



Official Report
Aithisg Oifigeil

DRAFT

Public Service Reform Committee

**Comataidh Ath-leasachadh
nan Seirbheisean Poblach**

Thursday 24 September 2026

Session 7



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PUBLIC SERVICE REFORM COMMITTEE

6th Meeting 2026, Session 7

CONVENER

*Bob Doris (Glasgow Kelvin and Maryhill) (SNP)

DEPUTY CONVENER

*Michelle Campbell (Renfrewshire North and Cardonald) (SNP)

COMMITTEE MEMBERS

*Max Bannerman (Highlands and Islands) (Reform)

*Joe Fagan (South Scotland) (Lab)

*Murdo Fraser (Mid Scotland and Fife) (Con)

*Alex Kerr (Hamilton, Larkhall and Stonehouse) (SNP)

*Lorna Slater (Edinburgh Central) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Ian Bruce (Third Sector Interface Scotland Network)

Kirsty Cumming (Community Leisure UK)

Helen Malo (Hospice UK)

Mark McAteer (Scottish Fire and Rescue Service)

Kirsty Morrison (Chest Heart & Stroke Scotland)

David Robertson (Scottish Borders Council)

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Public Service Reform Committee

Thursday 24 September 2026

[The Convener opened the meeting at 09:33]

Decision on Taking Business in Private

The Convener (Bob Doris): Good morning, everyone, and welcome to the sixth meeting in session 7 of the Public Service Reform Committee. Our first item of business is a decision on whether to take items 3 and 4 in private. Are we agreed to do so?

Members *indicated agreement.*

Pre-budget Scrutiny 2027-28

09:34

The Convener: Item 2 is an evidence session for the committee's pre-budget scrutiny inquiry into how the 2027-28 Scottish budget can best advance public service reform.

We will hear from two panels of witnesses. For our first panel, I welcome to the meeting Ian Bruce, chief officer of Glasgow Council for the Voluntary Sector, representing the Third Sector Interface Scotland Network; Kirsty Cumming, chief executive officer of Community Leisure UK; Helen Malo, senior policy and public affairs manager for Scotland at Hospice UK; and Kirsty Morrison, policy and public affairs manager at Chest Heart & Stroke Scotland. Thank you for coming to help us with our scrutiny.

I apologise that there are no opening statements this morning, but we want to maximise our time for questions.

Ian Bruce, in your helpful submission you say that you are concerned that, if we do not get things right, savings targets could be described as "salami slicing" and that the £0.5 billion target should be released through successful outcomes of service reform, rather than being an end in itself. I am paraphrasing your submission. How can we reform public services in a way that avoids salami slicing?

Ian Bruce (Third Sector Interface Scotland Network): Thank you for that really easy question to kick us off. If I answer it, nobody else needs to speak. *[Laughter.]*

The tension at a local level is that it feels as though public service reform means different things to different people. One element is about saving a percentage of costs, one element is about changing structures and another element is about the design of services. It is important that we tell that narrative in a cohesive way, because the risk is that we focus on only one of those elements at a time.

If we set a target to save a percentage of costs, that changes the mindset of the people who need to deliver that programme. We know that, generally, there are efficiencies to be achieved in our public services system, but I would argue that the best way of delivering those savings is by designing better services that aid prevention and avoid the worst outcomes being experienced as frequently as they are at the moment. That is how savings will be released. When public bodies are told to save a percentage of costs, there is a shift in mindset, with the focus changing in the wrong direction. There is a risk that everyone saves a

small percentage, probably by diverting the costs to somebody else.

The Convener: That point comes across in your submission, and my colleagues will want to explore it further. Is the heart of what you are saying that redesigning services to best meet the needs of service users could bring efficiency savings and cash savings that could be reinvested, but the issue is how we redesign services?

Ian Bruce: Yes.

The Convener: Can you say a bit more about how we should redesign services?

Ian Bruce: There are three key strands. First, we need a shift that allows public services to better engage with the people who use them. The second key strand relates to how we support and drive collaboration in the system, including resources being given to collaborations rather than to single agencies. The third strand relates to how we manage governance in that regard and how governance can be used to drive reform rather than, as is too often the case, the status quo.

The Convener: I will bring in the other witnesses in a second.

The proposed reforms that have had the most headlines have been the reduction in the number of health boards to two and the move from 32 local authorities to larger strategic authorities and more localised community representative bodies. Does that restructuring provide opportunities to redesign services in the way that you are suggesting?

Ian Bruce: The timeline for those proposals has not enabled me to do any significant consultation with the wider network, so I will need to give an entirely personal opinion. I am not saying that there would not be opportunities, but the risk is that the restructuring would, in itself, be a distraction from the service reform that is required.

The Convener: Okay—you have put that on the record. I am sure that colleagues will explore that further.

Let me turn to Kirsty Morrison. I found Chest Heart & Stroke Scotland's submission interesting because it speaks about issues with "systems and culture" around data. I do not want to look at data in particular, but, as part of those issues, you also highlight referral pathways. You explicitly mention that the

"different systems across 14 health boards, 32 local authorities and 30 integrated joint boards"

theoretically cost you, in the time that your workforce spends in navigating those systems, almost a quarter of a million pounds each year. Could you say a bit more about that? Again, I want to ask a balanced question about what

opportunities there are in the restructuring that has been suggested, but also about where the pitfalls could be.

Kirsty Morrison (Chest Heart & Stroke Scotland): Yes, absolutely—we see those numbers and they paint a picture, but beneath that is the reality of the systems that people are trying to navigate. That includes our organisation, which works to provide community support services across the country. We have partnerships with different health boards, but with each one we have to navigate how those referral pathways are working; raise awareness of what is available, which is a real challenge; and consider what that means in practice, as people are missing out on existing support that they could be getting. That is a real frustration for us as an organisation, but the reality is that there are people in Scotland who are living with long-term conditions and who are missing out on help that is available to them, from prevention through to rehabilitation and community support.

There are real challenges there, but we see that the opportunities that we currently have for change could solve that. It comes down to red tape, not the people in the system. The doctors and medical professionals with whom we work are delighted to work with us, and they see us as a supportive partner. They do not know their own systems, because there are so many to navigate, and that creates blockages. There is an opportunity to use the reform process to streamline some of that and create once-for-Scotland approaches and national pathways. However, as Ian Bruce said, that needs to be at the heart of what we are talking about. It should not be just about efficiencies—it needs to be created with the service user in mind, and their experience through the healthcare system. In essence, it comes down to function rather than form. If we get too caught up in the bureaucracy and governance for the sake of it, rather than looking at what the service user—the patient—actually needs, we will not achieve that streamlining.

We believe that there is an opportunity here to change things.

The Convener: What role do you think that Chest Heart & Stroke Scotland and similar organisations could play as part of that service redesign? I understand that there are local authorities and health boards sitting at the top of the current structures, which have been set up in that way for a long time, and there are the service users on the ground, and then there are CHSS and other organisations having to navigate their way through a system in which the processes are complex. The processes are not about saying, "Tell me once what your issues are and the system

will work to support you”—there are multiple referrals for one individual, for example.

Do you feel that the voices of organisation such as yours will be heard during the process of public service reform?

Kirsty Morrison: We would like them to be, but we are not currently sure whether they will be. I think that the will is there—we see that and we hear it from leaders in the sector. They value the third sector as a partner, but I think that it is often seen as a delivery partner rather than a design partner.

As you have just said, we are on the ground, working with communities. Chest Heart & Stroke Scotland has been around for 125 years and we are continually reviewing our systems, changing our approaches and learning. That is the gift of the third sector—we can move in an agile way and build connections with communities that work for them specifically.

Our invitation would be to get us in the room at the start of the conversation and let us be part of the redesign from the start, rather than coming in at the end of a consultation process or at the point of delivery. We have learning that we are willing to share, but we are often not considered as part of an equal partnership at the top.

The Convener: I thank Helen Malo and Hospice UK for their submission. I am not going to ask about preventative spend, because a large chunk of questioning later in the evidence session will look at that. I should put on the record that your evidence points to the fact that, in the last year of a person's life, spend is five times greater if that person is approaching the end of their life in the acute sector—particularly in hospital—than if they are in the community, in primary healthcare or in a hospice. There is clearly a way of delivering outcomes-based efficiencies in the best interests of people who have to use services as they approach the end of life.

In your submission, you speak about the misalignment between the money in the acute sector—which, on the evidence submitted, does not deal with prevention—and the money that goes through IJBs for community care. I know you want to tell us all about Hospice UK and the hospice network, and I promise that there will be opportunities for that later in the evidence session, but, first, can you say more about the misalignment of the structures through which the money flows?

09:45

Helen Malo (Hospice UK): Yes, absolutely. There is a tension with regard to how the funding flows through the system. The system is not incentivising prevention and community-based

care but is geared more towards the acute sector and crisis response. For example, funding for hospice care flows through IJBs. Hospice care is an integral part of the health and care system, with a key role in supporting people in the community and preventing their admission to hospital. That saves the acute sector money, but, because the benefit of that bit of the system is felt in health boards and the acute system, there is not a feedback loop to carry on incentivising the preventative, community-based care that is so important for supporting people at home and creating better outcomes.

We need to take a step back and ask how we can get better outcomes for people and best value for the system. There is a mismatch—a misalignment—so we are not incentivising the right sort of care, which we know is much better for people. It is higher-value, lower-cost community care, and we are ending up in a system where we are spending a lot of money—five times as much money when it comes to end-of-life care—on the expensive part of the system, which people associate with distress, delays and crisis. Too many people who do not need to be there are ending up in hospital, which is preventing people who need acute care from getting the care and support they need.

The Convener: I am sorry to focus on processes, but the committee is going to have to scrutinise the budget and also the wider public service reform agenda. Do you see opportunities in moving away from 32 local authorities, which connect to 30 IJBs and 14 health boards? What are the opportunities or dangers in relation to that reform? I will give you the opportunity to put some of that on the record.

Helen Malo: Very little detail sits underneath the proposed changes. In particular, the hospice sector does not know what is going to happen with health and social care partnerships, so a lot of work is needed to think through how the proposals will support better population planning and service delivery. We need to focus on what the outcomes need to be. How can we support better population planning? How can we still get local responsiveness? How can we ensure that services are designed around people and the outcomes that they need, reduce unwarranted variation and deliver more equitable care?

I echo Kirsty Morrison's comments about the fact that there is a real opportunity for the third sector to have a role in the reforms. Treat us as reform partners and have us there from the beginning. We are the ones who are already delivering the outcomes that you want to see from public service reform. Help us to do that.

The Convener: Thank you. Helen, I should note that, when Kirsty Morrison was making those comments, Ian Bruce was nodding his head, so there is clearly strong agreement on the panel in relation to that.

Kirsty Cumming, thank you for Community Leisure UK's submission. As I read it, I got the sense that public service reform has already swept through the leisure part of local authority provision, that Community Leisure UK has had to deal with a lot of that public service reform, that efficiencies have already been realised and that there is maybe a concern that you have done your bit already and you are not quite sure what else there is to do. I am not trying to put words in your mouth, but that was the sense I got from your submission. Is that fair, or do you want to say more about the experience of your members?

Kirsty Cumming (Community Leisure UK): Our members' perspective is that there have been efficiencies for decades. Research that we commissioned into investment in leisure and culture services over a 10-year period shows a clear downward trend in investment. If we compare current workforce levels across our members with those in 2019—that is, before Covid—we see that they are about two thirds what they were at that time. Significant efficiencies have been made.

I would use Ian Bruce's term "salami slicing" to describe how things have gone for our members with year-on-year budgeting and trying to meet the reductions in the funding available, particularly from local authorities. That is not to say that we feel that efficiency and reform are done, but there has been salami slicing, and I would caution against our going down the same path of setting financial targets year on year and meeting them as a percentage reduction. That approach will not bring the genuine reform and opportunity that we could have if we took the time and invested in reimagining those services.

The Convener: That was helpful. Helen Malo talked about getting better outcomes along with best value, and my questions are all about how we drive efficiencies with public service reform. I am encouraged by Kirsty Cumming's comment that this is not job done—indeed, it is the opposite. The efficiencies that have been realised in the sector in the past 10 years have not been part of a strategic approach; the approach has been to shave expenditure each year, instead of taking a step back and looking at the best way of reforming the sector to drive better outcomes and best value.

Again, I am not trying to put words in your mouth, Kirsty—I am just trying to understand your position. Could you confirm that what I have said is the case? How would you reform the sector?

Kirsty Cumming: What you have said reflects the position. Reform, in a nutshell, should be all about purpose over process. None of our members is advocating for the status quo—there is a huge opportunity to do things differently and to reimagine services, but that has to be driven by purpose, not year-on-year efficiencies, and by a longer-term vision that moves away from the salami-slicing approach and gives us space and time to understand things.

These are the questions that our members regularly ask. What will communities look like and need in 10 years' time? How will we support those needs? How do we get there? It is that pathway, and not some year-on-year trajectory, that we need to be looking at.

We have seen huge change being driven across our members. In some ways, Covid has been slightly beneficial with regard to digital innovation, so there are opportunities for innovation, learning and reform. However, that will require a strategic look at the matter and a focus on purpose.

The Convener: I guess that some of your members in Community Leisure align with local authority boundaries.

Kirsty Cumming: They do.

The Convener: When public service reform works through, things will look significantly different. Should that be at a more local level or at a more regional and strategic level? Is Community Leisure up for that challenge?

Kirsty Cumming: On your second question, we are absolutely up for the challenge, and we would love to help shape that conversation.

As for your point about local authority boundaries, we note the proposal to place leisure, sport and culture at community authority level. That rings alarm bells for us, because it moves the services away from wider integration across portfolios; it does not recognise their contribution to health and wellbeing; and it moves them away from some existing strategic frameworks such as the population health framework, which recognises physical activity and culture, and the physical activity for health framework.

We already have some strategic-level acknowledgement of what people need, and the social determinants of health very much recognise leisure, sports and physical activity. If we move those services to community level, we will lose that strategic focus and perhaps their being joined up across those areas where they will have the biggest impact.

The Convener: That was helpful. I have no further questions, so I will pass over to Murdo Fraser.

Murdo Fraser (Mid Scotland and Fife) (Con):

Good morning. I want to follow up the convener's lines of questioning by focusing on the specific issue of workforce reduction in the public sector. As you will know, the Government has set a target in that respect of 0.5 per cent a year, which goes up to 4 per cent for back-office functions.

I will start with Helen Malo. I was very interested in what you said about the relative cost of delivery through hospices compared with keeping people in hospital. What are the opportunities and risks for the third sector if the public sector reduces head count? Will that mean that, potentially, more responsibilities are pushed on to the third sector? What does that mean for the third sector and its capacity to deliver and for the flow of resource coming from the public sector?

Helen Malo: That is a great question. We need to recognise, value and protect the contribution of the third sector. From the perspective of hospice care—we know that hospice care is delivering the preventative, community-based support that we need, which delivers value for the wider system and better outcomes for people—any reform processes will need to enhance and maximise the contribution of the third sector, not diminish it. With regard to workforce reductions, we need to ensure that we are not putting undue pressure on the third sector without its having the capacity and the resource to respond.

Focusing on the third sector provides a real opportunity to sustain part of the system and to ensure that it has the resources and the workforce to deliver on the aims of public service reform, which could help to deliver better value as a system as a whole. Everything is connected, isn't it? A reduction in the workforce in one part of the system will always have consequences for another part of the system. Taking a step back, it goes back to what I said about incentivising the type of preventative, community-based support that we know has more value for people and the system, without creating a system that moves us towards a crisis-based response.

For us, planning for population need is another issue. We know that our changing demographics will create more pressure. That is not up for debate—we know what is happening with the population. We need to plan for and resource those changes in the most effective way. We need our national workforce planning to ensure that the right bit of the system has the capacity and resource where we need it. That is about taking a more robust planning approach to our workforce and considering how we can have it and the resources in place to focus on the community-based preventative support that will have better outcomes for people and better value for the system.

Murdo Fraser: I do not want to put words in your mouth, but you seem to be saying that, if public service reform is done correctly, an opportunity exists to enhance the third sector. We are up against a clock here, because we know that the Government is very keen to progress the reform, not least because of the fiscal challenges. What needs to happen for all that to come together, and how confident are you that it is happening already?

Helen Malo: I would really like hospice and palliative care to be put forward as a lead case for public service reform. We already have proven results and good evidence in relation to the role of hospice care and the savings that it could generate for the wider system. Palliative care should not be seen as a marginal issue; it is absolutely central to the challenges that our health and care systems face.

You will talk about delayed discharges and pressure on hospital systems. In any hospital in Scotland, one in three people who are in hospital beds will be in the last year of life. We spend a huge amount of money—£1.3 billion—on healthcare in the last year of life, and £1.1 billion of that is spent on hospital care, which is five times more than what we spend in the community.

As a sector, we would like to put ourselves forward, because we are already delivering the outcomes that you want to see. If we had the right partnership and sustainable funding in place, our sector could do a lot more. We need the right conditions to maximise our contribution and scale it up, but the sector is willing and keen to engage in that way and to help to deliver the outcomes that we want for Scotland.

10:00

Murdo Fraser: I turn to Ian Bruce. TSI Scotland's submission addressed questions about whether

"activity is simply transferred"

to the third sector

"without appropriate resources".

What is your perspective on how public service reform is going? If there is an opportunity, do you think that the Government is ready for it?

Ian Bruce: I completely echo Helen Malo's point about resourcing the third sector, which feels really critical. I will be cheeky and briefly come back to your question to her. I am slightly against that point in so far as I see a tension in it, because, if you take the back-office function out of public bodies, you remove the capacity in the system that can collaborate and redesign services.

The simple version is that you reduce spend in the public sector to increase spend in the third

sector. You transfer the responsibility, but you do not get a more joined-up system. There is something about doing that in a managed way to make the connection.

Of course, having answered that question, I have completely forgotten your question to me. I am sorry.

Murdo Fraser: I simply quoted what you said in your submission, which I think is the point that you just made. It is about resource. If public service reform means that the third sector does more, how do we ensure that the resource comes with it?

Ian Bruce: That is the tension at the moment. It is the distinction between public service reform and salami-slicing cuts. We are starting to see public bodies simply withdrawing, with longer waiting lists and certain services not being delivered. In areas such as mental health and neurodiversity—this is not a new thing—our members are saying, “We are simply keeping people alive. We are keeping people in a holding pattern because they are waiting for a public service that they need.” Pressure is being put on third sector organisations, some of which are being forced to operate at the limit of their capability and professional standards. That is the tension.

We need a shift in how we change, and that is where collaboration on the redesign is so critical. It cannot be a public sector organisation sitting in a room saying, “We are going to save 0.5 per cent or 1 per cent, and this is the cut we’re going to make. We think that it’s okay, because these people will go and engage with third sector organisations and that’s where they should be.” Instead of that, it has to be a conversation with people in the room to design a better system.

Murdo Fraser: Is that not happening at the moment?

Ian Bruce: Not consistently.

Murdo Fraser: I put a similar question to Kirsty Morrison.

Kirsty Morrison: I echo those two contributions. One thing that we have been reflecting on as an organisation is that, although we are talking about public service reform, that often becomes about the public sector only. We are obviously a big part of that conversation because, as we have all said, we are part of that system. Third sector organisations are public service providers, but we are often missed in the conversation.

On the reductions, let us focus on the function and what we are trying to achieve, because some of our biggest blockers are the back-office elements. If we can streamline referrals to the third sector, data sharing and all those elements, everything else will flow. If the public sector

decides that that is where the inefficiencies are, that is fine, but there is an inherent risk in just setting targets.

The third sector is sometimes better placed to deliver services. A good example of that is the Scottish Government’s new partnership with Chest Heart & Stroke Scotland to help to deliver healthy heart and lung checks as part of its prevention agenda. We are not the only element of that; there is great work happening in the national health service through general practitioners, but we can reach communities that GPs cannot. That is a really good example of where that approach can work, but we need to be properly funded to do that, and we must be seen as not just the extra add-on but as part of the solution.

There is another risk. Although the changes are going to happen quickly, the third sector needs to continue, during the reforms, to do what it has been doing. We already align quickly with strategies as they come out to see how we can help to deliver, but there is a risk that underfunded organisations will be asked to pick up the slack while the changes are implemented. We must consider how public sector services will continue to support people while the reforms are made.

There is a lot to consider, but we can get around those issues by bringing in third sector leaders and those who already provide services—Helen Malo provided examples—that are resulting in the outcomes that we want.

Kirsty Cumming: I echo the comments that other witnesses have made. We want to be in the conversation, which is a common theme. Among our members, you have a group of the willing—experts in the delivery of public services in their areas who will give their time and expertise, willingly, to shape this part of the conversation—so we should ensure that they are included in the wider conversation.

On Kirsty Morrison’s point about language, there might be some blurring of the boundaries between the public sector and public service, so we should be clear on what we are talking about. Is it public service? Our members are mostly arm’s-length external organisations, and they are all registered charities. They are not local authorities, but they all deliver public services. There needs to be clarity on what the services are, and we must ensure that all bodies across the third sector and the charity sector are involved in the conversation from the outset and are not brought in halfway through the process.

Lorna Slater (Edinburgh Central) (Green): I am concerned about the delivery of public services being pushed on to charities and our depending too heavily on them. I can think of several examples—I am sure that others can, too—of

high-profile charities in the United Kingdom that have gone under after someone fiddled the books or because they had poor management structures. That leaves all the people who depend on the charity for vital services totally in the lurch, and the public sector has to come in and pick up the pieces.

I do not want in any way to undermine the excellent work that third sector organisations do—the example of hospice care in the community is a good one—but do you share my concern that, if we give the responsibility for delivering public services to charitable organisations, we put people at risk if those organisations can no longer function? How do we ensure that we do not put vulnerable people at risk by outsourcing public services in that way?

The Convener: At the heart of that question is the issue of resilience. If a third sector organisation or charity that is a key public service delivery partner falls by the wayside, for whatever reason, where is the resilience? That is exactly the situation that Lorna Slater has outlined. Does anyone want to give any reassurance on that point?

Ian Bruce: I hear the point, and I will say a few things in response. First, we cannot judge a sector based on what has happened to a small number of organisations. I point out that, on plenty of occasions, public services have fallen over and third sector organisations have stepped up at pace. Covid is a prime example of when third sector organisations were delivering on the ground long before public bodies were up to speed. Therefore, resilience flows in two directions.

We should invest in the quality of governance of third sector organisations, and our network plays a critical role in that. It comes back to the point about collaboration. How are we collaborating across sectors so that we can identify weak points in the collective system? The real failures of social policy in Scotland are not individual organisation failures. The flaw is that people fall through the cracks because there are gaps between services. It is not that having a service delivered by a third sector organisation or a public sector body is a bad thing—people fall through the gaps because services are not joined up. We should worry more about collaboration than about individual sectors.

The Convener: Does anyone else want to comment on that? I will bring in someone chosen randomly. I saw Kirsty Morrison indicate first.

Kirsty Morrison: I did not mean it to be a race.

I totally echo what Ian Bruce said. We are not suggesting that we should be sole providers because this is about partnership and about who is best placed. Third sector organisations have agility and can move at pace. We sometimes

develop and launch services in a matter of weeks when it would take public sector providers a lot longer to do that. That means that we can step in. We can also build relationships and trust in a way that public sector organisations might not be able to, due to their nature.

There will always be risks with any service provider and we have seen examples of that in the public sector, but I would not want to miss the opportunity to create much stronger and more resilient public service provision in Scotland. That is the vision that we see. By working in partnership, we can take a whole-system approach to fill the gap that people are currently falling into. It is Scotland's most vulnerable people who repeatedly fall into that gap, and we can step in if we are in the right position to do so.

The Convener: I cannot bring in the other witnesses because of time constraints.

Michelle Campbell (Renfrewshire North and Cardonald) (SNP): I draw members' attention to my entry in the register of members' interests: I am an NHS nurse and a councillor in Renfrewshire.

I have a small supplementary question and I hope the answers will be short. When we use the terms "public service" and "public sector", what do we understand the definitions of those to be? How do we bring the public and service users along with us and how do we ensure a culture shift? Public services might refer people to third sector organisations and I have worked with third sector organisations that can do things much better and have the time to focus on them. How do we bring the public along so that they do not feel as if they are—to use a term that I have heard—being fobbed off? I dislike that terminology because I think there is value in the third sector, but I would like to understand how we can make that shift?

The Convener: Helen Malo, I will ask you to go first this time, because you were squeezed out last time. I might take just one other comment after that to allow us to continue our line of questioning.

Helen Malo: That is a great question about a real strength of the voluntary sector. Public service reform is not only about structural reform; it is about trusted relationships and about partnership.

Hospice care is properly embedded in local communities. We are a really trusted provider and can bring the local community voice and insight into the planning and delivery of services because we have that close connection. In a context of public service reform, where big structural changes have been announced and where trust in public services and the public sector is sometimes not as high as we would want it to be, having the voluntary sector involved as true partners is valuable because of the trust that they bring in due

to their connection with local communities. That is a real strength and we should look at how best to maximise that contribution and get different parts of the system working together to ensure that the public voice is really heard in the planning and delivery of services.

That connection with local communities is a strength of the third sector and we should bring that in when we talk about public service reform.

The Convener: Does anyone have any further comments?

Kirsty Cumming: That is a really good question and one that we have considered as leisure and culture trusts. Lots of members of the public do not understand the model that delivers their leisure and cultural services—they do not know whether it is part of the local authority or entirely third sector, although leisure and culture trusts actually straddle the middle ground as public benefit organisations.

We need clarity of language. I am speaking from the community leisure perspective. We might use different words to talk about organisations and whether we talk about a trust, a charity or an ALEO there is lots of different terminology that can be quite confusing for people who are not involved in this world. There is work to do on the narrative of public service reform and on clarity of language and that must come from public bodies talking about trusted partners or about experts to give a sense of absolute reassurance.

If we could have consistency of language, it would give the public a sense that, whoever they are seeing, whether that is in a public body or somewhere across the third sector, they can trust them and that there is good governance, partnership and expertise. That is, ultimately, what the public are looking for—they are looking for good service; who delivers that service is less at the forefront of their minds. Perhaps there can be some simplification of language across that process.

10:15

Joe Fagan (South Scotland) (Lab): I have a couple of very specific questions. However, on the back of the past couple of questions, I will ask about something that it might be useful for the committee to know and to put on the record. As usual, I declare an interest in that I am a serving councillor who was working on these very issues not long ago.

What is a preferred relationship with the public sector? In a lot of cases, the relationship will be with a democratically accountable local authority. For me, that was about making sure that, when we had a relationship with a provider in the third

sector, we knew that that work was commissioned or was part of some sort of framework. I did not want money to leave my local authority without our knowing where it was going and what it was doing. We tried to get to a place whereby that was a two-way relationship.

What does a good relationship look like? I am thinking in particular about the objectives for improving outcomes. What is the framework for the agreement that sits behind that, that represents best practice at a time when there will be a lot of change in public services? I throw out that question to everybody.

The Convener: Not to absolutely everybody.

Joe Fagan: Indeed—we do not have a huge amount of time, so I ask witnesses to say succinctly what they think that looks like. Let us start with Kirsty Morrison and work our way along the panel.

Kirsty Morrison: I agree that there needs to be clarity in governance and structure. It is about having a two-way relationship and, as you say, being seen as equal partners in that. We are service providers: we go out and work with communities to provide and to create services that we know meet the needs. That is not to say that the current commissioning structures are the issue; the issue may be the way that they are being utilised as a stop-gap or last resort.

For example, when we work with health boards, we go in and say, “Hey, we can provide your stroke nursing service. You have a duty to provide six months of follow-up service; this is how we can do that more agilely and take that provision off your plate, because we have the expertise and the relationships to do it.” Then, we become part of that function in that service, because we are trusted to do it. That works well. For us, the question would involve seeing where that might not be happening and, instead, funding is being tossed out, and people are fighting over it, to resolve issues that they know exist.

I add that, rather than ticking boxes, you can use the third sector to get clarity about what the challenges are in communities. We are on the ground, engaging with people where they are to see what they need. That two-way relationship is important, and you should help us to help you to figure out what the problems are.

Helen Malo: It is a great question. The hospice care sector has given a lot of thought to it because we want to move to a position whereby we are true partners and have that partnership approach in place. We are not subcontractors—do not bring us in at the end. Involve us right from the beginning as equal partners, so that we can help to set shared outcomes and there can be shared

accountability and responsibility. We know what the local population needs in relation to palliative and end-of-life care, so bring us in during the early design stage and let us act as equal partners to deliver those outcomes.

There is a lot of opportunity around getting the partnership in place. As a sector, we want a new national funding framework for hospice care. Sustainable funding is important; it is equally important to have a framework—exactly as you said—for how to have that partnership approach.

Ian Bruce: The work that we have been doing in Glasgow city in the past five years in relation to child poverty could be a framework for what things could look like. There are some key building blocks. First, is a recognition of the third sector's capability to engage with citizens at a much more nuanced level than public bodies are frequently able to do. We have done some really interesting work with third sector organisations around how to design services that meet the needs of families by taking that on. I have said this seven times and I will keep repeating it, but there is something, too, about having the conversation in the room—exactly as people before me have said.

There is a challenge around how resources flow. It is always interesting to me when I hear public bodies get uptight about diligence around the money that flows out of the local authority via commissioning and grants to third sector organisations in a way that does not come across when they talk about recruitment of their own staff. To put it bluntly, diligence seems to be enhanced when you are a partner, and you wonder why it does not apply to internal services in the same way as it does to those that are external.

On the resource question, we really need to think about how money flows, how decisions are taken and how we value the relationships that third sector organisations have with the people who receive services. There is a danger of viewing the third sector simply as a group of providers who compete to deliver a project. However, the fundamental basis for the family support work that we are doing in the city is that there is an organisation in a community that that community trusts—somebody else cannot just dive in to develop that from scratch. The two things are not comparable. You must understand and value that point from the start, which might mean commissioning differently in future.

Kirsty Cumming: I will not repeat what my fellow witnesses have said but, from our perspective, partnership working is key—I refer to Kirsty Morrison's earlier comment around design partners versus delivery partners. It is about understanding that difference and getting people involved in that strategic-level conversation

instead of expecting them to deliver something that they have not been involved in designing, because that is a different relationship; it is important to have genuine partnership.

Clarity on outcomes is really important, too. There is also something about what good governance looks like and, for a local authority, the matter of good governance versus control, because the two are not one and the same—you can have excellent governance without needing to have control over every aspect of what is being delivered.

It is also important to have an understanding of risk. If you are working with a partner, you need to have an understanding of where the risk sits if unprecedented events such as Covid or energy shocks, for example, arise, and how to work in partnership so that any risks are fully understood and mitigated.

Joe Fagan: I have a couple of specific questions that I do not think require an extensive answer, but which I raise so that it is clear for the record. Kirsty Cumming, you had an exchange with the convener, which I was struck by and that I thought it might be useful to come back to. Last week or the week before, we had evidence from the Scottish Food Commission, which, when discussing the issues of efficiencies and setting targets, was keen to emphasise that different organisations were at different points for a range of reasons. The evidence that the convener picked up on was perhaps coming to that, so I wanted to see whether the Scottish Food Commission's comments resonated with you.

Kirsty Cumming: That is an excellent point. All our members are at different positions, depending on the relationship with local authorities, budgeting or the level of efficiencies. We are not all starting at the same point across public service reform, although we might be trying to get to the same end goal. It is about recognising and understanding that the journey to get there will be different for different people and might require different levels of engagement, conversation and support around the reform process.

Joe Fagan: I will come back to that in a second but I want to be clear on something, so I have a specific question for Helen Malo about the opportunity for the third sector. This might come back to Ian Bruce's point about how we define public service reform. Helen, I do not want to put words in your mouth but I think that, when you talk about transformational change in public services, you are saying that changing the administrative map of Scotland will not necessarily be what provide opportunities in that regard. I want you to tease that out. Were you saying that you are

looking at the wider agenda around outcomes? Is that what you meant?

Helen Malo: Yes. From the point of view of palliative and end-of-life care, we need transformational change through taking that system-wide approach, focusing on outcomes for people and the system-wide value. We can see that, if things keep going the way that they are going, the status quo is not an option. The pressure is growing because demand is growing, and we will not be able to sustain our provision. We need that transformational shift towards more community preventative care, and we need to change what we have been doing in order to get there.

We have been talking about these issues around pressure on hospitals, delayed discharges and patient flow for decades. We cannot keep doing what we are doing; we have to do something differently in our sector. Let us be part of the solution. We are an integral part of the health and care landscape and the health and care system. We need to have a transformational change in terms of how we all work together.

Joe Fagan: Other members will ask about prevention later, so I want to broaden out my final question to everybody. The TSI evidence made the point that the £500 million target should be treated as the outcome rather than the driver—we cannot have cuts drive the agenda, and efficiencies must be about delivering a real outcome. All of the submissions, particularly the one from TSI, provided strong evidence about the question of barriers to efficiency and meaningful reform. I want to give you the opportunity to flesh that out, because the submissions contained some good suggestions. We have heard about what you think makes a good relationship with statutory services. What presents a barrier to that good approach to public service reform being taken? What does good reform look like as opposed to something that is just driven by efficiency? I think that there is a danger that we might end up putting the cart before the horse.

We will start with Kirsty Morrison, as she seems to be nodding.

Kirsty Morrison: That is a really good question. For us, the starting point needs to be getting clarity about what the outcomes are and what the priorities are for what we are trying to achieve with public service reform right the way through the system.

As we have seen from all the Scottish Government publications over the past year, the direction of travel is towards a prevention agenda. Our sector really agrees with that. As Helen Malo has just said, demand is growing and the burden of disease and long-term conditions in Scotland is

growing massively with our ageing population. We know that and we all agree on it, but the reality of translating that into action is a real challenge. For example, in Dundee, the IJB has just proposed cutting back on nutrition and physio services. Rehabilitation services are a massive part of the prevention agenda. They prevent people from going back into hospital and from going in and out of the healthcare system. They also give people better lives. We have that direction at the top, but it does not seem to be translated into action underneath that.

Again, we need to be really clear and specific about what we are trying to achieve and what we need to do. All the elements of the system need to be involved in that. Helen Malo mentioned workforce planning, which is vital but has been missing. Workforce planning in relation to, for example, allied health professionals who can provide rehabilitation is a massive challenge in Scotland. We are not where we need to be in that regard. We do not have the workforce that we need and the issue is not being prioritised. It is a really challenging area for us. As a service provider, we have come in to offer some of those services, but where is the direction from the top?

We need to be really clear about what needs to be done and dig into what the challenges are, because I do not think that the approach has translated into action throughout the system yet.

10:30

Helen Malo: We are clear about what the ambition is; we are not short of ambition, but the issue is with delivery and implementation, where we have been let down. I completely echo what Kirsty Morrison said about the need to be clear about outcomes.

I can give you an example to illustrate one of the barriers that we have found. Highland Hospice has developed a rapid-response, community-based service that supports people who have escalating needs in the last three months of life. There is an average saving of 20 hospital bed days for every person using that service, because it helps people to stay at home and not go into hospital. NHS Highland asked the hospice to do a business case for expanding the service. The hospice team did that, but progress has stalled and the service has not been able to expand because the health board has not been able to find any recurring funding to support that. Even though the hospice was, in principle, promised some money from the council's social care transformation fund, the health board did not want to use that money because it was time limited.

There can be built-in barriers, even when you have something that works or has proven value for

the wider system, because of the tension between all the silos and different parts of the system. We are not working together across the whole public service to think about what will deliver the best outcomes for people and the best value for the system.

Ian Bruce: We need to maintain a clear vision of what we are trying to achieve in the long term. I have been doing this kind of work with public bodies and the third sector for 20 years—which is scary when I say it out loud—and there is nothing new. We have been talking about reshaping care for older people since the early to mid-2000s, but that has felt like a series of initiatives rather than an overarching vision for how we are going to redesign services.

There are challenges when public bodies are given statutory obligations or targets because it can feel as if activities are resourced to meet a target or a statutory obligation rather than to do the best thing for the system. There are challenges with consistency of resourcing. When we work with public bodies at local level, they talk about receiving grant offer letters in August giving them money that has to be spent by March, which does not suggest that they are being enabled to collaborate on designing a better system but instead means that they are being distracted into spending money in a short period of time.

We really need to think about the governance approaches that we use and about having local partnerships that really drive collaboration rather than feeling like bureaucratic tick boxes.

I have explained that as quickly as I can.

Kirsty Cumming: I have just a couple of things to add, which may slightly echo what others have said.

It is important to have the right people in the conversation, so we must understand where the expertise and insight are and ensure that the conversation includes those.

The theme of clarity runs through everything. We need clarity even in definitions of terms that we might think we understand. I can use “prevention” as an example. Our members talk a lot about prevention when they discuss the social determinants of health and the role of services, but that conversation is probably different to one that would come from a purely health perspective. We need to tease that out and to check that we are all on the same page when we use terms such as “prevention” because we might think that we all understand but actually there is a potential disconnect in some conversations.

There is another barrier because of the idea of statutory and non-statutory services. We need to understand that something that is non-statutory is

not necessarily unimportant. The process focuses on statutory services, and rightly so, but we must not lose sight of non-statutory services.

Most of what our members deliver would be considered non-statutory. Where there is some statutory element, the definitions are very weak: for example, there is an adequate definition of libraries, but there is nothing that sits behind that. It is a matter of understanding how not to lose sight of services, or how we prioritise when it comes to services.

My final point is about the long-term view. We have to ensure that we have sustainable funding in the interim period to ensure that services continue and we do not lose things in the process.

Lorna Slater: We are all quite interested in how we measure outcomes and success. Ian Bruce said clearly that what everybody wants from the process is to design better services. Everyone will absolutely agree with that. How, though, do we measure better outcomes? In fact, what is a better outcome on the ground? Is the national performance framework the framework that we should be using? Are there other numbers? Whose numbers should we be using? How do we ensure that we do not just push problems around? One organisation might say, “My numbers are great,” but the next organisation down the road might be falling apart, because the problems have been pushed along.

Ian Bruce: We have to be conscious of that. I forget the language that is used, but it is said that if a target is set, people will find a way of working to the target, not the intention behind it. That is a critical point.

It feels as if the national performance framework and the population health framework give us strands that help us to think in that direction. At a Glasgow level we have been doing that. There is something to be said for really thinking about how to achieve outcomes that sit outside the obligations that any individual organisation must deliver, and about how we then hold ourselves and each other collectively accountable for achieving them. Rather too frequently, we end up with things like accident and emergency waiting time targets, which are something to clobber somebody over the head with. That does not feel so constructive.

Kirsty Morrison: Success will look like people having a better quality of life. There are all the measures that we have talked about relating to health inequalities and healthy life expectancy, but people’s experiences can be harder to capture. It has not necessarily been the priority at the moment, but are people able to live their lives and get the help that they need without constantly having to navigate the systems? The people we work with and support constantly report how

exhausting it is, with a long-term condition, to navigate various systems beyond healthcare. We are all whole people.

Regarding public service reform, there would be something in seeing where the spend is going in the next 10 years. We are talking about prevention, but the money is not quite following that, for the reasons that Ian Bruce gave. That will be something of a metric for us. Also, is the money flowing upstream? We would not just ask that for the sake of it—it is because we know that that is what we need to do.

A few different areas could be brought into consideration and, as Ian Bruce has said, the bigger frameworks that set the vision for Scotland are helpful. That just needs to be translated down into the data that we are collecting and the approaches that we are taking. If we give someone a measure of success, such as cutting a wait time, that serves a role but, if we get too caught up in that, we lose the patient experience. The question is whether there is an impact on the patient's wellbeing as well as on their health, as they try to access a particular service.

Helen Malo: Going back to the point about outcomes for people and for population planning, we know that we need to respond to the challenges of growing demands. We know what good care looks like for people, in that it entails joined-up, integrated care for them. It is a matter of keeping that as the focus and of setting the outcomes that we want to see from the start.

Certainly in our sector, it is not an and/or between outcomes for people and outcomes for the service. If we get better at preventative spend, we can do both and get better outcomes for people and for the service. It is about having a population-based approach and keeping a focus on what matters to people.

Lorna Slater: That is really helpful. I am glad to hear that there is support for the national performance framework being a framework for all that, but I hear what you are saying about the secondary effects of that. It means that we have to collect the right data and we have to have collective accountability among organisations, including those in the public sector, for delivering that, and you cannot just look narrowly at your own organisation's metrics.

I have a second question that probably segues nicely into what my colleagues are going to ask about prevention. It is specifically on the chest, heart and stroke piece, because such a high percentage of people in Scotland still suffer from or die from those conditions, and prevention could go a long way. Many of them are preventable for years with the right nutrition, the right environment and all the good things that we know are so hard

to achieve, especially for people who are struggling with poverty, other health conditions and so on.

Chest, heart and stroke conditions are a really good example of something that we could tackle as a country, which would save hundreds of lives every year. If we used that as a case study—perhaps with learning from elsewhere—what steps would we need to take as a country to apply prevention in that one space?

Kirsty Morrison: We work across four conditions, but let us take cardiovascular health as an example, because that costs about £2.5 billion in our economy between healthcare costs, care costs and economic inactivity. As you said, that is a massive impact, and cardiovascular disease is the second-largest killer in Scotland. We need to look at the whole system and, through the population health framework, we are starting to see that approach being taken, because so many lifestyle factors feed into it. We want that work to progress, and we need it to be multi-agency and cross-sector, because actors beyond healthcare have a role to play in it.

The bit that has been missing but which is starting to come in is secondary and tertiary prevention, and we have been focusing on that. Not every cardiovascular disease is preventable; there are genetic factors and other elements, and the population health piece will take a bit of time to catch up.

However, there are really simple things that we can do, and the health check is a key example. We are seeing great progress in that. In the past couple of years, the Scottish Government has introduced the cardiovascular disease risk factors programme and the enhanced direct service, which invites GPs to look at their records and data and to invite people who might be at risk, based on the risk factors, to come in for a health check. In its first year, the programme reached more than 120,000 people, with 97 per cent of GP practices participating. It found that 16 per cent of people had risk factors such as high blood pressure and high cholesterol that they did not know about, and about 40 per cent of them came from Scotland's most deprived communities.

The programme did exactly what it needed to do, because, if there is a—I am going to read this because I can never pronounce it right—1 millimole per litre reduction in low-density lipoprotein cholesterol, that reduces the risk of cardiovascular disease developing by 20 per cent in the population. It is really important to make the simple changes in easily modifiable areas of health to achieve that, but people need to know their numbers, they need to get the checks and they need support to do it.

That is where we have been able to come in with our health defence hub model, which works with the communities that are most at risk in Scotland's most deprived communities. We go to them, we provide the health checks and we provide support by saying, "Well, what do you want to do about this?", which might be working with their GP or changing lifestyle factors. We have had success with that. We have gone out into communities—for example, Gypsy Traveller communities or immigrant populations—where people are not even registered with their GPs and started having those conversations where they are. That is why the Scottish Government has chosen to partner with us to roll out the programme to other communities.

The medical population has a role to play, we have a role to play and community pharmacy has a role to play. If we can take the programme into the community, use those simple steps to find risk factors early and provide personalised support to people to make changes, we can see a massive difference.

Beyond that, the final bit for us is rehabilitation. People who have heart disease or other long-term conditions are more at risk from other factors, so we need to think about how we can use rehabilitation to help them make lifestyle changes, if that is what is needed, or just give them the support that they need to stay healthier.

If we can take that full-system approach, I think that we could see quite a lot of change quite quickly. We are grateful to see that direction of travel, but we need to see it in relation to other conditions if it is to make a real impact.

10:45

The Convener: I give a slight apology to Michelle Campbell and Max Bannerman because, as we have moved on to the prevention sphere, I think that it is reasonable to bring in Alex Kerr, who has a range of questions on the issue.

Alex Kerr (Hamilton, Larkhall and Stonehouse) (SNP): If the witnesses have seen any of the committee's previous meetings, they will know that I have focused on prevention.

I refer the committee to my declaration in the register of members' interests, which states that I am a member of Glasgow City Council.

It is interesting to hear Kirsty Morrison and Helen Malo talk about third sector strategic partnership reform, which everybody seems to be entirely signed up to. Ian Bruce's point about some of the strides that Glasgow is making in partnership working was quite interesting. The flagship policy seems to be the holiday activity programme, which is delivered entirely by community organisations

and helps to get food to young people and deliver activities for them. Without the community organisations, you could not find people who need that kind of support and certainly could not deliver it at the scale at which it is being done.

The TSI submission talked about the need for a much more systematic national mechanism for ensuring that learning from individual projects can be shared and adopted across the sphere, in response to the invest to save approach, and the Community Leisure submission talked about the bodies and organisations that will have a role to play in the delivery of leisure and culture services—it listed quite a number of them.

Given where we are with the discussion about rationalising health boards down to two and potentially rationalising councils into regional local authorities, what kind of space do you see for the advancing and scaling up of particular prevention projects that have worked well and for trying to break free of some of the siloed thinking that exists in terms of prevention?

Kirsty Cumming: The principles of taking a regional approach and moving away from siloed thinking make complete sense, although I would strike a note of caution around the pathway that gets us there. The other thing to note is where our members are at. For example, Glasgow Life has a range of programmes that take place in specific communities, because that is what those communities need, and they are not necessarily run on a city-wide basis.

When we think about scaling things up, we need to be aware that, although there are things that can be scaled up and best practice that can be shared, there is also sometimes a need for very specific approaches for specific communities that are not necessarily replicable in other areas. Things that might be successful in one area will not automatically scale up, nor could they be picked up and delivered in a completely different setting.

We need to tease out what is scalable. We can absolutely apply the principles of scalability, but we must be cautious as we do so and not expect that simply moving to regional structures for local government or establishing two health boards will deliver a uniformity of approach. I do not think that that would necessarily serve the needs of everyone across Scotland in the way that it might appear to do on paper.

Alex Kerr: Earlier, you mentioned that there was a bit of concern that taking too localised an approach would lose some of the economies of scale that help with the output. From your sector's point of view, can you be more specific about what benefits you could get from a slightly more community-focused approach or a slightly more regional approach?

Kirsty Cumming: For our members, taking a regional approach offers the ability to have a strategic view and to engage across different areas in a more strategic and joined-up way. That is absolutely where those services should sit. If you took the whole of sport, leisure and culture down into the community level, you would miss the strategic connection into health. However, there is a role for activity across communities. For me, there needs to be a double-tier approach that involves having strategic representation at regional level while enabling diversity across communities that will shape some of those approaches for specific community areas.

Alex Kerr: Absolutely.

Ian Bruce, I want to pick up on the point that you made in your submission about needing a more systematic approach to best practice and scaling things up in a way that loops round the whole system. If something works well, we can scale it up and spread it out. How would you see a new structure being best placed to achieve that?

Ian Bruce: A part of it is about the restructuring of boundaries. It is broadly the case—in my very simple view—that larger areas serve us best when we want consistency and are highly focused on efficiency. That makes sense, but I think that smaller areas work best when we require efficacy and flexibility. That scale applies in particular when we are talking about the prevention agenda.

You will be aware, as a councillor in Glasgow City, that the scale of Glasgow means that things often feel distant to some communities. People will frequently say, “I live in the Gorbals,” or “I live in Drumchapel,” or whichever area is appropriate. A bit of our submission—if it has slipped through in the actual text—says that scaling up does not always need to be about growing the same thing and can involve replication and adaptation. It is about recognising that we might have a model that works incredibly powerfully in Drumchapel, but we cannot just take that organisation and ask it to deliver the same service in Hyndland—

Alex Kerr: Or in Inverness

Ian Bruce: Or in Inverness—absolutely.

It is about transferring the learning and thinking about how we mimic something—I was going to say “replicate” but I will say “mimic”—in saying, “There’s something useful and valuable there—how does that translate into my community and the area that I’m working in?”

There is a danger in things being very big, whether we are talking about local authorities or health boards. The risk is that we become unable to see Drumchapel because we are so busy looking at the map and thinking, “How does my service cover all this?”

Alex Kerr: Is there more of a role for the third sector at the community level? If we are going to end up with two levels—a regional level and a community level—would you see the third sector partnership model as being more about delivering at the level below the regional level?

Ian Bruce: I think, looking at our sector and what it is made up of, that it has a role in both. Again, I emphasise that we have not had the opportunity to engage with members, given the timeline for local authority reorganisation that has been talked about, but I have certainly spoken to plenty of large third sector organisations. They tell me that having to engage with 32 local authorities and 32 HSCPs is a distraction when they are delivering a service that is broadly consistent wherever they go. Similarly, I talk to small organisations in our territory that say, “We are so small and serve such a distinct part of Glasgow City that the city chambers does not understand what we do.” I think that the sector is the bridge right through—it is not as simple as delivering at one level or the other.

Alex Kerr: One of our previous witnesses talked about buying outcomes rather than spending on services; there is potentially a bit of both in there.

I go to Helen Malo with a follow-up question. You made the interesting point that in the current structures, because of the way the money flows through the IJB to the front line, there is no feedback loop. For example, the work that you are doing, which you can expand on, will take some pressure off the acute service, but there is no feedback loop to reward that action. If there is a new structure, how would you like it to be designed so that it rewards such action in a feedback loop, to promote more preventative spending?

Helen Malo: We are waiting to see more detail—specifically on where health and social care partnerships fit—but you are right in what you say, certainly with regard to the structures and changes that have been announced so far.

Only 40 per cent of the money that is needed to deliver hospice care comes from statutory sources through IJBs; the rest is raised by local communities. Hospices, as charities, are essential, core services that provide palliative and end-of-life care. There is evidence that, for every £1 of statutory funding that is put in to Children’s Hospices Across Scotland, the benefit is more than £6. That equates to a saving of more than £15 million a year for the NHS. However, the sector does not have stability, because the statutory funding has not kept pace with the rising costs. The majority of care is provided in the community, and the sector could do more to support people at home, which would keep them out of hospital.

There is a struggle and a tension in the way that funding is allocated. Funding is awarded for adult hospice care through IJBs, which are in an impossible position, given the pressures that they are facing. It is sometimes easy for them to think that they will have to cut a budget line for hospice care, because they do not see the value that it creates or the money that it saves in a different part of the system. We are coming up to budget-setting time and I know of one hospice that, as a result of its level of statutory funding, will have to make difficult decisions about whether to cut beds or community services. Community services provide massive value for the local community and the NHS but, because of the tension created by the way that the funding flow is structured, in that it does not incentivise preventative, higher-value community-based care, some poor decisions may have to be made. That will be harmful for patients, families, communities and the wider system.

I would like to see whether we can use palliative care as a lens through which to judge whether public service reform is working for people at the end of life. People receiving palliative care are some of the most vulnerable in our society. Providing integrated care and support costs £1.3 billion. If we get it right for that cohort, many other benefits would flow from that, as well as that being the right thing for the people who receive the care. That could give us an indication whether we are moving in the right direction.

Alex Kerr: That is interesting, because it touches on Ian Bruce's point about the different types of third sector partnerships and the fact that hospice care is needed across the country. Rationalisation would create fewer bodies and pots of funding for services such as hospice care. Such services could be delivered differently locally. Could rationalisation make the process easier to follow and more streamlined, and make it easier to achieve a good standard of care across the country?

The Convener: This is your last opportunity to come in, Alex. Would you like to roll in another question for other witnesses to respond to, so that we can move on after that?

Alex Kerr: Where are the risks and opportunities with a new system for preventative spend?

Helen Malo: There are a lot of opportunities. The hospice sector is willing and open to exploring different funding routes, depending on what the structures look like. We are open to considering whether there is a better way to support prevention.

Finally, we have a huge opportunity with public service reform to make a difference and ensure that the system works around people in a much

better way, with a focus on prevention and community care. I urge the Government to bring in the voluntary sector to help it to achieve those aims. We certainly want to be at the table, but we need the right conditions to do that, such as sustainable funding and a partnership approach. However, this is such an important opportunity to try to get more preventative, community-based care and support for people in Scotland.

11:00

Kirsty Morrison: I echo what Helen Malo said; a real opportunity exists here. Our really clear strategic direction is about prevention; the third sector has been saying for a long time that we must move into that. In the past 10 years, Chest Heart & Stroke Scotland has moved its funding into prevention because we want to show that we can be part of that solution. Our whole-system approach starts with the prevention services in our health events hub and goes right through to supported self-management and rehabilitation.

The risk is that we do not get what the exact vision is from the start or the right people in the room for services—I refer not only to the third sector but other actors. That point ties together everything that we have said. A big challenge for us in extending access to rehabilitation is that allied health professionals are often not included in strategic leadership considerations; as a result, rehab services have not been included in workforce planning and forward looking. We do not have accurate data about the rehab to which people get consistent access after they have had a health event. Surveys of people who live with the conditions that we cover suggest that only about 50 per cent get what they need from the NHS, so there is a need for further support.

If we are looking at a whole-system approach to prevention, let us make that vision clear from the start and take some time to consider who the right people are to get in the room before we start to run away. If we get halfway through before we do that, it will be too late, and we will have missed a really valuable opportunity to change things.

The Convener: We move to questions from Michelle Campbell.

Michelle Campbell: Kirsty Morrison, I wrote down the words “allied health professionals”, because your commentary touched on some of the things that witnesses have said about in-built barriers and tensions in systems—please correct me if I have misquoted or misunderstood your point.

Pain management in the NHS is a good example of where allied health professionals have been able to take the ball and run with it, and shows that flexibility can exist in public services if we truly

want it to happen. That is likewise the case in nurse-led services, but I obviously have a slight bias on that one.

I am interested in understanding those in-built frustrations, because I feel that they are a bit of an elephant in the room. I want to prod you a bit on that, because I want to get the best picture of what you want change to look like in developing the cultural shift and getting the leadership that is required strategically and in relation to policy development. It is fair to say that the third sector does flexible change better than public services do, and it might come down to statutory routes—they might be the restriction when it comes to allowing change. I would like to hear all the witnesses' views on that, as succinctly as possible, starting with Kirsty Morrison.

Kirsty Morrison: Are you asking how we achieve that?

Michelle Campbell: Yes. What do you feel is a positive opportunity? I appreciate that it is important that we talk about the frustrations but, given where the conversation is at and how the politics of public service reform are landing, where is the real opportunity for change to happen?

Kirsty Morrison: There is a fantastic opportunity. We have a moment where we are setting a new direction for what we want our services to be for people—it feels as if we are firmly planting our flag. At the risk of repeating myself, we need the right people in the room as equal partners, from the start. We have so many amazing actors in the service sector, across bodies, from the public sector to the third sector and beyond. It really is about getting the right leadership in the room and valuing the leadership of those different organisations.

I hear you when you recognise that we need that to filter down. However, if we start at the top, a lot of our other frustrations will resolve. We constantly have to reprove ourselves as trusted partners with different actors. During Covid, for example, people did not have as much of an issue, because we could help quickly and they were happy to accept our help; after Covid, it suddenly became a case of “Well, hold on”, and we had to fight to get back into some spaces. So, this could be the moment where we change that and say, “We have such fantastic skill sets, ideas and leaderships to drive this. Let's bring everyone together.”

Helen Malo: It is not just about structural reform, is it? It is about culture, behaviour, trust and relationships, and getting to a position where we value the expertise that each part of the system can bring. Let us have a partnership approach, recognise all the assets that we have and maximise the contribution that each part of the system can bring. On trust and relationships, it is

about valuing what the voluntary and public sectors can bring. If we are working towards shared outcomes, responsibility and accountability in delivering those outcomes, and if we have trust and a recognition of what everyone is bringing to the table, that will underlie everything else that is going on around structural reform.

Ian Bruce: Helen Malo used the word “relationships”, which was the first word that came to mind when Michelle Campbell asked the question. The risk in all of this is that there is disruption to relationships. We have spent a lot of time building good relationships with Glasgow City Council. If that is not the group of people that we will have to engage with in future, there will be a reset. The opportunity comes in building new relationships across public bodies and the third sector, and in changing the relationships that we all have, and that services have with the people who use them.

What will shift things much more than talking about structures and saving half a per cent and things like that is a combination of changing the relationships and really thinking about the type of relationships that we want to have and how we will use them.

Kirsty Cumming: Relationships are important, but that goes beyond individuals across organisations. It is really important that we establish trust in organisations, and not just in individuals in organisations, particularly if we are going through a period of transition and change, so that relationships do not fall down if individuals move on.

Helen Malo mentioned culture. We need to set the right culture alongside the vision for reform. There is a lot in partnerships and having the right people at the table, but the culture driving that is important. If we are clear and explicit about the culture and leadership that we expect from everyone who is involved in this conversation, we will have a significant opportunity to achieve something quite special.

Michelle Campbell: I will change direction, because I appreciate that time is ticking on. Data sharing is a key aspect of public service reform, and there seems to be a lot of concern about how we can do that better, quicker and more effectively. Could each of you give an example of what could be done to improve data sharing? What is your one ask? What is the thing that really matters, which you feel would make a difference and allow that collaborative approach and shared communications to produce much more effective outcomes?

Kirsty Cumming: I will caveat my remarks by saying that I am in no way a data expert or data sharer.

Michelle Campbell: Neither am I, so you are in good company.

Kirsty Cumming: There is an issue about the clarity and consistency of data. For our members, trying to pull together consistent data is surprisingly difficult because they all report differently to different bodies. There is a huge amount of data, but it is quite challenging to tell the story from that data and simplify it at a larger scale. It would be really interesting if we could achieve some common metrics across the wider sector that would allow us to tell the story of Scotland better. That is my first point.

My second point, which is more practical, is about engagement between health and the third sector. Our members receive a huge number of health referrals to specific programmes, be that falls prevention or the rehab and prehab programmes that they are delivering. Effort is required to share data, particularly with the NHS, given the rigour that sits behind that. It would be super welcome if we could make it easier to share data to allow that join-up of services, without taking away the rigour or the data protection.

Ian Bruce: I am also not a data expert, but, in the work that we have done on designing services with families, I am repeatedly struck by families saying that they want to tell their story only once and that they expect us to share data effectively to help them, but that we are failing to do that. We need to design something better. This is one of those topics in which it feels that every individual bit of the system is trying to think about how it can share data more effectively rather than how the public service system in Scotland can share data.

Kirsty Cumming talked about referrals. A lot of our members get referrals from public bodies or other third sector organisations, but those referrals are frequently inadequate and are not always appropriate. That is the part of public service delivery to families and citizens that is falling over, because instead of people getting the joined-up service that they need, they are being bounced between services that are not always the right fit.

Data sharing is the right area to ask about, but I will not pretend that I have a single answer—I am sorry.

Michelle Campbell: I am not expecting a single answer or that we will solve the problem in five seconds, so I appreciate your responses.

Helen Malo: I am glad that you asked about data, because it is so important to knowing whether we are making progress on what we are trying to do and whether we are focusing on the right things. From a palliative care perspective, some positive work is happening on data through the palliative care strategy. We are trying to get

better data so that we can plan for population needs, and we are exploring how we can better capture people's experiences.

One specific thing that needs to be addressed is the sharing of data to support a patient and family's journey when it comes to people's wishes and care plans at the end of life, because it is so important that everybody can access care plans who needs to access them. If an ambulance is phoned for but the paramedics cannot access the person's care plan when they come, that person might get taken to hospital when they wanted to stay at home.

A palliative care consultant recently did an audit of data sharing across hospices, and I was shocked to see the burdens that are being created for staff across all parts of the system due to the inefficiency of systems not speaking to each other, which is also a risk for patient care and safety. My specific ask is for hospice care staff to have read-and-write access to care plans through developments with the national digital platform, so that there can be better, joined-up care and the more efficient services for patients and charities that we are trying to create.

Kirsty Morrison: I echo those comments—we have had the same experiences as Helen Malo on a lot of that. A big challenge for us is to be able to feed back up and connect the dots, because even when we get a flow of information down, we are not always able to feed back in. We have valuable insights and data, and if we are part of a person's care journey, we should be able to make the data align. We hear from people who had a stroke and then go to their GP but the GP had no idea, which is upsetting for those individuals. It sounds a bit boring when we talk about data—let us be honest—but it has a real impact.

I have another suggestion, which is more linked to the referral element of data sharing. Some good practice that we are monitoring is the diagnosis connect model down in England, in which a group of charities have come together to trial creating a single-point referral system. That means that, when GPs and clinicians diagnose a person or when there is a health event, clinicians can go into the system and direct that person to the best organisation for them. We cannot expect clinicians to know all the help that is out there for people at the next stage. We always say that people do not leave their health condition at the point of discharge or diagnosis; it comes home with them, and they need to figure out the rest of their lives. That is where we and others can come in and provide support, but people do not always know that we are there. We try really hard to let them know, but we have only so much capacity.

That model is still in trial, but we are certainly keeping an eye on it, and we invite committee

members to do that too and to find out some more information, because it could solve a lot of the problems that we are all experiencing in referral pathways.

Michelle Campbell: Thank you.

11:15

The Convener: We move to our final line of questioning

Max Bannerman (Highlands and Islands) (Reform): Good morning. I will focus on the upcoming budget. I have been quite taken by the witnesses' remarks this morning. A key theme has been how and where the money flows. I want to open that up broadly first, starting with Ian Bruce, who said specifically that. How does the money flow? How should it flow? Will you give me an overview of what you think?

Ian Bruce: At the moment, simplistically, money flows to public bodies that are primarily focused on solving the problem that has gone wrong—whatever that is—as, frequently, that is their statutory obligation. Then, also simplistically, it feels as though the money that is spent on prevention and is put into the third sector is the bit that is left over, after the consequence has been dealt with.

I think that that is a really challenging way to think about prevention—dealing with the number of homeless people that have to be housed and, then, with the money that is left over, thinking about how to stop people from becoming homeless in the future. Such an approach feels really challenging.

Money also flows very slowly from public bodies into the third sector. It is a real challenge when the Scottish Government writes mid financial year to local authorities, local employability partnerships and health and social care partnerships, saying, "Here is an additional X amount of money. It needs to be spent by March." There is a frustration in that, because frequently the right thing to do—we would always argue for it but it is frequently the right thing to do—is to put that money into third sector organisations that can do something meaningful with it. As Kirsty Morrison said, the sector is really flexible and steps up very quickly. However, commissioning arrangements make it difficult to happen at that pace, so there is a challenge around how money is spent.

I advocate for two approaches that have worked really well. The first is old now, but I keep coming back to it: reshaping care for older people. There was additional investment in the mid-2000s for reshaping care for older people in Scotland. That predates integration joint boards—it is that old. However, the premise was that the additional

money could be spent only when the council, the health board, the third sector interface and the independent social care sector all agreed a plan for how the resource should be spent. That kind of model, in which resources come to a collaboration rather than to individual organisations, works really effectively.

The other model—and we would argue for it—is the communities mental health and wellbeing fund in Scotland. It is an excellent example of the Scottish Government having ring fenced a pot of money for prevention and distributed it, via the network of third sector interfaces, into grants for third sector organisations—completely ring fenced—for prevention. That is part of the fair funding pilot as well, so it has now been extended for a number of years, which is a really excellent model with great outcomes.

Max Bannerman: I will open that up to the rest of the panel, starting with Helen Malo.

Helen Malo: Currently, the way that funding flows prioritises crisis and reactivity. We want to get the switch from crisis to prevention—from being reactive to planning for population need. On the upcoming budget, hospices in particular are experiencing year-to-year financial uncertainty. We could be part of the solution to get the shift to a more preventative and planned, less reactive and less crisis-driven approach. However, it is very hard for us as charities to do that if sustainable funding is not there. It is very hard to plan ahead and develop services to help with the shift when we are dealing with financial uncertainty.

As a sector, therefore, we want a new national funding framework that would give stability and allow hospices to fully participate in the wider reform agenda. Hospices are a key part of the system, but we work in partnership with lots of other people across palliative care—GPs, district nursing, community nurses, pharmacists, ambulance staff and so on. Given the sort of demand that we know is coming, we have to look at the better resourcing of palliative care to ensure that the whole system supports more people in the community.

Max Bannerman: On that specific point—I was going to come to this later, but you have pre-empted me—a national funding framework for hospices was promised in 2023, if I am correct, but it has not been delivered. Can you put in your own words, rather than mine, the impact on the sector of that failure to deliver?

Helen Malo: When I get out and about and visit hospices across Scotland, I see a real variation in the amount of statutory funding that is coming through. It varies across Scotland, and that is creating inequity with regard to what patients and families are getting. I also see uncertainty, and I

see hospices having to make cuts to services, making really difficult decisions about what to prioritise and finding themselves unable to fully participate in the services that we know work for people and save the NHS money. It does not make sense.

Therefore, we need the funding framework that the Scottish Government has committed to putting in place—and I should also say that we really welcome the progress that we have made with the Government on other issues such as pay parity funding. We need stability; we need to reduce variation; and we need to give hospices some stability and certainty to plan for the population need that we are seeing.

We need to do that now, when we know that demand is going up and we know that the impact will be felt on hospitals, with more people stuck in hospital or using A and E and unscheduled care services. Let hospices, and all the other partners we work with in palliative care, be part of the solution to get that shift, to support people better and to save the system money.

Max Bannerman: I want to ask Kirsty Morrison my original question on the broader theme of how the money flows at the moment and where it should flow.

Kirsty Morrison: Perhaps I can take the question a bit wider and say that the issue is not even how the money flows but the actual approach to budget setting. The current system of year-on-year budgets really works against prevention; as we know, we will not see the impact of prevention for years to come, and the current system really prevents us from investing in that way and, as Helen has said, having that certainty.

We at Chest Heart & Stroke Scotland look at the next five years and ask, “Okay—where do we want to go, and what money do we think we need?”, and we adapt if we do not achieve that. Not every organisation works like that, but there are ways of doing that sort of thing.

We know where the money needs to flow: it needs to go to services further upstream, and seeing that happen across the board, including for the third sector, would, for us, be a measure of success. This is all about budget setting and, in the current culture, it is really hard to take that approach. We can all go in that direction, but with year-on-year funding not giving us stability and certainty, it is really hard to achieve that. In short, we, as a nation, need to look at the culture of budget setting, particularly with regard to public sector services.

Max Bannerman: Thank you. Kirsty, do you want to respond?

Kirsty Cumming: Things might be slightly different from our members’ perspective. They usually get some funding in the form of a management fee from local authority partners, but that is subject to the salami slicing and year-on-year budgeting that I mentioned earlier. The point about funding going more upstream and about investing in prevention will absolutely be echoed by our members, too.

We would also emphasise that, alongside the flow of money to deliver services, we should be looking at the spaces where services are delivered and investment in that infrastructure. The leisure and culture infrastructure across Scotland is not only ageing and in need of significant maintenance and repair; it also needs to be future proofed for environmental sustainability and to meet accessibility standards for 2026 and beyond. However, we are not really looking at making any capital investments at scale; indeed, we expect services to continue to be delivered in spaces that were not really designed for the services that are already being delivered there. From my perspective, there is a need to focus on the capital as well as the revenue side of funding.

The other point to mention is that we are seeing and are aware of conversations across local authorities around disinvesting in leisure and culture services. We know that one local authority was moving towards providing no funding towards its leisure provision in the fairly near future. We also know of other local authorities that are looking at private sector operators for the delivery of public services. That is a discussion that needs to be picked up in the wider public service reform conversation about what we as a country want and expect from public services.

Max Bannerman: Thank you. The written evidence that we have received shows that there is a fairly uniform view, as you just said, that multiyear funding settlements are the preferred route that we should be going down.

Regarding the budget that is coming up, I note that a big part of the public service reform agenda is about cutting through silos. To be fair to him, the cabinet secretary has agreed with that and has made it a focus of his agenda. In its submission, the Fraser of Allander Institute mentioned the top-down approach of the budget, whereby money goes down to the departments and is often siloed into specific budget lines. It then goes down through various layers of bureaucracy until it gets to the likes of your organisations.

Given the redesigns in local government and in health and social care, how could that money reach you and ultimately the service users in a way that is of benefit to all? I am interested in hearing your view on what the Deputy First Minister could

do in her upcoming budget to cut through all of those layers of bureaucracy and to get the money to where it needs to go more efficiently, with that service-user end goal in mind?

The Convener: Max, that is an important question, but it will have to be a final question because time is against us. If there is something that the witnesses have been meaning to sneak in that they have not quite managed to sneak in to their evidence yet, this will be their last opportunity to do so.

Max, who would you like to go to first?

Max Bannerman: We will start with Helen Malo.

Helen Malo: We must make sure that we can track preventative spend and that we understand what we mean by it. For us, I see hospice care as preventative spend—it is part of building the preventative infrastructure that we have across the health and care system.

At the moment, things are very siloed, which comes back to what we were talking about earlier around agreeing on the outcomes that we are trying to deliver, with everyone then working together to do that, supported by the funding.

For the budget that is coming up, we have specific funding asks. As the hospice sector, we expect the money that was committed to us in the previous budget to be recurring funding, with money for pay parity for hospice staff. Therefore, we want to see that £9.4 million recurring, plus additional funding to help hospices to match the 2027-28 NHS pay awards.

There are bigger questions around the funding flows, which probably involves a longer-term, bigger question about how we can incentivise preventative partnership working and move away from the siloed approach. I would want us to lay the groundwork by talking about and focusing more on preventative spend and whether we are seeing the money flow to deliver the outcomes that we say we want to achieve, which are better outcomes for people and better value for the wider system, and whether partners are able to work together in order to achieve that.

Ian Bruce: The first thing to say is that everyone operates in this tension, with the United Kingdom Government setting a budget, the Scottish Government setting a budget and local authorities setting a budget. I emphasise that the third sector is often at the bottom of that chain, and it also has the smallest degree of confidence in and resilience to what is coming to it. The Scottish Government might not know exactly what its budget is, but it knows that money is coming and it knows roughly the scale of it, and it is the same for local authorities.

The danger for individual third sector organisations is that they do not have any sense of whether a cut might mean a complete cut, as opposed to being told that they did not get a percentage increase. Being at the bottom of the budget process is a very different kettle of fish to being at the top of it.

11:30

As I touched on before, the prevention agenda needs to be much more strategic. Money has to flow to local areas. Obviously, what local means was transformed this week, but if that change was not going to happen in local areas, we would still have to think about how public bodies, through community planning structures with third sector organisations, agree genuinely and collaboratively on how money is spent strategically.

If we are serious about how we involve the third sector meaningfully in public service reform, we need to think about how money gets to third sector organisations in a way that feels less competitive and less purchasey and more about collaboration and valuing the sector as a partner.

Kirsty Cumming: The challenge of following my panellists is that I tend to make the room sound like an echo chamber, but the points on taking a more holistic view and being outcomes focused in the budget are important. Understanding what we are trying to achieve through the budget, what the outcomes are and what sits below that and how the money flows to impact on the outcomes that we want to move the needle on are all also important.

Moving away from siloed pots of funding is also important, as is moving away from more short-term innovation-based funding. There needs to be understanding about the need for core funding for a lot of services in Scotland. A number of pilot projects and programmes are taking place, often with great results, but without recurring funding they stop. It is important that we consider how to build sustainable funding—funding that is not always focused on finding something new.

From the perspective of our members, although efficiencies have been made for a number of years, the impact of any cut that is made now is disproportionate. A small cut to some of the services that our members deliver has a disproportionate impact because there is nothing left to cut. We therefore need to understand the unintended consequences of making such cuts.

Picking up on Ian Bruce's point about timelines, there is the chain from Scottish Government budget into local authority budgeting, and on the other side of that is our members getting their budget. The timeline for that is being pushed later and later, which in turn has an impact on forward

planning, and that has an impact on people whose job depends on the level of funding available. There is a sense of insecurity as budget decisions are pushed later.

Kirsty Morrison: We are a very aligned panel on a lot of this, which is hopefully helpful, because it shows that there are universal challenges and solutions.

I will not repeat everything, but there are a few areas that I would like to cover. One is that, as well as being at the end of the chain of budgets that are agreed, sometimes the physical money comes in quite late. We have had occasional challenges with that. A short hold-up in receiving funding can create massive issues, especially for smaller organisations. That is one practical element.

I would like a whole-systems approach to be taken on the budget. We have had the direction from the programme from government, and it is clear from that that prevention is top of the agenda. That should come down to population, primary and secondary prevention initiatives, checks, support for people to get diagnosed, and early intervention.

However, we should also consider how we support people to recover when things have happened. Rehabilitation is missing from the conversation. It was not referenced in the programme for government, and it is often an afterthought. We need funding for that. We know the impact that funding can have, and we know the agility that services have.

We have been working with the University of Strathclyde on a tech-enriched rehabilitation gym that is quite a cost-effective solution for stroke survivors. It increases the rehab time available by three times, and without using specialist staff. There are loads of solutions, but we do need the money to follow.

Another part of the solution would be to use not only a universal approach, but targeted universalism. We want good outcomes for everyone, but certain communities need more attention and different attention.

As we are in this uphill battle, with population and health challenges and the burden of disease growing, let us consider the communities that need focused on first. We take that approach, and our health defence hubs are in those communities for that reason. We support everyone, but we know that certain communities need a targeted, specialist focus.

I would make a final point to the committee. We need people to be at the heart of these considerations of public service reform. It seems so easy, but it is such a complex topic. We talk about structures and governance but, in the end, public services are provided for people in Scotland

so that they can live better, healthier and longer lives. Our organisation puts our people at the heart of everything. We want to see that in the budget and in future considerations, so that people do not get lost in it.

The Convener: We are almost there now. Just before we end this evidence session, I should note, Kirsty Morrison, that one of those health defence hubs is in the same building as my constituency office—the Maryhill burgh halls.

Kirsty Morrison: It is.

The Convener: That was a plug there.

There were a few appeals for better funding for the third sector. As I have done before and will do again—I make no apologies for that—I point out that, in the previous session, the Social Justice and Social Security Committee made a whole series of recommendations on third sector funding. I draw that to people's attention. I am sure that the committee that now has responsibility for that will be considering that through a public service reform lens.

This is not declarable, but I should point out that I chair the cross-party group on palliative care, as that has dominated much of our proceedings today. Michelle Campbell, the deputy convener, also sits on that group.

That was all superfluous, but I thought that I would put it on the record anyway.

This has been a long evidence session, but it has been really important. I am sure that we are all appreciative of the time that our four witnesses have spent here this morning. Please follow our ongoing scrutiny with interest. Please email us—contact the clerks—if there is anything else that you wish to say. It is important to do that; let us keep the conversation going. Your points were all very well made.

11:36

Meeting suspended.

11:43

On resuming—

The Convener: Welcome back, everyone. We continue to take evidence as part of the committee's pre-budget scrutiny of how the 2027-28 Scottish budget can best advance public service reform.

Apologies that it is a bit belated, but I welcome our second panel of witnesses: David Robertson, chief executive of Scottish Borders Council, and Mark McAteer, director of governance, strategy and change at the Scottish Fire and Rescue Service. Thank you for joining us.

I will open up the questions with a positive one. While we have been talking about public service reform and restructuring of services across the country, it is clear from its submission that Scottish Borders Council has been quietly getting on with it. Perhaps David Robertson would tell us what progress looks like to date and what opportunities there might be in future.

David Robertson (Scottish Borders Council): Thank you for the opportunity to come and speak to you this morning. At Scottish Borders Council, we have been on a long-term journey of transformation. Since 2013-14, we have taken £100 million out of our cost base on a recurrent basis by changing services, contracting with the private sector and delivering changes to our service specifications, our technology and the way that we are organised. That ongoing, recurrent process has stood the council in good stead. We have balanced our budget every year and managed to keep things on track.

That being said, it is becoming ever more challenging, because we have done a lot of the easy stuff in transforming the organisation and we are now looking at further opportunities.

Beyond the council, we have adopted an approach whereby we recognise that we have to collaborate effectively with our partners. We have good working relationships with the health board, on which I can go into more detail if you wish. We are also members of three city region deals—the Edinburgh and south-east Scotland partnership, the south of Scotland arrangements that we have with Dumfries and Galloway, and the Borderlands deal. We are well connected in and around our region and we collaborate where we need to with a wider set of bodies.

We have recognised that, within our large council area, which comprises 1,800 square miles of territory and is a rural area with low population density, we have to work effectively at local level with all our partners including the police, the fire

service and the third sector to deliver improved outcomes for local people.

The Convener: What does a "what next?" look like for you, through the lens of public service reform? We have heard headline announcements from the Scottish Government in relation to local authorities, but I am conscious that Scottish Borders Council covers a vast area, so I wonder whether it is a wee bitty different for you. What does it look like in your area? How will your local authority seek to engage with that? Given that we are also involved in budget scrutiny, how can budgets drive the change that the Borders would like to see?

David Robertson: The position that the council is adopting is that we recognise that reform is an ongoing process and, obviously, we will fully engage in that when we understand the detail of what the Government is proposing. As one of the smaller local authorities in Scotland, we take the view that we are big enough to be strategic but small enough to be local. Nothing has ever been thrown at us as an organisation—whether it involves large-scale transformation, environmental challenges around climate, significant infrastructure projects or international events—that we have failed to address effectively while improving outcomes.

We are a good fit in terms of the economy, geography, culture and history of the Borders, and we think that we are a good size of unit. However, if reform is on the cards, we will absolutely engage in that process on an evidence base once we understand what is being proposed. To be honest, the proposals that we have seen so far are so high level that we have not been able to form a definitive view on them.

The Convener: I will give one final nudge before I bring in Mark McAteer. This is a challenging thing for Government, and I fully understand that local authorities will rightly feel defensive—I do not mean that in a negative way—of good work that has taken place over a number of years. They will not want that to be called into question when positive things have been happening. However, public service reform should be seen not as an admission of failure by local authorities, but rather as an opportunity to improve and do things better.

I suppose that I am asking my question again, Mr Robertson. What opportunities does Scottish Borders Council see to do things better or to reform services to better meet the needs of the people that we all serve?

David Robertson: I come back to my comments about the various collaboration arrangements that we have with regard to the city region deals. We fully recognise that some services could be better managed at a larger level

and we are interested in exploring the piece around economic development with our partners in our surrounding regions.

What we are really saying here, though, is that we want to understand what outcomes are expected from reform. It cannot just be a cost-saving exercise. We need to ensure that we will improve outcomes for local people in engaging in that process.

The Convener: Thank you. Murdo Fraser, I see that you want to ask a supplementary, but I am just wondering whether I am going to ask similar questions to Mark McAteer. Is your supplementary specific to Scottish Borders Council?

Murdo Fraser: Yes, it is. I have a supplementary for Mr Robertson on the proposals in the programme for government with regard to potentially having as few as six super-regional councils. Where do you see the Borders fitting into that? Do you see it fitting in with, say, Edinburgh and the Lothians—where there is clearly a big difference between the two, with one being a big rural area and the other a city region—or do you see yourselves fitting in with Dumfries and Galloway to reflect, perhaps, the South of Scotland Enterprise area? Or would you not want to fit in with either?

David Robertson: As I commented earlier, we think that we are big enough to be strategic and small enough to be local, and we will collaborate with anybody where we see that as being in the interests of the Borders. Our whole approach to this is Borders first and to achieve better outcomes for local people. I do not think that council members have reached any kind of conclusion on the best way to go, but we will collaborate with anyone, as long as there is absolutely clear evidence that the outcomes that we will deliver from that relationship will improve the quality of life of people in the Borders.

Murdo Fraser: Thank you.

The Convener: I promise that we will get to you, Mr McAteer, but Mr Robertson's responses seem to have inspired lots of supplementary questions. Michelle Campbell has one, too.

Michelle Campbell: I do apologise. Murdo Fraser has just asked about the regional aspect of this, but the fact is that previous regionalised models have tended to be city heavy. Do you have any thoughts on what the Government should be thinking about when it comes to considering regionalisation? As you have said, you are in the unique position of having two options, but do we need to take a positive approach to this and create regions that might not have a city attached to them and, in fact, flex in the opposite direction? I am interested to hear your views on that.

David Robertson: I certainly do not think that one size fits all right across Scotland. It is a very different place, depending on whether you are located in the north or south of the country, the central belt or anywhere in between. I hope that, wherever we end up with this, it is done on a co-productive basis with local government and the views of local government are heard and respected. Ultimately, whichever structures we end up with, they must be based on sound evidence, and we must be able to demonstrate clearly that the outcomes that we expect to be delivered will be better than those that we are currently able to deliver with the resource constraints that we are operating under.

I am concerned that we seem to be going back to a pre-1975 model of large regions and small district councils. The reality is that that model had to be reformed, because it did not work and did not deliver the outcomes that local people were expecting.

Michelle Campbell: Thank you for your views.

The Convener: I promised that we would get to you, Mr McAteer. The Scottish Fire and Rescue Service has gone through quite a significant period of reform over the last decade plus. Are there any lessons to be learned with regard to the Scottish Government's move from 14 health boards to two? What challenges did the Scottish Fire and Rescue Service face and overcome in relation to its reforms?

Mark McAteer (Scottish Fire and Rescue Service): You can probably point to us as an example of successful public service reform in Scotland. Certainly, over the past 13 years, with the move in 2013 from the eight legacy services to the single service, we have been on an ongoing journey of reform. The day on which we were created—1 April 2013—was not the end of reform for the service.

One of the lessons that we learned—which might help to shed a light on things for colleagues elsewhere as reform, whether it be in health or local government, starts to crystallise—is that reform is a complex process. It is not easy; it requires clarity and strength of political vision to make it happen, and you need to know exactly what it is that the Government, in this case, requires from reform. With the reform of the fire and police services, a business case was created that set out the Government's expectations, the benefits that it expected to see and the efficiencies that would be derived, and you need that sort of clarity to plan the transition from where you are to where you want to be. That is, I think, absolutely vital from the outset.

You must also have strong leadership internally in order to see that through, because, as you can

imagine, it is a bumpy journey. Nothing happens without strong and effective governance, which you have to have in place to steer and guide the organisation and provide accountability to the public as you go through that transition. Further, you need the capacity and capability to manage large, complex change projects, because that is the only way in which you can manage that kind of transition. That is kind of boring stuff when you say it, but those elements are critically important.

The benefits of doing all of that can be significant. Over the past 13 years, we have removed considerable levels of duplication from the eight legacy services. We have been able to achieve the efficiencies that were set for us as part of the reform process, and we have consolidated functions across the organisation. We have standardised systems, ways of working and equipment, which has brought some of the coherence that you now see in the organisation. However, I will come back to the fact that it is not a one-off event. Those achievements were not attained overnight; there has been an ongoing process over the past 13 years. We are at the stage now where we are looking forward to the next level of reform for the fire service. We cannot afford to stand still, even though we may not be the primary focus of the Government's reform agenda.

There are lessons to be learned, and we will happily share in detail the lessons that we have learned with partners around the country. I am sure that Police Scotland and other colleagues who have gone through similar major change will do the same.

The Convener: That is helpful. Your evidence gives quite clear and significant examples of cash savings that have been derived from reform, but witness after witness says to us that the cash savings should be not the starting point but the end point of successful reform in order to improve outcomes. Was that your experience with the reform of the Scottish Fire and Rescue Service?

Mark McAteer: Efficiency savings were always part of the rationale for setting up the single fire service. If you go back and look at the business case or the financial memorandum that underpinned the Police and Fire Reform (Scotland) Act 2012, you can see that that was always part of the agenda for us.

To put the issue in its historical context, the agenda for reform came about in the post-2010 period, when we had the Conservative-Liberal Democrat Government at the UK level pushing forward an austerity agenda. In that context, the Scottish Government took the decision that, to protect the sustainability of the fire service, reform was required. That is what drove a lot of that initial focus on reform; it was always part of what we

were set up to achieve. Against that, we have delivered more than £328 million of savings based on reform that is expected by the end of 2027-28. We have done what was asked of us—potentially more than that, you could argue.

The process was not just about saving money; it was about bringing the services together to strengthen the service that we provide to communities across Scotland and ensure that there is equity of resource across the country. One of the strongest benefits of reform is that, when major events and other more localised events occur, we can use the full weight of a national service to address that incident while maintaining a focus on the day-to-day pressures around the normal incidents that we attend. It was much more difficult to do that in the past.

Real benefit and improvement have come from the changes. Over the past 10 to 13 years, we have seen sustained improvements in the key outcomes for the people of Scotland. That is the bit that we will have to keep a hold of in any reform process. We can make some initial savings—as I said, most of those £328 million savings came in the first two or three years of the process, and there has just been a compounding effect of that over time—but the real focus for us has been on using the capability and capacity of the new organisation to protect and improve outcomes for people. That is at the core of reform for us, and I think that, as David Robertson said, it must still be at the core of reform going forward. If it is simply about efficiencies, you run the risk that you can damage outcomes for people and communities. You have to keep an eye on both sides of that equation.

The Convener: That is helpful. Before I bring in Alex Kerr, I have a specific question for David Robertson. It is a brief question, so I would like a brief answer.

We have heard “salami slicing” as an expression to describe how local authorities have dealt with challenging budgets over a period of time, and there is a suggestion that that does not always allow local authorities to be strategic in how they take forward reform. One of the opportunities that is presented by reform, certainly with regard to health boards but also in relation to local authorities, is the chance to take a step back and look at how we would like to run services in a more strategic way, which would be very different from the salami slicing necessities of previous years. Do you have any reflections on that?

12:00

David Robertson: I will respond briefly, although I can expand on it, if members wish. As an organisation, we—and many councils—have

not been salami slicing for many years. We have been engaged in long-term difficult transformation programmes across the organisation, working with our partners.

We take a longer-term view of our financial planning. In our five-year transformation plan to the end of 2024, which we called fit for 2024, we took out £34 million of recurrent savings on a structured, planned basis, working over multiple years. That change is difficult, and it is designed to stop reactive cuts to services, which we think are ultimately hugely damaging to local economies and local people. A planned approach to transformational change, which takes a long time, is essential, and making salami-slicing cuts to budgets or simply setting a financial target and saying, “You now need to work to that” is hugely damaging for outcomes and for local people.

The Convener: I am pleased that you had the chance to provide your perspective on other evidence that the committee has heard. That is important, and it is now on the public record.

Alex Kerr: Mr McAteer, you spoke about the work that was done to bring the regional fire services into one body as the Scottish Fire and Rescue Service. In your submission, you mentioned that the savings came from major changes, including reducing the number of control rooms from eight to three; removing duplication in support functions; reducing whole-time firefighter posts, including off-station and specialist roles; reducing management posts in particular; and rationalising the non-operational estate. A lot of that work seems broadly in line with the overall public service reform agenda.

I am interested in your thoughts on that specifically and on getting rid of duplication. The deputy convener, Michelle Campbell, spoke about data, and, across the public sector, there are quite fractured data systems. Can you give us a bit of a history lesson on that? For example, did all the regional fire services have their own data systems? How did the rationalisation come about? Was it expensive? I expect that I know what the outcome was—in that it is definitely better with just one system—but I am interested to hear about that.

Mark McAteer: The core principal data resides in our operational data. In some senses, it was a bit more straightforward for us, because we had two data systems running in Scotland at the time of the rationalisation. The west of Scotland—Strathclyde—operated an in-house system that fed the operational statistics, which ended up in the public domain as official statistics. Elsewhere in Scotland, the Home Office data system was used—the incident recording system.

Over the past 10 years or so, we have been managing both those systems. Through the Ministry of Housing, Communities and Local Government, a new system is now in place—the fire and rescue data platform. We now use that for all our operational data, which means that we have comparability of data across the whole UK, so we can now draw on that. When we are analysing our situation in Scotland, we can look for comparators to see where best practice lies and so forth.

It was a much easier process for us, as a single organisation working with core data that was, by and large, the same across the legacy services. It was tweaked at the margins because we were running two systems, but the systems were comparable, and we were always able to pull the data together to give us a common picture, at least across the Scottish service.

Alex Kerr: That is a really helpful and extremely detailed answer. The thing that immediately leaps to mind is the situation that we would see in the case of two strategic health boards, because the NHS has quite a fractured landscape of data systems. It would also be more complicated because health boards use multiple different data systems, whereas you are dealing with one, as you said. If you had not had a single unified structure, would it have been much more difficult to rationalise the data side of things?

Mark McAteer: In the early days, we had to address the operational data side of things pretty quickly. Coming into the organisation, there was no detailed planning year for the reforms that created the police and fire services. It was a very quick process, from the point of the legislation being passed to the two services coming into being.

At the very early stages, pre-reform, we had to put in place simple things, such as a payroll system, so that we could pay staff, and a human resources system, so that we knew who our staff were, where they were and which pay grades they were at. Those core business systems had to be in place from day 1.

It is no surprise that it can be quite complicated to bring people together from multiple agencies and organisations that operate different systems. They may be able to talk to one another, but you need to get to the single source of truth for your organisation.

In the early days of the fire service, the then chief officer Alasdair Hay made what I think was a wise decision about consolidating. He first wanted to know what he had before he thought about the next stages of reform. The early period was about getting the core systems and data sets in place, before harmonising the systems and data sets that we operate across the service.

We are at the tail end of some of that consolidation work, because we were tied into some contracts that ran for a number of years. We needed to look at how those contracts aligned and get the procurement cycle correct.

Thirteen years on, we are at the point of moving towards having single systems for the whole service. In the early stages, work had to be done on the main core systems; otherwise, we would have run the risk of not knowing who we employed, where our basic cost bases were and how that affected the budget and the run rates. We needed to have the core finance and people systems in place at the outset.

I think that that will be a challenge when multiple bodies are being brought together. As a single fire and rescue service, we are a single functional organisation, although there are functions within it. Local authorities and health boards are multifunctional bodies. A level of complexity will come with that, which you will have to pay attention to.

Alex Kerr: Initially, the situation was challenging. What was your experience with costs?

Mark McAteer: I would need to dig out the information if you wanted precision on costs. I do not know what they are off the top of my head. There were initial costs as we brought the systems into play but, over time, there was a saving.

We will be appointing a contractor in the next couple of weeks for our next generation of finance and HR systems, which we are bringing together into a single operating system that will generate further efficiencies. There are gains to make, but they are at the margins in terms of the overall organisational budget. However, they can be significant in their own right.

Alex Kerr: There can be a positive outcome once you are over the initial period.

Mark McAteer: There is an initial period of turbulence that you have to overcome, which you must be prepared for. It will settle and you can begin to think about the next step on the journey.

Alex Kerr: I appreciate that I am taking all the time. I have other questions, but I will pass on to someone else.

The Convener: Mr Robertson has not had a chance to respond to some of your general points. Feel free to bring him in now, before we move to colleagues.

Alex Kerr: I want to drill down on the failure of the previous regional local government structure. That was a little bit before my time, but there are differing views on it. Bernard Ponsonby said that he had spoken to a special adviser who had

carved things up in a particular manner. Would there be any benefit from taking that route? My understanding is that the Borders had a similar land mass in the previous iteration of the structure. Is there any way that the community layer that was put out in the discussion document could be improved by building on prevention and partnership working? Is that already being done, and could it be formalised, so that other local authorities can pick up on it?

David Robertson: For me, there is an issue with how we define prevention. A significant number of the services that local authorities deliver are genuinely preventative, in that they avoid further costs and problems down the line. That includes education, employability services, community learning and development, and leisure and cultural services. Those all have a role to play in prevention, social cohesion and avoiding further challenges and further costs down the line for communities and individuals.

I was talking about the pre-1975 position. Borders Regional Council was established in 1975 and continued in 1996. It is now the unitary authority for the region. There is a long history of continuity in the Borders, which reflects the unique geography, history, culture and economy of the region.

For example, 80 per cent of the businesses that exist in the Borders are microbusinesses. They have no contact—or very little contact—with what goes on in Edinburgh and the central belt. They are very much locally based. Our economy, therefore, is fundamentally different. That is not to say that we do not have linkages or join up things where we can, but we are in a unique position in the Borders. I think that elected members in the Borders are very keen for that to continue, because they believe that that will be in the best interests of local people.

Alex Kerr: There is a difference in that the Borders and the Highlands have more spread-out demographics and the like. Would rationalisation at the NHS level present any opportunities for local government, when it comes to joint responsibility for social care and the local delivery of health services, that could make your job easier?

David Robertson: It depends on what outcomes the Scottish Government is trying to achieve from this process, but there are different ways to organise services. For example, does public health, which is inextricably linked to a range of council services, need to sit within the NHS? That is not a decision for me, but services could be arranged differently. As I understand it, the vast majority of NHS spend is not on acute services in large specialist hospitals but out in the community. Local authorities are our local,

community-based delivery vehicles. Could those things be looked at in different ways as we move forward?

That is the type of debate that we have to have in detail before we embark on public sector reform. We understand that the proposal is to have six regional authorities and a range of much smaller bodies. A really difficult debate is to be had, and different models need to be applied.

Alex Kerr: I will ask a quick question, because I will get into trouble for taking up too much time. A previous witness presented something interesting in response to a question about budgeting for prevention. You will know how difficult things are, given all the siloed demands on the budget. That witness suggested that more funding could be unlocked only if there was agreement from the NHS, the IJB and the council; otherwise, the pot would stay locked. What are your thoughts on that?

David Robertson: There are certainly opportunities for us to budget more effectively across the public sector in the delivery of public services. For example, how could we genuinely pool health and social care budgets, and what conditions need to be created for that to happen? Given the different organisational boundaries, structures, reporting lines and accounting arrangements, it is difficult to align those things. However, there are certainly opportunities for us to do that type of work much more effectively than we are doing it.

Alex Kerr: Thank you for your forbearance, convener.

The Convener: We have another 20 minutes. I apologise that the evidence session has been squeezed because of delays.

Michelle Campbell: I have a question for Mark McAteer on culture and change, because I feel as though that is the toughest bit to chew through when it comes to any type of reform. What is the need in relation to culture? From your experience of what you have been through, what have been the wins? What are the challenges going forward?

Mark McAteer: You have raised a really important point. At the end of the day, any major change of an organisation is not simply about structures, management arrangements, data and systems but about people. Paying attention to that is absolutely critical when going through reform.

We in the fire service made an effort from the very beginning to engage with people pre-reform and as we went through the reform process. That is challenging; it is difficult. In our example, eight services were coming together. People had career expectations pre-reform then, suddenly, the reform exercise came up, which disrupted

people's understanding of where their careers would be going. There are all those human emotions and reactions to deal with when going through reform. Not paying attention to that can seriously undermine efforts to bring a single organisation into being.

In some senses, the situation was slightly easier for us, as a predominantly uniformed service. However, even then, there were strong cultural identities going back into legacy services. It was a bit like what David Robertson said about the strongly rooted culture in the Borders. We saw that in other parts of the country, with some of the legacy services. You have to pay attention to that; you have to speak to people and work with them.

12:15

We spent a lot of time engaging with the trade unions as part of that process. They were part of the decision making in the early days of the service. For example, they would sit on our change committee and help us guide the processes. In the very early days, we set up a partnership agreement between us and the unions, on behalf of their members, about how we would work together to bring people through the whole reform process, and we have not stopped. Even today, 13 years on, some people still talk about the legacy service. Even in local government, where it is 30 years since reform, people still talk about the old days of Strathclyde or Monklands or whatever it happens to be, in relation to where they come from.

That is part of the human element to any organisational change. It is about focusing on that and building a common culture and identity around the common outcomes that you are trying to achieve, which is where clear priorities in the organisation are vital. You need to have that route, and then work with people to bring them with you on the journey.

Not everyone will be signed up on day 1. However, gradually, as you bring new people into the organisation, that will be the only organisation that they have known. We now have people who are 10 or 12 years into their career, and this is the only organisation that they have ever known; that is the identity that they have in terms of being a firefighter.

Although it dissipates over time, it is an ongoing challenge that you have to face up to. You have to put in time and investment in order to bring people with you because, if you do not, you will pay the price.

Michelle Campbell: Thank you for your insights in that respect.

I will move on to a slightly different topic, as I am interested to get views from both of you on data. Alex Kerr touched on some aspects of that, but I want to ask about the impact of artificial intelligence, and scale and intelligent automation. Do you see that as having a role within local authorities and the Fire and Rescue Service? What are the opportunities, and hesitations, at this time?

David Robertson: Data and AI are hugely important in the delivery of public services. They are having both positive and negative impacts at the moment.

For example, they are making the production of information much quicker. We have a good recent example of that, in that we introduced a product for our social workers that has saved around a third of their time in producing meeting notes, case chronologies and all the kind of stuff that they would take a lot of time to do. That product has been hugely positive and they love it.

On the other hand, technology can be a major challenge for us. For example, we are seeing a huge growth in the number of AI-generated freedom of information requests that are submitted, which, given the current legislative framework, are increasingly gumming up the system. Multiple requests, often from the same individuals and organisations, cause a major challenge for us in our capacity to respond.

AI can be a double-edged sword. It can make things very complicated, or it can make things easier, depending on how it is used. Councils are really complex beasts. My small organisation is on 77 different systems, because of the multiplicity of services that we deliver, from trading standards to education in schools; those services often have quite different information requirements. We are constantly working to rationalise and reduce the number of systems that we are running. When you scale that up across the local authority sector in Scotland, you will find that there is massive complexity in the use of technology, and changing that is not easy.

Michelle Campbell: Mark, do you have anything to add?

Mark McAteer: Yes. I have a couple of points to add. For all public organisations, AI is simply a reality now. It is there, regardless of whether you already have it.

We have Microsoft Copilot, for example, which brings substantial benefits. I have been using it quite a lot over the past six months and it saves a lot of time on basic things.

However, when it comes to the whole organisation, you have to think about things hard

and fast, because the pace of AI technology moves so quickly.

You have to put guardrails in place for an organisation to say what you can do and what you cannot do with AI. Once data goes into a system such as ChatGPT or Claude, or whatever you use, it is gone—it is out there, and other people can access it. You have to be very mindful that you might be dealing with highly confidential data.

As well as putting in guardrails, you need to think strategically; that is the case with all technology, AI included. You start from a data governance perspective. What information do we need in order to manage the organisation and deliver improved outcomes to people? That, in turn, should drive the technology systems that will gather and process the data and information on our behalf so that we can answer the questions that we need to answer to improve outcomes. That sounds easy, but in reality it is quite complex.

As for where AI begins to fit into that, we are beginning to examine our business processes—how we deliver our functions and services and which parts of the process we can use AI technology to automate through a bit of redesign work. That can speed things up for us, and we can drive productivity off the back of it. As I have said, however, you have to be guarded as you do that.

The critical part in all of that is that you need human oversight of the whole process. Even if you use one of the tools out there for yourself, you can ask it some basic questions about the things that you know about, and you will begin to see the limitations with AI. It is a great tool, but it is not a silver bullet. If we use it in a structured manner, for productivity gains and so on, it will bring big benefits for us, but it is not a substitute for people who can make judgments off the back of knowledge and information. AI is part of the toolkit and will increasingly become part of the toolkit, but it is not the answer to every question about organisational design and service delivery.

Michelle Campbell: I could ask a million more questions, but there is one other area that I want to ask a specific question about.

The Convener: I will first invite Murdo Fraser to ask a question. I apologise.

Michelle Campbell: Not a problem. I appreciate that time is tight.

The Convener: It is my fault that time is tight. I apologise for that.

Murdo Fraser: Good afternoon. I want to ask about staffing and head-count issues. The cabinet secretary set out a head-count reduction target of 0.5 per cent over five years. Specifically on backroom staff, we are looking at a 4 per cent

reduction in the public sector. Mr McAteer, how does the Scottish Fire and Rescue Service intend to tackle that? How manageable will that be? What will be the challenges in delivering those outcomes?

Mark McAteer: We have been quite clear in our submission that, as part of reform and as part of the efficiency drive, reductions in head count were always part of the equation. We have been conscious of that over the past 13 years. In our corporate services, in particular—in our business support services—we are now pretty lean. According to the Scottish Government's own benchmarking information and data, we are among the lowest-cost, highest-productivity and, therefore, highest-efficiency set of corporate services in that data set.

Our view, essentially, is that we have already driven much of that reform agenda. We have driven financial savings in our back office—if you wish to use that term—but there have also been some efficiencies and reductions in head count at the front line as part of reform. We have already done it. That is essentially our view.

If we are asked to make further change, whether in support services or at the front line, the only place where we can effectively drive numbers out is the operational front line of the service. Our back-office services are very thin, to the point where it is becoming more and more challenging to continue to deliver those services, meet statutory obligations and so forth. We are a very efficient operation. If we are asked to take that scale of financial cost out of the base of the service, we are clear that we are left with no option other than to begin to look at the front line.

Back in 2023, we were faced with in-year budget pressure, and the only way that we could find to address that was through the temporary removal of 10 appliances. That led to 166 firefighter posts coming out of the target operating model, and we have not been able to recover those since. That is now permanent, due to some changes that were approved by the board back in June. That is now permanently out of the cost base of the organisation. That was a one-off, to save approximately £6 million, which equated to 166 posts.

If we continue to see that level of ask of us in terms of budget pressures, the front line is the only place we can realistically go to get the quantum of financial saving that would be required.

Murdo Fraser: You quite deliberately used the word “if”. So, the Government has not asked you to find—

Mark McAteer: Not specifically, yet. Clearly, we have seen the public service reform strategy and

the pronouncements by cabinet secretaries and ministers since then, so we are well aware of the situation, but we have had no specific ask of the service as yet. We have made our budget submissions and made the position clear to Government; we will simply have to wait and see what comes out of the budget process in the next few months.

Murdo Fraser: Thank you. I should say that I do not know that the committee is clear whether the 4 per cent back office target or indeed the broader reduction target applies to local government. Could you shed any light on that, Mr Robertson, or could you perhaps answer the original question of how achievable that is and how you would manage it?

David Robertson: Local government has made £5 billion-worth of savings in its operating expenditure since 2010-11, so we have already made significant savings in relation to the efficiency of our operation. The statistics show that since 2019, the local government workforce has increased by 5.4 per cent, the NHS workforce by 16.3 per cent and the civil service workforce by 57.1 per cent.

Those headline figures are quite stark but mask a wealth of detail. The local government workforce has gone up largely because we introduced a policy of 1,140 hours for early years, and the vast majority of that increase is related to early-years staff. Meanwhile, all local government organisations have taken significant reductions in their back-office staff in order to protect the front line. Often in our staffing budgets, certain groups of staff are protected—our teaching, care and refuse collection workforces are all areas that we cannot touch—and that has inevitably driven us to look at the back-office functions of local authorities.

As Mark McAteer has said, we have got to a place where we are really struggling with the capacity of our central support functions to sustain the business and to respond to our governance challenges, to the increasingly complex legal environment in which we are operating and to the freedom of information requests and what is being asked of us in organisations. We have applied technology wherever we can, and we have tried to ensure that we remain legally compliant and able to respond to good governance standards. However, the capacity that now sits centrally in my organisation has been cut to a really significant extent. Could I recurrently take 4 per cent out of that function? We would really struggle without having a really honest conversation about what we could stop doing—we cannot simply continue to sustain everything that we have been asked to do and constantly take those levels of savings out of the budget. I honestly cannot say whether 4 per

cent from the back office is reasonable; however, I can say that in my organisation, we would really struggle. It depends where ministers expect that 4 per cent target to come from.

Murdo Fraser: I have one follow-up question, convener, if that is all right.

On the matter of how you would have to manage that, Mr Robertson, we heard evidence last week around how the policy of no compulsory redundancies from the Scottish Government would interact with the process of having to remove positions. There was a story in *The Sunday Times* at the weekend, according to which the City of Edinburgh Council currently has nine staff on the redeployment register, five of whom have been on it for more than two years, at a cost to the taxpayer of £447,000 per year. Those are individuals whose jobs have, in effect, disappeared and who are waiting to be redeployed somewhere else, but it is costing a substantial sum while they are waiting to be redeployed. We heard different views last week on the issue, but do you have any sense of the management of that reduction process and whether it could effectively be done with a no compulsory redundancy policy?

12:30

David Robertson: If you are going to reduce head count and to have a no compulsory redundancy policy, that takes you to voluntary severance and early retirement, and that has to be funded. It is simply not credible to expect councils to fund voluntary severance packages for staff from within their existing budget envelope to reduce services. The reform process will have to identify funding to allow longer-term benefit, as has been requested, to be delivered. We would always try to follow a deployment process for staff that cannot be made redundant whereby, as a first resort, we see whether they can fit into the organisation by applying them to specific roles so they are not sitting unproductive. It is a tricky and challenging process, given that we have to reduce the head count in certain support functions over time.

Murdo Fraser: Mr McAteer, do you have any reflections?

Mark McAteer: They are similar to David Robertson's. In the early stages of reform for the fire service, we had a voluntary severance arrangement in place. That was funded by Government, not the service, and it applied for the first two to three years of the service. If we have to pay for that up front, it will take on average between 18 months and two years for a redundancy to begin to generate a saving for the organisation. Without that initial investment, we cannot make the saving.

For all of us, when we look at voluntary severance arrangements, which can include support function staff as well, we also have to look at the impact that they will have on the pension fund. We have to pay the strain cost on the pension fund, which increases the cost of the redundancy. Redundancies do not come cheap. They have to sit outwith the core budget of the organisation; otherwise they are not deliverable, as far as our experience is concerned.

The Convener: Before we close the evidence session, I have a couple of brief questions for Mr Robertson. The Scottish Government's budget is going to be marked for the first time with preventative spend taggings. When that budget flows down to local authorities, will they be expecting budget lines that will have "preventative" written beside them? I know that IJBs do a lot of that kind of stuff, but does Scottish Borders Council have any tagging or marking of preventative spend pounds? That would enable us to join the dots between what is at a national level and a local authority level.

David Robertson: A preventative spend toolkit has been advocated for, which will do exactly that—it will identify budgets within public agencies that are targeted to prevention. As I said already, depending on how you draw the definition, you can classify a significant element of local authority spend as preventative.

The Convener: That leads me to the other side of the coin. When I first came to Parliament—it was a long time ago now—getting rid of ring fencing and bundling budgets was the big thing for the Scottish Government. There is a tension between national priorities and local democracy. Now, we might be swinging back towards there being as little ring fencing as possible and more freedom for local authorities, whatever those local authorities look like. With regard to the budgets that will run down to a local authority level, can you say anything, Mr Robertson, about where more freedom in how the local authority can spend that money, through the removal of ring fencing, might be of benefit, whether that be in terms of preventative spend or just helping to enable local authority reform, whatever that might look like?

David Robertson: Underlying ring fencing is the premise that local authorities are being told how to spend money—how many staff they should employ, what pupil teacher ratio they should have and so on. The view of the Convention of Scottish Local Authorities would be that ring fencing per se is not a good thing. Local authorities and local democratic bodies should be given flexibility in the use of funding. We would also like to see multiyear settlements. We understand the challenges around that, but the ability to project the type and level of resource that will be available to local

authorities would be hugely helpful for our budgeting. We take the line that less ring fencing and more certainty for the longer term are good things.

The Convener: Your point is well made, but I will nudge you more about that tension when there are national priorities and manifestos, and the Government attempts to implement them using budget lines at the local authority level to get some of the outcomes that it stood on at national level. That creates a tension with local democracy because of the mandates that local authorities have.

I do not want to open up that can of worms—that would be a whole other evidence session in itself—but, with specific regard to the budget that we anticipate being announced before Christmas, do you think that it would be helpful if ring fencing were eased on any specific budget lines that are currently ring fenced? I am not asking about the general debate but the specific budget lines.

David Robertson: I do not think that I want to be drawn on that, other than to say that local authorities are national Government's local delivery vehicle for the vast majority of outcomes that it wants to deliver. There is a shared agenda there, and what we would ask for, through COSLA, is flexibility to deliver at a local level. The outcome that we deliver is what is important, not our input into that process.

The Convener: I may very well agree with you, Mr Robertson, but we have to scrutinise a budget.

I thank Mark McAteer and David Robertson for what has been a truncated evidence session. It is possible that it has been of more benefit to us than to you, but, as we map out how we are going to scrutinise public service reform, these evidence sessions are invaluable. Again, I thank both of you for your time this morning—or, now, this afternoon. We will now move into private session.

12:35

Meeting continued in private until 12:58.

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