholesale public service reform; I notice that the document talks about person-centred services, particularly children's and adult services, which are the main drain on council resources at the moment. However much money we put into those services, the fact is that we need to completely transform the way in which we deliver them, building, perhaps, on some of the work of the Christie commission. We need to be more specific about taking a reformist approach and having person-centred, asset-based working in communities, and I think that that needs to be part of the outcomes framework, too.

That said, although the agreement might not have been delivered in the best way in its first few months, there is at least one to build on. I do not think that there is anything like it between local government and the United Kingdom Government at the moment, and there has certainly been no discussion about public service reform. That would be my comment: make the agreement more specific and more about reform.

The Convener: Thanks very much for that, Donna. Do you have any comments, Jonathan?

Dr Jonathan Carr-West (Local Government Information Unit): I do not disagree with either Jim Gallagher or Donna Hall—it is exactly as they say. When we look at other countries where the relationship between central and local government arguably works better, we see a sort of constitutional clarity about where local government sits. In Germany, for example, you have the basic law, which builds subsidiarity into the legal framework, while in Italy, you have horizontal distribution of resources between local authorities, as well as what is called the Italian local autonomies conference, which is a sort of standing committee for negotiation between central and local government on funding and other issues. Those things have legal status; for example, in Italy, if central Government creates unfunded mandates or gives local government duties but no money alongside them, that can be challenged in the courts.

We do not have a written constitution in the UK, and I think that the Verity house agreement is a good first step at putting in place, even without that written constitution, the sorts of sub-constitutional memorandums of understanding or agreements—whatever you want to call them—that try and set out what the relationship between local and central Government should be. That is a good thing, and many people were looking at Verity house and saying, "Well, look, perhaps we should be thinking about this in England", because, as Donna Hall has said, there is nothing equivalent there or in other parts of the UK.

However, such agreements are only as good as people's adherence to them. It is disappointing that, as Jim Gallagher has pointed out, a coach and horses has, within a couple of months, been driven through the agreement's principles of no surprises, local by default and early negotiation around budgetary issues. They have all been trashed by a unilaterally-announced council tax freeze. That is why, when we surveyed Scottish local government, only 10 per cent of leaders and chief executives felt that Verity house has, in effect, improved communications between central and local government.

Nevertheless, that does not mean that we should give up on it—it is still a good place to start. The fact that we can have a conversation about whether or not it is being adhered to is still better than having no basis for that conversation at all. However, as Jim Gallagher and Donna Hall have just said, the agreement needs more specificity and people to put their money where their mouths are.

We would also argue that what it lacks is a sort of formal body that is equivalent to the Italian local

autonomies conference. The agreement talks about negotiation between the Convention of Scottish Local Authorities and the Scottish Government, but it does not set up a standing forum in which people can see that sort of thing taking place publicly. That said, it is a good start; it has not had the best of implementations, but there is, I think, potential for it to deliver real value.

The Convener: Thanks very much for that, Jonathan. You have mentioned the council tax freeze—indeed, you have all referred to it—and the report that you produced, having spoken to council leaders. What needs to be done now to rebuild trust? That trust might not have been completely trashed, but it might need to be strengthened. What needs to come from central Government in order to restore it?

Dr Carr-West: Trust comes from two things. It comes from open conversations and it comes from reciprocal actions. There needs to be a full and frank exchange between the Scottish Government about what happened and what people feel about it. We will see what happens in the budget later.

By the way, the fact that we are all going to sit here and speculate from a local government perspective about what will be in the budget also implies that the early negotiation has not met the principle of no surprises. We are waiting for a surprise later. I do not think we can aspire to a U-turn on council tax reform, although that would be nice, but there is a whole set of other ring-fencing measures that local government is keen to see removed to give local places the flexibility to spend money in the best way for their local areas, which local government, rightly in my view, thinks that it is best placed to do. There is still potential for that.

There are still things that the Scottish Government could do to start moving us back in line with the Verity house agreement. I would say that an honest conversation about what happens with council tax and ring-fencing going forward would be a very good place to start.

The Convener: There are on-going discussions about council tax in general and its future. You talked earlier about what is happening in Italy and the standing committee that negotiates the funding that comes with policy from central Government—that is what I understood you were saying. We have a local democracy bill coming up this session. I wonder whether that will give us the opportunity to look at whether enough is in place to build on and go in that kind of direction with that bill as a vehicle.

Dr Carr-West: We should look at that. The advantage that they have in Italy, Germany, Japan and many other jurisdictions is that all of this has a constitutional and legal framework. The challenge is that, in this country, local government is a subject of case law legislation, not constitutional. The experiment of the Verity house agreement is about whether we can do it and get similar results with in-principle agreements based on goodwill. That is what we need to test, and we might come to the conclusion that we need to instantiate some of it in law. We need to have principles around subsidiarity and budgetary consultation within a legal framework, and the bill to which you referred provides an opportunity to do that.

One conclusion that we could draw now is that the Verity house agreement sets out the right principles, but it needs to be given a firmer legal standing. We might have an opportunity to do that, and we should think very carefully about it.

The Convener: Great. Jim Gallagher, do you have any thoughts about what needs to happen to rebuild trust, or any experience of what is happening in other countries with trust and the relationship between national and local government?

Professor Gallagher: I am not sure how helpful international comparisons are, given the different constitutional frameworks and the different balance of local and national responsibilities.

However, one does not have to look too far back in this country's history to see that tolerable local-central relations can be made to work. As it happens, I agree with Jonathan Carr-West that the UK could do with a constitutional principle of subsidiarity that would relate to the powers and responsibilities of this Parliament, but also go beneath it and relate to the relationship between this Parliament and local government and, as one always adds at this point, local communities themselves. It would be a very good thing if we legislated at UK level to provide for that, thus embedding the principle throughout the system.

As for rebuilding trust, one has to start with the practical. In that sense, it is right to say, as Donna Hall does, that one has to start with the practical things that need to be changed. I would address the question of the relationship as it was addressed half a century ago, although everyone has forgotten, in the magisterial report of the Layfield committee on local government and central government relations, which I commend to the committee.

09:45

The report said that the question that must be asked is whether you regard local government as an agent of the centre or as a democratically elected partner with its own authority and responsibilities. Governments have always fudged that, which means that, in effect, they have taken to regarding local government as an agent. The council tax freeze is an excellent example of that.

Government must ask itself what it thinks its job is and what relationship it wants with local government. It must be explicit about that, rather than pretending as—if I may be brutal—it does in the Verity house agreement, that local government is a valued partner while treating it as a second-rate agent. It may be that the right answer is to say that local government is an agent in some respects, such as in the social care of the elderly, which sits very close to the national health service, but that, in some other respects, local government should be regarded as an institution with its own autonomy and democratic accountability.

If you do that, you then design a fiscal system—which I am sure we will come to later—that supports both those aspects of local government but deals with each differently. You fund an agent in one way, but you support a democratically elected layer of government in a different way.

Someone who properly thought that through would come to conclusions and behaviours that are different to those that we see today. You could think about that in the context of a local government bill, but, in the end, it is not legislation that matters. What matters is the behaviour of Government and local government.

The Convener: That more nuanced approach is very interesting. There might not be only one way to approach the relationship. Instead, depending on the issue or policy, there could be different ways to do things, either by funding an agent or by supporting a democratically elected partnership. That is very helpful.

Donna Hall, do you have any thoughts about rebuilding trust or any experience of the relationship between national and local governments in other parts of the world?

Professor Hall: I do not have much experience of other contexts around the world.

The strength of the relationship is that it is there and is something to build on. I think that an apology would not go amiss: someone should say, "I'm really sorry we did this." If the agreement is a genuine social contract, part of it should be to admit when one side's behaviour does not exemplify what is written in the document, so an apology would be good.

The only way that we will get sustainable public services is by expanding into a reformist agenda. I really liked what Jim Gallagher said about NHS services. We are doing it again: we are not starting the agreement from the perspective of a person or a neighbourhood but from the perspective of how we organise the services that we provide. People in communities do not see the difference between the NHS, local government, welfare or the police: they just see public services and they want us to work better together. We need some sort of agreement about a place-based approach to financial settlement, with NHS boards and local government having a joint place settlement.

I was going to share some slides today; I will send those to you separately. The presentation tells the story of one real person and maps out all their interactions with the NHS, the Scottish Ambulance Service, local government and housing. If you can name any element of public service, John has accessed that in the past 10 years. That has cost millions, but we have messed that up big time—we really have. That is where all our money is going, particularly for children and adults. If you did the same with a family, you would tell the same story.

Because the NHS and local government have separate commissioning approaches, particularly for children's services and for adult social care, we get things wrong. I think that a place-based, total-place approach would be better. I do not know whether that was ever implemented in Scotland, but it was in England and it was really successful. There was a whole-place approach to transformation. We will never get sustainability unless we do that.

The Convener: That is really helpful. I look forward to seeing those slides because it would be helpful to see that scenario illustrated.

As someone already mentioned, this is an interesting morning on which to take evidence because the budget is about to be announced. We will be even more informed, in a few hours, as to what is going on.

I will bring in Pam Gosal with a question.

Pam Gosal (West Scotland) (Con): Good morning, panel. Quite a lot of my question has been answered, but I feel that I owe it to the local authorities to ask it nonetheless. I have been lucky enough to have spoken to more than half of the chief execs of the 32 local authorities, and they have clearly said that one of the primary principles of the Verity house agreement was violated less than four months after the agreement was made. The First Minister failed to consult or even inform councils of the council tax freeze. In essence, the agreement fell at the first hurdle. Those were their words and it is also what a lot of people are saying—as I am hearing from you today as well.

Do witnesses think that the role of local government and central Government will change, or was the agreement simply empty words? I want also to go back to the issue of behaviours: what behaviours should change, or should have happened from the beginning? I put my question to Professor Jim Gallagher.

Professor Gallagher: I agree with the analysis. I do not regard the Verity house agreement as well

supplied in the verity department. It has a big hole in the middle of it. If you cease to follow it within weeks of making it, it rather suggests that you were not sincere in making it. That is an important point to make.

I am not absolutely sure whether—as Donna Hall suggested—an apology would meet the need. However, what behaviours would one like to see? In the end, we are looking at finding ways of putting down guidelines or guardrails—call them what you will—that will incentivise the right behaviours rather than the wrong behaviours. Another set of pious statements about how nice we are going to be to one other would not do the job. I think that there is something in what Jonathan Carr-West said about constitutionalising the principle of subsidiarity, but it is quite a broad principle.

For my part, to go back to what I said to the convener earlier, I would like central Government and local government to have a frank conversation about which bits of the universe that they deal with together are ones where central Government is going to be dominant, and accept that. As it happens, social care is a good example, for the reasons that Donna Hall gives. It has to be integrated with the health service, and the single most important thing that we could do for the health service in Scotland is fix social care. It would cost money, of course, but these things do.

There is a difficult argument to be had about precisely where and how education fits into that picture. There is also a third chunk of all the other important local services that Government does not effectively ring fence in Scotland at the moment, but that are nevertheless important and require to be funded. It is about an agreement on what the funding system for those would be and what the funding principles are; in particular, what the degree of equalisation of resources should be. There are choices about that; what you do is not automatic. That might be a good start.

The second set of guardrails that one might put down are structural, and they go back to the arrangements for consultation and the obligation to consult. It is quite ironic, in this context, to watch the Scottish Government do to local government what it complains that the UK Government does to it. There is a deep and ironic symmetry in that. It is always terrible when Westminster does something without consulting, but it is entirely acceptable when Holyrood does it. Both of them are wrong.

We need a set of procedures that are actually followed and a set of structures that are actually obtempered, in order to create the space in which the conversations that have to happen take place. That is a sign of the underlying behaviours and the underlying respect, but that may, in time, create both the respect and the behaviours that are desired. It is not at all straightforward, I am afraid, once you have got to this place.

Pam Gosal: Thank you. Before I move to Jonathan Carr-West, I will come back to you, Professor Gallagher. You talk about a set of procedures to be followed. One can easily put down on paper a set of procedures and one can easily sign that, as with the Verity house agreement, but how does one make sure that someone complies? Will penalties be put in? Are you aware of any such frameworks or policies having been used before? It is important to know how we make sure that this is followed. If the Scottish Government were to break the agreement again, who will be liable and who will be responsible? I know that these are heavy words, but we do not want just words. How can we help firm it up a little bit more?

Professor Gallagher: It would be nice to think that you could report them to the teacher, but you cannot. The Government is the Government; however, the Government is accountable to Parliament. If there is anybody in the system who can be the teacher, it is Parliament, and it is therefore the responsibility of the folks in this room to make sure that Government does what it says it will do. That requires a flow of information about how things are going. It is great that you have been talking to individual local authorities. What you need as a committee is a flow of information from local government that tells you whether folk are doing what they said they would do, and the capacity to summon—as you have—ministers to explain themselves. I am afraid that there is no mechanism other than parliamentary scrutiny that can achieve that.

Pam Gosal: Thank you. Would Jonathan Carr-West or Donna Hall like to say anything?

Dr Carr-West: I agree with all that. In the end, the point is not whether we think that this is working or we think that relations are getting better, but what local government thinks. As I mentioned earlier, in our survey, only one in 10 leaders and chief executives agreed that the Verity house agreement had improved communication. Only 8 per cent said that they were happy with the progress that had been made in bringing local government into consideration of wider policy decisions. The sector is very clear that it does not feel consulted, it does not feel engaged and it does not feel that the policy is being developed with it. The sector feels that the policy is something that the Scottish Government is doing to it. That is both undesirable and, in the end, unsustainable.

Why does it matter? It matters for all the reasons that Donna Hall set out. Of course a place-based approach is exactly right, we need the integration of social care and preventative

services, and we need services centred on the individual. However, we cannot get that when budgets are being ring fenced by central Government, whether the Scottish Government or the UK Government. Ring fencing does not enable the approach to public services that we know that we need to have at the local level.

We have made very limited progress on this. Donna Hall talked about total place—total place was great, but I believe that it was first trialled in 2008. That is 15 or 16 years in which we have not moved forward on the place-based agenda. In my early years at LGIU, I spent a lot of time running events to which the late and much-missed Professor George Jones would always come. He had sat on the Layfield committee and whenever I said anything that I thought was clever, he would very politely remind me that the Layfield committee had, in fact, covered all of this back in the early 1970s. That is definitely worth looking at.

That leads us to ask: what prevents us from moving forward? We keep having those ideas, we keep talking about a different approach, and we never quite get it. I think that we need clarity around what we think the relationship ought to be. In my view, that relationship should be centring more on local government as a site of democratic legitimacy, not just as a sort of agent of the central state.

Yes, there should be accountability through Parliament, but also through public opinion. We need a much broader conversation about it so that members of the public can see whether Government is fulfilling its obligations. Ideally, there would also be something that can be held up in the courts through a legal framework. We are a very long way from that. We will see what happens in the budget later, but, right now, local government tells us that we are moving in the wrong direction, not the right direction.

Pam Gosal: Thank you. Does Donna Hall want to come in?

Professor Hall: Sorry—there was a bit of a delay. The system did not let me unmute myself.

10:00

I have a slightly different perspective from that of Jonathan Carr-West. Some places are trying to take a total-place type of approach—we did that in Wigan, starting in 2011. We brought together national health service and social care resources, and we managed to add an additional seven years of healthy life expectancy in the most deprived wards, in a large borough. At the same time, we managed to make almost £200 million of savings and freeze council tax—we did that for eight years.

I will touch on this point, if I can, although it might be a bit controversial and raw. Council tax is the most regressive form of taxation in the UK. During the period in which we froze council tax, we managed to add an additional £500 for every band D property in Wigan. Although the way in which the Verity house agreement has been enacted is not right—no one can excuse that behaviour—I do not think that freezing council tax is automatically a bad thing. Treasurers would say that it is, because they often like to ratchet it up to the maximum. In my view, however, that is passing the burden of public service reform on to citizens, which is unfair.

A freeze might be controversial, but council tax is a massive drain on family incomes and that has to be addressed. Simply putting it up is not the answer. We have to reform services and do the total-place approach. We have to start with the person.

There is some amazing work happening in parts of Scotland and across the UK, for example in Gateshead and Wigan. There is a load of great work going on, and people are not standing still. There are 42 integrated care systems in England that are trying to do that work. As public service leaders, we have to help people to do it, because however much money we are given, and however much we put up council tax, that will not work unless we transform and reform.

The Convener: I come back to Jonathan Carr-West. You did some research that involved talking to council leaders. However, in my understanding, the Verity house agreement is an agreement between the Scottish Government and the Convention of Scottish Local Authorities. That is where the communications happen, and then COSLA has a way of communicating with the leadership of local authorities.

Do you have any communication with COSLA around communications and what is happening there?

Dr Carr-West: Yes, we have spoken to COSLA.

Look—I do not think that we need any back channels to COSLA. We can see COSLA's view from its public statement after the First Minister's speech on council tax, which was unequivocal in its disappointment, surprise and—to be frank—anger.

Verity house is an agreement between the Scottish Government and COSLA, which represents the 32 local authorities in Scotland and gets regular feedback from their leaders. People are telling us that, in their perception, the agreement has not improved communications with local government as a whole, which would work through COSLA.

I think that COSLA's view is much the same—it was very disappointed, and it was very public about that. Speaking frankly, I was surprised at how unequivocal its statement was. It did not attempt to be diplomatic—it was very raw in expressing how angry it was about the announcement of the council tax freeze.

That is not to say—to pick up on Donna Hall's point—that we cannot have an argument about whether council tax is the right mechanism; of course we should. It is a regressive tax, and it is absurd that our main funding system for local government across the whole UK is a tax that is based on 1992 property values. We cannot think that simply funding councils through council tax and allowing councils to put it up year after year is the way to reform public services—it is not. At the same time, however, when one in four Scottish councils are saying that they are worried that they will not be able to balance their books this year, taking away that council tax base feels like a bad step in the short term.

If we are going to undertake reform, we need to keep local government going long enough to allow reform and innovation to take place.

The Convener: Thanks for that. As I said earlier, there is work being done in the Scottish Government around council tax reform. I would say bring it on, as soon as possible.

We move to questions from Marie McNair.

Marie McNair (Clydebank and Milngavie) (SNP): I remind the committee of my entry in the register of members' interests, which states that I was a councillor until 2022.

Do the witnesses agree with the three shared priorities that are identified in the Verity house agreement?

Professor Gallagher: I have no objection to any of the shared priorities. They do not guide behaviour, because they are insufficiently specific. They do not say, "Do this, but do not do that," although government is always about choosing. All resources, whether financial or otherwise, are limited and you have to decide which thing you will do and, therefore, which you will not do. Unfortunately, a set of broad principles to which no one can object does not help you in that respect.

Marie McNair: I will go to witnesses who are online. Professor Hall, will you share your views?

Professor Hall: The principles are great, and you cannot argue with them, as Jim Gallagher says. They need to be more specific, and the person-centred approach needs to be mentioned up front in relation to sustainable public services.

If it is okay, I will ask a question back. Has there been any consultation with citizens about the priorities?

Marie McNair: We can certainly come back to you on that, but I am not aware of whether there has been, to be honest. I know that local government consults its constituents regularly, but I am not sure about whether it has consulted on the priorities.

Professor Hall: If we are starting off with a set of principles and priorities, perhaps we should have a deal between residents and the council. That is what the Wigan deal was. It was a social contract with citizens that we would work together to improve public services and to make healthy and vibrant communities. Such a social contract is long overdue across local and central Government in the UK and Scotland. A two-way partnership on how we work together over the next few years is compelling but, rather than it just being about different forms of government having a contract with each other, let us include the citizen voice.

Marie McNair: Jonathan Carr-West, do you want to come in?

Dr Carr-West: In the interest of time, I will just say that I agree 100 per cent with Jim Gallagher and Donna Hall. They are absolutely right.

Marie McNair: The 2007 concordat between local government and central Government was not sustained. Why was there no longevity to it? What needs to be in place for the Verity house agreement?

Dr Carr-West: That is a good question. The 2007 concordat was quite a different beast in that it was much more specific about certain changes to funding and had much less on the ways of working together. The Verity house agreement tries to instantiate the sort of relationship that the Scottish Government and local government will have, the ways that they will talk to each other and the sort of esteem that will be shown.

By the way, it is really important that we build parity of esteem into such agreements, because when you go out and vote for a councillor or an MSP, a vote is a vote. It counts the same as other votes. The cross in the box has the same value, whichever bit of government it is for, and we should recognise that. Therefore, we need to have something that does not just say that we will do a certain bit of funding differently or will change certain other things.

That is more what the 2007 concordat did. It had a long list of such things and then a short bit at the end about how local and central Government would work together. An agreement that sets out principles for how the relationship will work can, in theory, have greater longevity, precisely because

it is not so tied to specific policy issues. However, that brings us back to all the issues that we have talked about before. It works only if people instantiate those principles in the way in which they behave towards each other, and that remains.

We do not know yet whether the Verity house agreement will have a longer shelf life than the 2007 concordat. That depends on how people react from here on, and on what attitude both COSLA and the Scottish Government take into the process. They should admit that the agreement has not got off to a great start and that they set out the principles but have not stuck by them. They should not have a blame game or point fingers, but they need to ask how they reset and move forward. That is how the agreement could have greater longevity, but the jury is out on it. We will see.

Marie McNair: I put the same question to you, Professor Gallagher.

Professor Gallagher: There is far too much agreement between your witnesses, so I will find something to disagree with in what Jonathan Carr-West had to say.

The splendid phrase "parity of esteem" is usually attributed to the McIntosh commission, which, as the committee will remember, was set up just before devolution and reported just after it. I declare an interest, as I was the senior official responsible for the setting up of McIntosh in the then Scottish Office—and I received the report in the Scottish Executive.

"Parity of esteem" is a potentially misleading phrase. I say that not because I do not think that local government deserves appropriate esteem, but because it hints that the relationship is symmetrical, and the relationship is not symmetrical. National Government is national Government, and local government is local government, and the hard fact is that local government depends on national Government for much of its funding. That is a reality that we cannot get away from. In the jargon, that is a vertical fiscal transfer between different levels of Government, and that will always be there, for good reasons. When one thinks of parity of esteem, one should not be misled into thinking that it is an absolutely symmetrical relationship.

What has been lacking is not so much parity of esteem but proper respect for the status and autonomy of local government. In order to have proper respect for local government, you must be absolutely clear in your own head what proper autonomy is. To echo what has already been said—I am a broken record—what do you expect local government to deal with under its own steam, giving it full autonomy to do that, and what are you are expecting it to do that is essentially in support of national priorities? Coming to Donna Hall's really important point, even if you regard local government as an agent, you have to regard it as an agent that makes things work in a place and that brings together public services. That is where local government can do things that national Government cannot conceive of: it can make things work in a geography and in a particular social situation, which national Government cannot do, because it does not have the information, the understanding or the flexibility. A proper respect for that role of local government leads you to a certain set of behaviours, but you need to embed that somehow.

You will no doubt wish to come on to this, convener. The hard place is money, I am afraid, and, although the other stuff is more important in the end, if you cannot get the money right, you cannot get anything right, and we have not got the money right. No doubt you will want to get back to that in due course.

Marie McNair: Do you want to add something, Professor Hall? [*Interruption*.]

The Convener: I think we can hear you, Professor. Give it another go.

Professor Hall: Sorry—I was not able to unmute myself.

Jim Gallagher is bang on: it is a matter of fine-tuning the core purpose of local government and making it about being the convener of place. That is what local government is for me. It is about being absolutely clear that there is a responsibility on the part of the Scottish Government to trust local government, to build respect over time and to say sorry. That sounds like a really basic thing. At least there is an agreement, for goodness' sake—there is not in the rest of the UK—so that is something positive to build on.

The Convener: Donna, we will sort out the microphone for you, so you do not need to do that. We are aware that there will be pauses, but that gives us all a little moment to catch our breath.

Professor Hall: Thanks—that is perfect.

The Convener: That is a way in which technology is helping us to relax a little bit.

Jim Gallagher, I want to comment on a point that you made about making it clear what local government can do under its own steam and about how councils can make things work in their particular geography. Since being in this role, I have recognised how critical that is in Scotland, where we have very different geographies, with so many inhabited islands and areas such as Highland, where people in some places feel that their communities might as well be islands. It is

really important to get that clarity, so it was good to hear that from you.

10:15

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Good morning. Jim Gallagher mentioned the McIntosh commission. I have a copy of the report here, and I want to explore some of your memories of it and how relevant its messages are to what we see now.

I jotted down your opening remarks about the Verity house agreement being full of warm platitudes and having no mechanism for choices and said why would anyone not agree with all that general stuff in the agreement.

I found a wee quote from Jean McFadden about McIntosh in 1999. She said:

"The recommendations in the first part of the Report are fairly bland and will broadly be welcomed by local government. Whether the proposal will work will depend very much on the philosophies and personalities of the Scottish Ministers"

and so on. You could almost read that as applying to today, given what you said a moment ago. What is your view about the McIntosh report, which was an important document in 1999, and what has happened since then? Did we basically succeed in taking forward McIntosh's recommendations and proposals? Do you see some of the same issues needing to be resolved in the Verity house agreement as McIntosh talked about back then?

Professor Gallagher: The very short answer to the question of whether we have taken McIntosh forward is no. When we set up McIntosh, back in the day, we were conscious that a new democratically legitimate level of government at the all-Scotland level—this place—carried the risk of not merely taking power down from London, which was the expressed purpose of devolution, but sucking it up from Glasgow, Edinburgh, the islands and wherever. McIntosh was set up with a view to addressing that fear. It set out that fear and it said that we should not do those bad things, and we have done them.

The bottom line is that, over a quarter of a century, since devolution, we have systematically disempowered and underfunded local government. We have disempowered it quite literally in the sense of removing functions from it. The police and fire services are the most obvious examples. We have disempowered it fiscally, by removing for a decade or more its one local tax decision—the decision that is critical to the setting of its budgets. We have disempowered it in the distribution of grant so that, in one way or another, three quarters of a local authority's budget is now determined by central Government, whether explicitly in the form of a specific grant or implicitly in the form of determining issues such as teacher numbers. Those are all the things that McIntosh feared, and they have come to happen.

Fiscally, not only have we removed local tax flexibility, which is the key thing that a government needs—governments do not just spend money; they raise money—but local government has been prevented from raising money, I think for more years now than it was able to raise it. That is not quite accurate but it is not far short of it.

Local government has also been the squeeze element in budgets. Ministers have always done that in the centre. It is always easier to tell someone else to cut their budget than is to cut your own. However, as a result, the growth in local government spending—even comparing like with like, if we take away all the stuff that has been taken out of local government's purview in Scotland—has been subject to a much bigger squeeze, as you all know, than national Government spending.

The result is that, for a decade or more, the principal task of local government has been to manage budget reductions. All those things were the things that McIntosh did not want to happen. They happened. Sorry.

Willie Coffey: On the relationship issues, even then, McIntosh was saying things such as that Parliament and local government should set up a standing joint conference, which they called a covenant between parliamentarians and local government, with parity of esteem and all that. Did that happen? I do not recall whether it happened.

Professor Gallagher: No, I do not think that that happened.

Willie Coffey: It was a clear recommendation:

"A formal working agreement should be established between local government and the Scottish Ministers."

You could argue that the concordat became that and perhaps Verity house is trying to become that. Is that commentary fair?

Professor Gallagher: I think that that is fair. As we said earlier, this relies on behaviours, but you need to put in some formal structures within which the behaviours can happen. Those are a bit weak.

Earlier, we discussed the international and historical experience. If you go quite far back, to the 1970s and 1980s, you find that the only formal mechanism in the statute for consultation between central Government and local government lurked in finance legislation—in the Local Government (Scotland) Act 1975, if you happen to be interested—which obliged the then secretary of state to

"consult with such associations of local authorities"

as he saw fit on the distribution of grant. That created a mechanism—perhaps Donna Hall and Jonathan Carr-West will remember the English equivalent—of distribution committees, expenditure committees, working parties and all those things, which actually worked. They were built on a small foundation, but they operated. As far as I can tell, they do not operate now in any meaningful way, so we need a fresh start on this.

As you said, somebody tried in 2007, somebody tried in 2001—I think that that was when the McIntosh commission reported—and somebody has tried again through the Verity house agreement. However, I am afraid that we have to have another go.

Willie Coffey: Do our guests who are online have any comments on the journey that we have made from McIntosh to, say, Verity house? Have we learned any lessons, and is there hope that, through Verity house, we can overcome the issues?

Dr Carr-West: That is a question to which I do not have an answer. It is interesting to observe that the list that Jim Gallagher set out of things that have been done to or taken away from local government also applies at UK level—it has not just happened in Scotland. There is something to understand about how much of that is specific to the functioning of the Scottish Government and how much is about the UK Government. Unpicking why those things go in parallel is an interesting subject of inquiry.

On Verity house, I simply add that we have to have hope. Otherwise, we would all shut up and go home. It is better to take it as an opportunity to reset, even if that is resetting the reset, and to try to move forward. What is the alternative?

Willie Coffey: Professor Hall, do you have any thoughts on the journey from McIntosh to Verity house?

Professor Hall: I do not have much to add to what Jim Gallagher and Jonathan Carr-West have said. Jim is the expert on this, having lived through all the iterations of different agreements. It is human nature to pass the buck downward; that is certainly what has happened in England and the UK more widely with austerity, going back to 2011. In the past 13 years, the civil service has grown hugely in England at the same time that local government has had its budget halved.

As Jonathan Carr-West said, Verity house is an opportunity. The relationships are different; they are certainly not as fractured in Scotland as they are in England. That is my experience. It is an opportunity to do a wholesale implementation of the Christie commission recommendations. Think about the NHS as being part of this, too, and about pooling budgets and a radical total-place approach. Let Scotland lead the way and show the rest of the UK that we can do it.

Willie Coffey: My second question is aimed more at Jonathan Carr-West. When you came to the Scotland's Futures Forum event in May, you told us that local government finances had reached a crisis point in England, although you said that they had not reached that point yet in Scotland. Given that it is budget day in Scotland, have you changed your opinion in recent days, weeks or months? What is your view on the situation with Scottish local government finances today?

Dr Carr-West: Since May, more councils in England have gone bust, in effect, including big councils such as Birmingham and, just a couple of weeks ago, Nottingham. I was right about that. It was not a very difficult prediction—that writing was very much on the wall.

We are told that the situation has become more difficult in Scotland. We recently ran a survey of every council in Scotland asking for the views of chief executives, leaders and chief finance officers. One in four are warning that unless something changes, they fear that they will not be able to balance their budget this year. In other words, they will be in the same situation as those English councils that have effectively declared bankruptcy. We will see what happens today with the budget, and whether anything comes out of that to alleviate those fears. I should stress that those are warnings rather than predictions. We are not saying that one in four councils in Scotland will go bust next year, but we are saying that one in four are very anxious about it.

I made the point in the English context that everyone focuses on whether certain councils are going to fall over financially. We also need to consider the other councils. What are they having to do to make sure that they do not fall over? In Scotland, it looks like council tax is frozen, so the councils will not be putting up council tax, although they were all planning to do so had the freeze not happened. They are all making cuts to service spending. The majority of them are increasing fees and charges, and half of them are dipping into reserves. Even those councils that are going to manage to balance the books are only doing that by pulling on all sorts of levers, none of which are great for the services that the citizens receive. It is a squeeze on the delivery of services to ordinary people.

Willie Coffey: Thank you for that. Professor Hall, do you have any views on the same matter?

Professor Hall: I agree with Jonathan Carr-West, but we also have to look at the way in which services have changed—we cannot just say that we need more money to continue to fund the

status quo. Take a look at children's services; I do not know how many of you have ever worked in children's services or have shadowed a social worker and seen how children's services has transformed over the past 10 years, but it has become much more risk averse, there has been huge privatisation and a huge number of children are being moved every couple of weeks to privatised placements, which is hugely expensive. Every time something goes wrong in the life of one of those children, an additional bill is sent to the council. Those services have totally changed in the past 10 years. We have got to look at that as well as just asking for more money.

Willie Coffey: Thank you all very much for your responses to those questions.

Pam Gosal: Earlier, we were speaking about ring fencing. We have heard from more than half of the local authorities, which have spoken about issues around ring fencing time and again. The Verity house agreement envisages a fiscal framework with a presumption against ring fencing. Is it likely that that approach can be delivered, particularly when ring fencing continues to be emphasised in relation to areas such as teacher numbers—an area that most of the local authorities chose to highlight? Obviously, they welcome the removal of ring fencing so that they can make decisions locally. However, they are talking about teacher numbers and other areas where ring fencing might not be removed. What is your view on ring fencing in that regard?

Dr Carr-West: We should simply get rid of ring fencing. I do not think that it helps. To pick up on Donna Hall's point, I note that of course we need to reform public services and to think about how they work, but first we need to fund local. We cannot just ask for more and more money—we cannot put more and more money into the old ways of doing things, because that will not deliver results. However, we need to ensure that local government has sufficient funding for it to be able to examine public services.

One of the key ways in which we prevent local government from doing interesting things—changing public services and making them more joined up—is through ring fencing. Increasing teacher numbers is a good thing, but in East Lothian that will look different to how it looks in the Highlands. Democratically elected local leaders are best placed to make decisions about the balance of spend in their areas so that they can take decisions not just to plough money into the status quo, but to think about public service reform.

Without getting into the issue of teacher numbers, I say that there are lots of things that we can do with online learning. Of course, there are some things for which we absolutely need teachers, and some things can be done using teaching assistants. Those needs will look very different in different types of community, such as island communities and those in cities.

We should be opening it up for local leaders to make decisions based on their local priorities and the aspirations of their community. The challenge is that we get locked into everyone saying, "Ring fencing is bad. We don't want to do ring fencing, but we think that this thing is really important, so we'll just ring fence it a bit. Oh, and actually, this other thing is also really important. We won't ring fence, except for those things." It builds up quite a bit. Let us ask the question again this afternoon. I would like to think that there will be, as the Verity house agreement envisages, a move away from that, but I fear that I travel more in hope than expectation.

10:30

Pam Gosal: Before I ask the same question of Professor Hall and Professor Gallagher, do you believe that completely removing ring fencing would open up more doors? I am hearing from you that innovation plays a role in how services can be delivered more efficiently and effectively, and, probably, more in line with today's technology.

Dr Carr-West: I think so. It is also important to stress—Professor Hall made this point powerfully earlier—that loads of good things are happening. Local government across Scotland, and across the UK, is innovating. It is trying to change how it delivers services and is doing all sorts of amazing things, but I think that we are making it harder rather than easier for it to do so.

Why make that an uphill battle? Often, when councils do good innovative things, it is despite the system. Councils are saying, "We won't tell anyone we're doing this—we'll just try and sneak it through. We'll try and use this budget. I know the local police chief or the local hospital trust and we'll just sort something out." It is all based on relationships, and on making stuff work and being agile and innovative, but that is done despite the system, not because of it.

Does ring fencing kill innovation in local government? Of course not, because local government is resilient and innovative. Does it make it harder than we want it to be? Yes, it does.

Professor Hall: I completely agree that ring fencing should be got rid of. It does not help anybody, and the way that the arbitrary numbers are compiled certainly does not build on citizens' experience. It stifles innovation.

I completely agree with Dr Carr-West about people doing things despite the system by working together. In Wigan we formed something that we

called a rebel alliance of people who could see the need for public service reform, including front-line people who work to support individuals and families in crisis. They could see where the system was letting them down year after year. They knew that the system was not designed for people and communities, so we redesigned it, but almost against the rules, if you like. That is not right; the system should support the conveners of place—local government.

Professor Gallagher: In general, I think that ring fencing should be avoided, but it can usefully discharge some functions. The specific grant, as we used to call it—and probably still do, in some places—is a good way of incentivising change and a different way of doing things. If central Government wants to introduce a new thing, specific granting it might be a way of doing it, but we have reached the stage at which three quarters of money is ring fenced, which is certainly too much.

However, to go back to my earlier point, if I may, and just to produce some disagreement among your witnesses, I note that it might be sensible to think more about areas for which central Government takes primary responsibility for funding. Social care might be an example of that. That is not the same as ring fencing everything and saying exactly what must be spent on what, but if Government does that kind of thing, it must accept responsibility for the budget. It cannot just say, "We've given them that money. If they want to spend more, they can", which is kind of what Government does at the moment.

That takes us to the idea of what a fiscal framework for local government would look like. It would address the question about how much budgetary authority is, in effect, assumed by the centre. In respect of "budgetary authority", I refer to the total that is spent rather than how it is spent. As Professor Hall argues forcefully, how it is spent should be subject to a lot of local discretion so that local managers and local elected people can make choices about how they do things.

On how much of it belongs to local government to decide on under its own steam, that takes us on to the second aspect that we have not mentioned in the fiscal context: what principles of equalisation are used in funding of local government? One thing that has rather gone by the board in Scotland is systematic attention to needs and resources equalisation, because we have staggered on from year to year, moving budget year on year, rather than taking a principled approach. A proper fiscal framework for local government would set down principles about needs and resources distribution, which dominated argument in the 1970s and 1980s but has been silent since devolution because of the persistent squeeze on local spending.

Therefore, yes—there should be less ring fencing, but you should decide what you are doing based on principle, then address the old questions of distribution.

Pam Gosal: Thank you. Convener, do I have time to ask a quick supplementary question?

The Convener: We need to move on; we are about halfway through.

Professor Gallagher: Oh my goodness!

Pam Gosal: Maybe I can ask it if there is time at the end.

The Convener: I bring in Stephanie Callaghan.

Stephanie Callaghan (Uddingston and Bellshill) (SNP): I thank the witnesses for joining us today.

Many of you have already touched on innovation. During a Scotland's Futures Forum event, we heard that

"more innovation means more risk taking, and there will be failures as well as successes."

What other things can central Government do to support local authorities through that process of innovation?

Professor Gallagher: Central Government is really rotten at coming up with new ideas, because it comes up with them on a political timetable and is driven by political considerations. New ideas and innovation happen when people are actually doing the work—when local authorities, bits of the health service and other public services are changing stuff.

If we look at some of the good things that have happened in Scotland, something that we do not mention very often is that the number of murders here has gone down—the number of homicides has reduced. That started with Strathclyde Police. It did not start with the central Government but with the police and the health service in Glasgow. First, therefore, central Government can get out of the way of that kind of thing.

Secondly, if something is being done effectively, the Government can act as a distributor of information. It could have asked other police forces, "Have you seen what they're doing in Strathclyde?" It used to be a reasonable question to ask another police force, when we had more than one. The central Government can act, to a degree, as a distributor of information.

I am less concerned in relation to the implication in your question that there will be failure if we have innovation. We can do failure without innovation. We manage to do that really quite well; we are

good at failing at things. Innovation is, in some ways, less risky, but it is a bit more high profile. I suspect that Professor Hall is better placed than I am to address that question; however, we need to create enough local freedom—that takes us back to ring fencing—to enable innovation to take place, and we need to get out of the way of it. That is what central Government can do.

Professor Hall: I totally agree with every word that Professor Gallagher just said. The biggest risk that the Scottish Government and local government in Scotland and the rest of UK face is in trying to maintain status quo. I really believe that; it is going to fall over. However much resource we put into the status quo, it does not work.

The way that, in particular, adult and children's services—which are the bulk of a council's budget—are structured and have evolved over the past 10 years will not be sustainable for anyone. If we look at the demographics, people are living longer, with more complex conditions for adult social care. It is brilliant that they are, but that needs a completely different model from the one that we have now.

The biggest risk is that we just carry on doing what we have always done and keep asking for more money. We need to encourage positive risk taking and accept that the current model of public services is completely broken.

It does not start with the person; it starts with the service. I will send you slides later, from which you will see the huge cost to the public purse, as well as the absolute tragedy of repeated failures, in supporting a man in his life journey. It shows so clearly what is wrong with public services. They do not start with individuals: they start by looking through a deficit-based lens that looks at individuals in relation to eligibility criteria, so when we get a budget cut, we raise the bar in the criteria. We tell people, "Go away, get worse, then come back. We can help you when you're in an acute state that's much more expensive and is terrible for you and your family."

We need to take a reformist approach all the way through, from the Scottish Government to local government and everywhere else in the UK. We need every single leader who is involved, including chief executives and political leaders, to have a reformist mindset. Everyone needs to get that public services are broken before we can start to move forward.

Stephanie Callaghan: I will stay with you for a moment, Donna. It certainly sounds as if we need some real systems thinking and systems leadership.

I am aware of the time, so I ask you to comment briefly in response to my next question. Do you feel that progress has been made on preventative spend, shared services and community empowerment?

Professor Hall: I think that they have been cut, as everything else has been cut. In England, such spending has been hugely cut. Public health budgets have been decimated, and we can see from all the work that Michael Marmot has done on life expectancy that, for the first time, the trend is reversing in England. I am not sure about the situation in Scotland. That desperately needs to be addressed, and prevention has to be the way forward.

I do not know quite what has happened to the Christie commission work or why it is not being revisited. We do all this work, then we just leave it to one side. That work was amazing, but it did not specify the "how". The step that we now need to look at in detail is how we embed the principles of the Christie commission, and how we get a completely different mindset in the conveners of place and really give them the backing, encouragement and support to try new things.

Stephanie Callaghan: Jonathan, do you have anything to add?

Dr Carr-West: I fear that, again, you are not going to get much debate among your witnesses. I agree with all that. I totally agree with Donna Hall that the long-term greater threat to local government is the status quo, but I think that we have also replaced that with a short-term threat to financial sustainability.

We do not know what will happen if a Scottish council cannot balance its books, but what we have seen in England is central Government stepping in and appointing commissioners, then there have been massive rises in council tax, massive cuts in service delivery, sales of public assets and redundancies. None of that will help us to tackle the long-term problems. The biggest threat is the status quo, but the most immediate threat is complete financial collapse and the replacement of local government by central Government control, which will lead to even less long-term thinking and even more risk aversion.

We talk a lot about what will happen if councils fail and how they are accountable, but we always talk about that accountability as an upward thing towards the Parliament and the Government. Let us not forget that local authorities' primary accountability is actually to the people who elect them. They are, and will always remain, accountable to that electorate.

Miles Briggs (Lothian) (Con): Good morning, and thank you for joining us. I want to play devil's advocate with regard to why we have not seen more progress. In a scenario where central Government, be it the UK Government or the

Scottish Government, has concerns about the performance of a local service in a local authority area, what should a system to address that look like in order to ensure that we do not see large disparities between outcomes in different parts of the country? We often hear the situation being referred to as being a postcode lottery. What should such a system look like and how can it be taken forward? Maybe you could answer first, Jim.

Professor Gallagher: The words "postcode lottery" should be banned from political discourse. If we had a postcode lottery aversion, we would not have this Parliament. The differential provision of services, the differential outcomes that will follow from that and differential ways of doing things all go together, so avoidance of variation, as an objective, is an error.

Nevertheless, you are right to draw attention to the question of how we facilitate the accountability of local government, just as we need to facilitate the accountability of national Government, and how we provide the information and analysis that enable voters, ultimately—but also, in the short run, ministers and others—to assess whether a council or a particular council service is deeply problematic.

10:45

We set up some systems for doing that in England in the 1990s, in the form of—if I can get my phrases right—the Audit Commission, as I think it was called. It was a rather effective body that, sadly, was abolished in a fit of pique by Eric Pickles, because it had annoyed him one day. That was actually a big mistake.

We set up a parallel system here in Scotland that was not quite so well developed or quite so hard edged, and it has kind of trundled on. One of the devolution framework's unsung successes has been the audit arrangements that have been put in place and what you might call the blood-brain barrier put in between Parliament, the audit process and local government in the form of the Accounts Commission for Scotland, which is something that we inherited from the pre-devolution world.

Those systems of audit and review are potentially very strong. Again, they have become, in recent years, rather overwhelmed by reductions in local spending, which is principally what local government has had to manage. In short, there are perfectly good systems for doing such things, but they depend on the context in which they operate.

Miles Briggs: Thank you. Donna, do you want to comment?

Professor Hall: I will be brief. I completely agree with Jim Gallagher—I was a big fan of the Audit Commission, too. Having been involved in supporting lots of councils over the years, I think, to be honest, that the best way of supporting people is through peer support and people doing things well. Jim Gallagher highlighted the example of the different police forces working together, although I know that that has all changed now. I think that such an approach is at its most effective when the environment is not threatening, when services are not going to be closed or shut down, and when there is genuine person-to-person support. We have seen that work in so many places, so we should keep it like that. Please do not set up some great bureaucracy.

Miles Briggs: Do you want to add anything, Jonathan?

Dr Carr-West: We all annoyed Eric Pickles from time to time, but some of us were fortunate enough to work for organisations that he could not close down.

I think that the Audit Commission did a good job, although it has been romanticised slightly. I remember at the time councils endlessly complaining about having 187—or whatever it was—different indicator sets to report on. It was quite a cumbersome process.

The existence of equivalent bodies in Scotland—the Accounts Commission and Audit Scotland, which have continued—is an underreported strength of the Scottish system and one to which we should pay some attention. At the same time, though, we are told by local authorities in England—and even more so in Scotland—that although they spend a lot of time putting together detailed returns of data and sending them up to Government, they are not quite clear what happens to them, what they actually tell anyone, how they are accountable for them or how they help improve services. There is no point having some big bureaucratic reporting system unless there is a degree of clarity about what it will achieve and how it will help. That probably merits some further investigation.

That said, I think that it is important to pick up Jim Gallagher's point about uniformity of outcomes. We are interested in the quality of outcomes, but that does not mean that everything has to be the same everywhere. After all, places have different needs and different priorities, so we should not create a new large public management-style system that just tries to deaden everything to the same level. If you do that, what you end up with—some people argue that we saw this under the Labour Administration from 1997 to 2010—is a sort of approach to target setting and reporting that is very good at raising places from bad to good, but which does not really enable excellence.

It just brings everyone up to the same "okay" level. That is a lesson that we should take quite seriously when we think about how we want to do accountability, going forward.

Miles Briggs: That is an interesting point.

The Verity house agreement includes a commitment to jointly agree a monitoring and accountability framework. We already have the national performance framework, which is meant to be doing that in practice. Do the witnesses have a view on how that should work, or will the new framework just be another measurement that will, as you said, provide data that will not necessarily be of much use or prescribe what it is being used for?

Donna, given that you have already done this in Wigan, what examples should we take on board?

Professor Hall: If the three shared priorities are accepted by all parties, some broad outcomes should be based around them. However, there must be a real emphasis on trying new things and innovation as opposed to taking a risk-averse approach, as that will just perpetuate what is happening at the moment with the gradual disintegration of public services. Being quite bold and courageous on the outcomes framework is essential.

Miles Briggs: Do you have anything to add, Jim?

Professor Gallagher: The national performance framework, which goes back to just before 2007, is intellectually confused. It does not know the difference between an indicator and a target. It was a set of indicators that were regarded as somehow magically going to become targets. Indicators become targets only when you set up machinery to try to achieve them, and no machinery was set up to achieve the outcomes that are set out in the NPF. Partly as a result of that, those outcomes have not been achieved.

Another gap, I am afraid, is that there appears to be no connection between the national performance framework and the outcomes in it, and the outcomes that might or might not emerge from the Verity house agreement. That is just sloppiness, guys. It is poor work and it needs to be fixed.

Miles Briggs: Jonathan, do you want to add anything before I hand back to the convener?

Dr Carr-West: One of the things that is fashionable in public policy at the moment, for good reason, is the missions approach, in which you are very clear about what the objective is but you allow much more flexibility in terms of how people co-ordinate, get together and focus on achieving those objectives. We could usefully learn something from that. University College London's institute for innovation and public purpose, which is led by Mariana Mazzucato, has done a lot of work on that and some councils have picked it up. That is worth looking at.

The Convener: I will pick up on Jim Gallagher's point about our needing to get much better on things such as paying attention to the sloppy connections between the Verity house agreement and the national performance framework. What role should the Scottish Parliament, including committees, have in scrutinising the Verity house agreement and the performance of local government?

Professor Gallagher: You have two sets of things that you as a Parliament might want to understand. I almost said, "collect data on", but let us not do that; let us gain understanding.

The first thing to understand is how the processes are working, and that means talking to people. Pam Gosal mentioned talking to local authorities individually. It is not for me to advise you on precisely how to do that, but you must get a feel for what councils think and how they feel about things. Hard numbers will not be particularly helpful. You need to ask a couple of questions. How is the process going? Are the behaviours that are described happening in practice?

Those behaviours are not an end in themselves; they are designed to facilitate the operation of local government, the avoidance of collapse and movement into the kind of reforming agenda that Donna Hall was talking about. Therefore, the second thing is that you need some data and understanding about that. Again, that is probably soft data rather than hard data. Please do not send out a form with numbers in it.

You and your committee colleagues need to ask yourself in which areas you are looking for change and progress. That cannot be every area, otherwise you will get nowhere. Then you need to get some understanding of the extent to which there has been success or failure in that. That is the kind of useful function that the committees here might perform in my view. Colleagues may have something to add, though.

The Convener: Donna, you spoke really well and inspirationally about the changes and the new deal in Wigan. What scrutiny of the agreement do we need to take on?

Professor Hall: I think exactly what Jim Gallagher said, word for word. I would take specific areas in which reform is not progressing quickly enough. Let us start with children's social care. That is a huge expense and there are terrible outcomes for children and families in Scotland and the rest of the UK. I would start with looking at the Promise. The Promise is brilliant. It is one of the best pieces of public policy work that I have ever

seen, and it was done by young people—I think that 5,000 care-experienced young people were involved. However, it is not being progressed quickly enough in local areas. Why? Let us try to get beneath the skin of why that is not happening and what needs to change.

I would be really specific about where cost lies. It lies in failure. We create failure demand by the way that we organise ourselves. Rather than just looking at things through the lens of individual service failures, let us look at the system as a whole and find out why it is not working and what we can do as leaders to make it work and unblock the barriers that are stopping things happening.

The Convener: That is great. Thanks. When Jim Gallagher talked about that, I was wondering about specific things. Thank you for giving us something specific.

Jonathan, do you have any thoughts on scrutiny?

Dr Carr-West: Only that we should also think about collaborative scrutiny, not just about the Parliament scrutinising local government. We should think about how we can bring the Parliament and local government together to do that as a collaborative endeavour so that we are all scrutinising ourselves. If we are talking about an enhanced partnership between the centre and the local, a scrutiny system that reflects that is worth thinking about so that it is not just about us scrutinising them, but is about us scrutinising us all.

The Convener: That is brilliant. I love that idea. We need to learn how to collaborate better. There are a lot of skill sets around that that need to be expanded and opened up. That is a great suggestion. I am not quite sure who would be involved with the Parliament, but that is certainly something to take forward. We are certainly getting a lot from you. Earlier, all of you commented that you are not bringing up a debate in this conversation, but I have found this session to be extraordinarily constructive in getting ideas and suggestions about things that we need to look at and take further as a committee.

Stephanie Callaghan has the last question.

Stephanie Callaghan: I remind members of my entry in the register of members' interests. I was a councillor until 2022.

With that in mind, I will direct my last question at Donna Hall, although I would be happy for the others to add to what she says. Does the Verity house agreement say enough about devolving power to communities? I have experience of neighbourhoods being able to do real, full-on asset-based community development—I certainly had some good experience of that. That involved participatory budgeting. I am interested in positive examples that we could look to build on in the future.

Professor Hall: Expanding the sustainable public services element of the priorities is the key. I have said several times that public services will not be sustainable unless there is a different relationship between public services and citizens in a neighbourhood. That is where we need to start.

I am sorry to be controversial again, but I think that the council tax element could be part of that. Again, I will build on my experience in Wigan. Things were really simple and clear. There was a two-way social contract between citizen and state. The first thing that was said was that we would freeze the council tax if we could work together to improve things in the local area.

Asset-based community development just works, but its implementation is very patchy. That is my experience. We know that it works. As we know that it works, why do we not have the courage and the backing to roll it out at pace and scale across everything, and not just have little experiments in individual communities? I think that the reason for that is that not all public service chief executives and leaders have that reformist mindset—it simply does not exist everywhere. Therefore, we really have to change the way that we approach the role.

As Jim kept saying, the core purpose of public service is transformation and reform. We have to get the best possible support in place in local neighbourhoods for people, and we have to be the conveners of that. We should not only transact with them and be the guardians of eligibility criteria, which is what we have become during the past 15 to 20 years or so. Instead, we need to take ourselves back to our core purpose.

That is what we did in Wigan. We were there to be the conveners of place and to support communities to maximize their strengths. We had no money and we had huge pressures on services, but we had 323,000 amazing people. We did not draw on their assets and their strengths enough until we created the deal. This could be the start of a deal of that kind with citizens in Scotland, and it could be dead exciting. That was a great question, Stephanie. Thank you.

Stephanie Callaghan: Briefly, could participatory budgeting perhaps play a role in making that a reality for people?

Professor Hall: Definitely. Community wealth building and participatory budgeting are two sides of the same coin. You are doing absolutely brilliant work. Well done. Keep it up!

Stephanie Callaghan: Thank you. That was helpful. I am happy to hear from Jim or Jonathan, if they have anything to add.

Professor Gallagher: In general, I am sympathetic to that, but from my experience, we carry a risk when we expect relatively poor people to carry greater responsibility than is reasonable for guiding the services that should be supporting them. Having spent some years in the urban renewal world, I always feel a bit nervous about expecting more of people whom we are there to serve, than we do of better-off folk, for whom we just provide services. Provided that we are not damaging folk in the process, doing that is fine.

Remember that the bulk of our local authority expenditure is on the employment of people—teachers most obviously, and social workers and others. I absolutely agree with Donna Hall that one should aim to find ways of avoiding failure demand: kids who do not get educated and who therefore require even more intervention; families who do not get supported and therefore get into crisis. Failure demand means spending more and more. Finding ways of avoiding it—they can be as participatory as you like—is a way to save large amounts of money and make people's lives better. We can do both of those things.

Dr Carr-West: The role of local democratic institutions bridges Jim Gallagher's and Donna Hall's comments. We need more participation. Power belongs with individuals and communities and we need to enable that, but we need local, democratic institutions to hold the ring and make that happen.

We can avoid the risks that Jim spoke about by having local government that is elected with a mandate from the whole community holding the ring and ensuring that participation is at the heart of what local government does and that local government is at the heart of that participation.

The Convener: That is a good note to end on. It pulls us back to looking at not only the Verity house agreement, but the local government review in its entirety. I have always been keen that we do not lose sight of that piece of community empowerment. There are certainly some things for us to think about on the community wealth building bill and the local democracy bill, which will be introduced soon.

Thank you all. As I said, this has been a constructive session. We have got things to take away and look at and we will see whether we can squeeze in some evidence sessions in the future. I have taken some notes about getting evidence on some of the things that you have said. It has been a very constructive morning and I appreciate your sharing some time with us. Thank you so much.

As we previously agreed to take the next four items in private, that was the last public item on our agenda.

11:04

Meeting continued in private until 13:00.

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