

Finance and Public Administration Committee

20th Meeting 2023 (Session 6), Tuesday 27 June 2023

Inquiry into the Scottish Government's Public Service Reform Programme

Purpose

1. The Committee is invited to take evidence regarding its inquiry into the Scottish Government's Public Service Reform Programme from the following witnesses:
 - Malcolm Burr, Chief Executive, Comhairle nan Eilean Siar,
 - Robert Emmott, Executive Director of Corporate Services, Dundee City Council, and
 - Ian Tough, Head of Corporate Support, East Ayrshire Council.
2. This paper sets out background information in relation to the Committee's inquiry and highlights key issues raised in the evidence received to date. It also notes some of the points included in the written submissions received from the above witnesses, which are reproduced in full at Annexe A. [A summary of evidence received has also been produced by SPICe.](#)

Committee remit

3. Public service reform was included in the Committee's remit when it was established at the start of Session 6, in June 2021.
4. That year, the Committee held two exploratory evidence sessions to establish what progress had been made in relation to delivering public service reform in line with the Christie Commission's principles, and the barriers to advancing this agenda. At the first session, held on [9 November 2021](#), the Committee heard from: the Auditor General for Scotland, Professor James Mitchell from the University of Edinburgh (and Commission Member), and Professor Graeme Roy of the University of Glasgow. Witnesses recognised that the Christie Commission principles remain relevant, but that limited, or "sporadic", progress has been made. The Committee heard that, for reform to be successful, it requires time, effort, cultural change, a longer-term focus, proper accountability mechanisms, collaboration, and innovation.
5. These points were explored with the Deputy First Minister and Cabinet Secretary for Covid Recovery at an evidence session on [21 November 2021](#). He told the Committee that "the Government's commitment to Christie's vision and public services reform remains strong but making Christie a reality requires a collective national endeavour", adding "I am committed to making that happen

in the years to come”. He also provided examples of areas where reform had taken place in recent years, including structural reform of the police and fire and rescue service, and policy reforms such as the expansion of early learning and childcare provision. He also recognised that some areas may present more challenges in putting reforms into practice.

Background to the Inquiry

6. [The Scottish Government’s ‘Investing in Scotland’s Future’ Resource Spending Review](#) (RSR) published on 31 May 2022 set out its high-level spending plans up until 2026-27 to deliver its ambitions. The RSR stated that “the more efficient and effective we can become in the delivery of public services, the more able we will be to achieve key priorities and direct support towards those who need it most”. The RSR identified five areas of focus for reform over the lifetime of this Parliament:
 - digitalisation
 - maximising revenue through public sector innovation
 - reform of the public sector estates
 - reform of the public body landscape, and
 - improving public procurement.
7. The Scottish Government also indicated in the RSR that it wanted to develop—

“a pathway to return the overall size of the public sector workforce broadly to pre-Covid-19 pandemic levels, while supporting expansion in key areas of service delivery, helping to hold total pay bill costs – as opposed to pay levels – at 2022-23 levels”.
8. Further details of the Scottish Government’s plans for reform and workforce levels were expected to be published with the Scottish Budget 2023-24 on 15 December 2022 but did not materialise.
9. The Committee’s [Budget Report 2023-24](#) therefore sought to establish further details of how the Scottish Government plans to achieve each of the five priorities for reform (included in the RSR and set out at paragraph 3 above). The Committee also asked for information on the milestones for delivering these priorities, the costs, efficiencies, and savings it anticipates as a result, and how it is supporting public bodies to deliver each element.
10. Some further details on the Scottish Government’s plans were included in the then Deputy First Minister’s [response of 3 February](#) to the Committee’s Budget Report, including confirmation that public bodies’ plans are expected later this year for inclusion in the Scottish Budget 2024-25. [In further correspondence dated 20 March](#), the then Deputy First Minister appeared to indicate that the original plans regarding the public sector pay bill had been revisited, stating that “following further analysis and engagement, our proposal on how we achieve sustainable public bodies developed. ... it is for individual public bodies to determine locally the target operating model for their workforces and to ensure

workforce plans and projections are affordable in 2023-24 and in the medium term”.

11. The Deputy First Minister, in evidence to the Committee on the Scottish Government’s Medium-Term Financial Strategy on [13 June](#) suggested that, if the Scottish Government “were to take a policy of returning to pre-Covid levels across the whole public sector, that would be a bit of a blunt tool”. She confirmed that the position had now changed and “we are really looking for public bodies to ensure that their workforce numbers and models are within their financial envelopes”.

Inquiry

12. On 6 March 2023, the Committee launched an inquiry into the Scottish Government’s plans for public service reform, with the following remit:
 - to develop a greater understanding of the Scottish Government’s public service reform programme,
 - to bring greater transparency to the aims of the programme and measures put in place by the Scottish Government to support public bodies to achieve these aims,
 - to track progress in delivering public service reform by the Scottish Government and public bodies over the remainder of this parliamentary session until 2026, and
 - to examine the outcomes of the public service reform programme, including effectiveness, efficiency, and impact on public service delivery. *This element will be explored towards the end of the parliamentary session.*
13. The Committee’s [call for views](#), which opened on 6 March 2023, sought written submissions from Scottish public bodies on their plans for reform in their sectors, and others with a view on how the reform programme is working in practice and how it is delivering effective and efficient services. The evidence gathered through the [written submissions received](#) and a series of evidence sessions to take place during May/June 2023 will inform the Committee’s pre-budget scrutiny starting in September. Its findings from this work will be included in its Pre-Budget 2024-25 Report, given the links between reform and the sustainability of Scotland’s public finances.
14. [SPICe has produced a summary of evidence received](#) in response to the call for views.
15. In a [letter dated 20 April, the Committee sought clarification from the new Deputy First Minister and Cabinet Secretary for Finance](#) in relation to the frequency of updates to be provided on public service reform. The Committee also, at the request of the former Deputy First Minister, reflected on the nature of these updates and asked that “they should include details of all public bodies reform activity, rather than just narrowly focusing on the five areas of reform identified in the RSR”.

16. In the [Scottish Government's 'Equality, Opportunity and Communities' Prospectus](#) published in April 2023, the Deputy First Minister states that by 2026, she will have progressed a 10-year programme of public bodies and public service reform; strengthened the resilience of public services and communities, and “targeted both short-term efficiencies and wider, deeper, and longer-term reform”.
17. The [Scottish Government's Scotland's Fiscal Outlook: Medium-Term Financial Strategy](#) (MTFS) published on 25 May, provides an update on its reform programme and notes that, while reforms will take time to implement and to deliver benefits, it is critical that progress is effectively quantified and tracked [and] this will include providing regular updates to this Committee on the following four workstreams. These appear to have evolved since publication of the Resource Spending Review in May 2022:
 - Public bodies and public service reform: The MTFS states that public bodies are best placed to assess both the opportunities and action that must be taken to ensure fiscal sustainability, with budgetary allocations providing parameters for this. It goes on to say that “the aim, as set out in the 2023-24 Scottish Budget, is to achieve fiscally sustainable person-centred public services, which over time both improve outcomes and reduce inequalities of outcome across communities in Scotland”.
 - Efficiency levers: digital, shared services, public sector estates, procurement, and grant management, each of which are being progressed by individual public bodies and by the Scottish Government.
 - Revenue-raising: Discussions between the Scottish Government and public bodies have led to development of “guidance and a robust decision-making process ... to support public bodies in considering, developing and implementing new revenue-raising ideas”. The MTFS states that “the outputs from this ... work are intended to support the funding position for the 2024-25 Scottish Budget and subsequent budget allocations”.
 - Pay sustainability: The MTFS restates that “it is for individual public bodies ... to determine the target operating model for their workforces and to ensure workforce plans and projections are affordable in 2023-24 and over the medium term.
 - Major reform programmes: The MTFS also provides a number of specific larger-scale reform programmes underway as “an integral part of a wider 10-year public service reform programme”, such as the Education Reform Programme, National Strategy for Economic Transformation, and a National Care Service.

Previous evidence sessions

18. The Committee held a ‘setting the scene’ evidence session on [23 May 2023](#), hearing from Audit Scotland, Reform Scotland, and Professor John Connolly from Glasgow Caledonian University. Issues explored at that session included:
- The need for the Scottish Government to provide oversight and direction on its reform programme, as well as a sense of purpose and clarity on the intended outcomes. A “more worked up plan” with measures of success is needed, with issues such as “a lack of strategic grip” and lack of capacity within the Scottish Government identified as barriers to achieve this.
 - Public bodies should also be empowered to participate and deliver reforms that best suit their organisations. The Scottish Government should build capacity across the public sector to encourage collaboration, leadership, and evaluation in relation to reform. Audit Scotland has seen “a strong appetite” amongst most public bodies to collaborate.
 - Achieving efficiencies as part of managing budgets is not genuine reform.
 - Electoral cycles and policy distraction were cited as wider barriers to reform, including preventative and early intervention measures. The Christie Commission principles had been “overlayed on to existing models of delivery” and therefore “operate in the background” rather than being the lead principles and drivers for reform.
 - Lessons can be learned from how the Scottish Government and public bodies operated during the Covid-19 pandemic, such as collaboration, speedy decision-making and focus on delivering support to those in need. Witnesses have seen signs that the public sector is reverting to previous ways of working and that the appetite for risk is waning.
 - The Scottish Government should seek meaningful feedback from the public through an “honest conversation” about the financial challenges being faced, what the public would like to see from their public services, which reforms are required to deliver this, and be led by whom.
 - Progress is now urgent, and the Scottish Government should be trying new things, undertaking pilots and, importantly, learning lessons.
19. The Committee held a round-table evidence session on [30 May](#) to explore with a range of public bodies from different sectors, sizes and types, their varying approaches taken to reform, along with challenges, barriers, and examples of good practice. Issues discussed at the session included:
- There has to be an incentive to collaborate otherwise people “tend to pick off the bits round the side that do not threaten their own jobs”. To achieve significant cost savings in public sector reform and improve services, there has to be a ‘mandate’ to get people to want to do it. Public bodies should learn from Police Scotland’s experience of structural reform, “but do it under a mandate to deliver cost savings and improved services”. Witnesses pressed that, “without a mandate, it will not happen”.

- There were however some examples of good practice, such as bodies co-funding posts to achieve certain outcomes or to share a particular skillset. Food Standards Scotland and Marine Scotland are for example collaborating on co-funding a digital strategist who can take oversight of the implementation of digital and data strategies across both organisations.
- There are skills shortages in the 'digital data space' in the public service where "we are all fishing in the same pool for the same capability". It was therefore suggested that pooling this kind of resource for digitalisation and use of technology could help further transform public services.
- Organisations that are "not large scale" are at a "massive disadvantage in negotiating with private sector suppliers because those suppliers will box them into a corner and draft the process out which costs a fortune".
- An example of digital services reform was provided where "Police Scotland secures the evidence that we digitally captured and then pass through the entire system to court". This will have "a hugely positive effect on the justice sector in Scotland".
- One organisation had achieved reforms through "radical prioritisation", pushing joint-partnership working as much as possible and continuing to review processes each year. Another body said it had moved from a 'platinum' standard down to a 'gold' or 'silver' standard to meet required efficiencies.
- "Cultural friction" can occur when organisations are brought together into one structure and can require effort and engagement with staff and stakeholders to 'bring people along' with the new body. Police Scotland highlighted that "imposing national metrics ... created a false change in behaviour" in the early days of police reform.
- In order to "collaborate really powerfully, we need to be able to share data across public services, we need systems that talk to each other across public services [and] there is also opportunity around automation of processes and bringing in artificial intelligence to deliver efficiency and improve quality".
- Savings that are achieved by an organisation or organisations should be ploughed back into continuing to improve services they deliver.
- While the Scottish Delivery Bodies Group recently undertook a feasibility study identifying some key areas for shared services around digital, procurement and human resources, the staff involved did not have the capacity and time to drive this forward. Therefore, "if there was an opportunity to ring fence a group of experts from the organisations who could come together and have that work as their primary focus, we would see some really positive movement".
- Public service reform requires underpinning investment in infrastructure and data, a clear and shared vision to drive reform, and strong leadership. It was argued that the Scottish Government needs to be an enabler of reform.
- Progress with reform should be measured through corporate reporting. Organisations should be asked to include an indicator within their reporting mechanisms to show how they are making progress against reform objectives.

- Without any updated figures, the Scottish Government’s Resource Spending Review figures continue to be used by public bodies to plan budgets through that period.
 - The number of public bodies was questioned. Transport Scotland suggested that the “landscape is quite cluttered”, while Revenue Scotland highlighted that its founding legislation had enabled it to delegate some functions to other bodies, such as Registers of Scotland, to avoid duplication. This could be a positive model to use in the future.
20. On [6 June](#), the Committee heard from Claire Burden, Chief Executive of NHS Ayrshire and Arran¹, who highlighted that a wider national steer and subsidy leverage was needed to ensure robust infrastructure, including digital, for equity across all 14 territorial health boards. NHS Ayrshire and Arran are “working to quite a low baseline” in terms of digital and sees that as “an area in which getting us all into the same ballpark, at the national and regional level, would make a significant difference in terms of public reform”. One example highlighted was software that would allow the Board to manage bed capacity across two acute hospitals, which would help “manage risk, improve safety and reduce avoidable waste throughout the building and, as a result, change the landscape of emergency medicine in the body of the hospital”. Currently bed management is carried out through manual checks. She also indicated that “the nature of emergency and urgent care in this post-pandemic era is such that we are not quite as focused on prevention as we would like to be”, adding “in an ideal world we would put so much more into primary and community care because that is the right thing to do, but at the moment the hospitals are spinning like tops, as they become our focal points”. She went on to suggest that there needs to be a debate with the public about the benefits of having local and specialist care. For example, for specialisms such as vascular and cardiology, patients might need to travel a little further, but there they would see a specialist who can treat them effectively in a shorter period.
21. On [20 June](#), the Committee heard from COSLA and SOLACE, who noted the “tremendous pressure on local government” and indicated that, if no additional funding is provided, discussions will be needed on what services would need to be stopped. They are however hopeful that the local government fiscal framework would enable these robust discussions to take place, noting that the reset of the relationship between local authorities and the Scottish Government is welcome. They also suggested that the forthcoming Partnership Agreement between the Scottish Government and local authorities perhaps sets the platform for a shared agenda, and they are also keen to “get more pace” into the local governance review. Concerns were raised regarding the potential overlap between the reforms being taken by local authorities and the Scottish Government’s public service reform programme, with more focus needed on complementary reform and collaboration rather than working in silos. It was stressed that the focus should be on deciding what services need to be delivered and moving funding around to best deliver them. Greater progress was needed on data sharing and securing a more sustainable funding model.

¹ The Committee received apologies from Argyll and Bute Integration Joint Board due to illness.

Further concerns were raised regarding the potential for greater sharing of services across councils within what they argued was a complex structure.

Evidence session on 27 June 2023

22. Submissions from Comhairle nan Eilean Siar, Dundee City Council, and East Ayrshire Council are provided at Annexe A.
23. In its submission, Comhairle nan Eilean Siar suggests there are opportunities for reform, including digital, however this requires funding, often up-front, to maximise the benefits. This forward planning is, it notes, “greatly hindered by single-year budgets and other uncertainties regarding budget allocations, as well as a disproportionate focus on inputs and outputs rather than outcomes”. The local authority is “firmly committed” to the establishment of a Single Islands Partnership which, it argues, “would bring managed efficiencies and savings, but in a manner which retains public sector management at all levels in the Western Isles”. It further welcomes the local governance review being “reactivated”. The submission further notes that “the primary concern for the Comhairle is that individuals and communities receive the services they need at the right time regardless of where they live and of their individual circumstances”.
24. Dundee City Council, in its submission, states it has “managed a reduction in its number of operational buildings from 273 in 2010/11 to 217 in 2021/22”, and is presently exploring how to make the best use of its estate post-Covid, including discussions with partners about sharing accommodation. Its new five-year transformational programme (Design a Modern Council) “will need to radically redesign services to meet changing demographics and demands, environment and technology, community empowerment and embracing new ways of working to address this challenge”. The size of the council workforce has not changed materially over the past five years; however, it does include a significant shift in staffing to Children and Families services. It argues that “maintaining the pay bill at the 2022/23 level would mean a reduction of £16m or around 6% of workforce costs” and would inevitably impact on delivery of services. This, it argues, should be considered in the context of the £29m savings projected to be required over the next three years and the fact that the council has realised savings of £156m since 2008. It is currently looking at how best to address the expected financial shortfall “in a way that best delivers on the objectives set out in the council plan”.
25. In its written evidence, East Ayrshire Council highlights the Council’s Transformation Strategy 2012-2017 which “saw the total number of Council buildings reduced by 25% through a dedicated property and asset management workstream”. Property and Estates remains an important workstream, alongside its Community Asset Transfer Policy which, since 2013, has seen the transfer of 58 assets to community ownership/operation, “empowering local communities, while optimising the use of all our assets including land, property and equipment”. It states “the expectation that in future years pay awards will have to be met from existing resources and paid for through an overall

reduction in the workforce will be challenging” against a backdrop of increased council functions, including relating to early years, education, and social care. The submission further indicates that “in the future, face-to-face delivery will focus on appointment-based specialist intervention, [which] will provide better outcomes for service users”, as well as reducing travel costs, time, and environmental impact.

Next steps

26. The Committee will continue taking oral evidence in relation to this inquiry on 12 September 2023. The evidence gathered from the inquiry will inform the Committee’s pre-budget 2024-25 scrutiny.

Committee Clerking Team
June 2023

Written Submission from Comhairle nan Eilean Siar

Please tell us about your organisation type and sector

Local Authority/Local Government. The Comhairle commends the submission made by COSLA and SOLACE to the Finance and Public Administration Committee on Public Service Reform.

How many FTE (full time equivalent staff) does your organisation have? (1-9 / 10-49 / 50-249 / 250+)

250+.

To what extent is your organisation fully using its land/estates/offices and what scope is there for efficiencies in these areas?

The Comhairle already continuously seeks to be efficient in the management of its estate, including the use of office premises and other properties, and has been making efficiencies in this area for more than a decade including renting offices to HIE and other public bodies.

What is your organisation's total pay bill for 2023-24 (in £ millions), compared to 2022-23 levels?

The estimate for 2023/24 is £87.1m, compared to £82.4m in 2022/23. This includes salary, NI, Superannuation and Islands Allowance costs.

What opportunities for further efficiencies has your organisation identified in these five priority areas for reform? Please give brief descriptions and timescales for delivery.

Digitalisation: The Comhairle has participated and continues to develop digital transformation in service areas and back-office operations as well as operating functions. The Comhairle participates fully in national digital initiatives such as myjobscotland and SEEMiS. The Comhairle has also pioneered online learning

through the e-sgoil initiative. e-Sgoil is a many faceted initiative that aspires to improve equity and access across the Western Isles and further.

The Comhairle recently invested heavily in upgrading IT systems in Comhairle buildings allowing for greater connectivity across the Islands and reducing the need to travel.

Looking forward, broad areas of opportunity that have begun to be realised but which require investment upfront as well as proper, ongoing funding include:

a) rolling out the equipment and connectivity required for high-quality, reliable and effective video calling – though not appropriate for all services, the pandemic has allowed many people to be more familiar and comfortable with this method of contact, which can reduce costs such as travel. Indeed it was commented at a recent meeting that settings such as Child Care meetings were in some instances, more comfortable for service users using digital methods.

b) the shift from legacy IT systems to cloud-based technology – helping to reduce duplication (and therefore the volume of data stored and the associated carbon footprint), facilitate greater information sharing and enable more effective collaboration between staff in different locations.

c) adopting a digital-first approach to more services, complemented by digital skills development initiatives for both staff and customers - as well as maintaining non-digital routes for people to access services, it must be recognised that those providing the services also need ongoing support.

Although these innovations help to achieve efficiencies, they need proper funding – often including significant investment up-front – in order to maximise the realisation of the benefits. This forward-planning approach is greatly hindered by single-year budgets and other uncertainties regarding budget allocations, as well as a disproportionate focus on inputs and outputs rather than outcomes.

Comhairle nan Eilean Siar currently have a number of accommodation sharing agreements with public sector partners. There are further opportunities being explored with partner organisations as services establish best working practices and the changing workforce preferences between home, hybrid and hub working.

The Comhairle is firmly committed to Public Service Reform (PSR) and to the establishment of a Single Islands Partnership. The Comhairle set out its policy position very clearly in February 2018 through its unanimous support for a single island authority model, with a specific model agreed as the basis for discussion and development with Scottish Government and partners. It is good to see that the Review of Local Governance, which in principle should be the vehicle for considering options from across Scotland for PSR, has been reactivated. It is important that the Review leads to the transformational change which is required to increase

democratic accountability, improve delivery of shared outcomes and lead to greater efficiency in the co-ordination and delivery of public services.

<https://www.cne-siar.gov.uk/media/20866/H-8A-Local-Governance.pdf>

The primary concern for the Comhairle is that individuals and communities receive the services they need at the right time regardless of where they live and of their individual circumstances. Our workforce has played a vital role serving their communities in extremely challenging circumstances, and supporting the whole of this workforce as we move out of the pandemic is a key priority.

The Comhairle welcomes the pausing of the National Care Service Bill which raised a number of concerns for our social care workforce, about local democratic accountability and the introduction of a third organisation delivering health and care services for a population of 27,000 people.

Maximising Revenue Through Public Sector Innovation: real-terms cuts to funding have forced Councils to introduce and/or increase fees and charges, especially in their budgets for 2023/24. There is a limit to how high these charges can be set, especially during a cost-of-living crisis, both in order to minimise the financial burden on residents and avoid increasing poverty, and because in some cases excessive charges could be counter-productive by reducing take-up and therefore failing to increase revenue.

The Comhairle has developed the Slàinte Mhath Scheme which allows access to sports and leisure facilities for a reasonable monthly fee. Usage of facilities has greatly increased and the scheme now operates reciprocally across a number of local authority areas in the Highlands and Islands.

The Comhairle has introduced smart card technology at museums to increase revenue through voluntary contributions.

The Comhairle has agreed to increase abattoir fees, lair fees and interment charges. It has also been agreed that the price of fuel at piers has will increase by 2% whilst delivery systems will be improved to increase sales.

Council Tax for 23/24 has increased by 5%.

The Comhairle's Procurement Strategy has been prepared in the context of the Comhairle's strategic objectives, the financial climate in which public bodies are now required to operate, and the Scottish Government's priorities in relation to sustainability, climate change and community wealth-building. It also takes into account the statutory requirements included in the Procurement Reform (Scotland) Act 2014 ("the Act") which relate to the production of an annual procurement strategy.

The Strategy will direct procurement practice to maximise impact and benefit to the Comhairle and deliver excellence throughout the organisation.

The Strategy includes priorities, objectives and targets for achievement.

The Comhairle, as a member of the Outer Hebrides Community Planning Partnership, has signed up to the achievement of the Local Outcomes Improvement Plan 2017-27.

Within the Local Outcomes Improvement Plan there are three local priorities. Procurement is a key enabler and can have a direct impact on all three priorities which are:

Priority 1: The Outer Hebrides retains and attracts people to ensure a sustainable population.

Priority 2: The Outer Hebrides has sustainable economic growth and all our people have access to appropriate employment opportunities.

Priority 3: The islands offer attractive opportunities that improve the quality of life, wellbeing and health for all our people.

The five priority themes for action are:

- Winning ways for local suppliers
- Developing strong supplier relationships
- Strengthening the Comhairle's hand
- Promoting sustainability
- Efficiency in purchase to pay

The Scottish Government has asked public bodies to produce their plans for delivering public sector reform by later this year, in order to inform the 2024-25 budget. How realistic is this timescale?

As previously indicated, the Comhairle is firmly committed to public service reform and has advanced plans, including a model of a Single Islands Partnership. The Comhairle conducted extensive consultation with local communities and partners through 2016/18. Plans for Public Service Reform were interrupted through the Pandemic but as noted above, the review of local governance has been reactivated. Meetings have already been held at both political and official level on taking forward the single island authority model. The Comhairle is well placed to further develop and enhance its proposals through this process.

Please tell us if, and how your organisation's plans seek to deliver on the Scottish Government's three strategic priorities, set out below? Please also outline briefly any barriers to delivering these priorities.

Tackling child poverty

The Comhairle is already working with its Community Planning Partners on issues such as the Child Poverty Strategy. A move towards a Single islands Partnership would only strengthen these links and joint working. Other areas seeking to deliver on this strategic priority include: Early Learning and Childcare; Education; Free School Meals; Children and Families Social Work; Employability Support; Financial Inclusion and welfare services; Housing Support services; Homelessness services; Community Learning and Development including youth work and adult literacy; free period products.

Barriers to delivering these priorities include: high levels of fuel poverty, lower wages and poorer housing in the islands. In general costs are higher for construction and the cost of living crisis is badly affecting many families in the Islands.

Transforming the economy to achieve a just transition to net zero

Flood risk management; Planning, land use and development management; Energy efficiency; Waste management; Electric vehicle infrastructure; Public transport; Regeneration; Digital connectivity and inclusion; Economic development and business support. As part of the Islands Growth Deal the Islands Centre For Net Zero will lead the way to a low carbon future. See here for more information: <https://www.islandsdeal.co.uk/leading-way-low-carbon-future/islands-centre-net-zero>

Barriers to these include underfunding, continued effect of Brexit, continued Pandemic recovery, shifts in political priorities, high building costs in the Islands.

Ensuring sustainable services

To ensure sustainable services, the Comhairle requires fair and sustainable funding allowing for long term planning, improved relationships with Government and greater empowerment.

Barriers include: Financial challenges, recruitment challenges (social care, management/professional positions, some teaching posts). On funding The Scottish Government claims that it is providing more than £700m of additional funding for Local Government in the 2023/24 Budget Settlement. However, this is compared to

the 2022/23 Settlement, so does not take account of funding for pay awards made during that year, and almost all of the remaining extra funding is for specific policy commitments. The Comhairle has consistently faced the worst reductions in revenue funding of any local authority in Scotland over the last ten years, with more limited options available for reducing costs: for example, there is no market interest in outsourcing of services such as waste management, or leisure and recreation.

Given the Government ambitions to reduce the public sector head count and total pay bill costs to 2022-23 levels, what level of reduction in FTE does this mean for your organisation, and how do you plan to achieve it and by when?

The Comhairle has a policy of no compulsory redundancies wherever possible. The Comhairle is the islands' largest employer by some margin and both values its workforce and recognises the value that its employees bring to the local economy and in sustaining the local population. A Single Islands Partnership would bring managed efficiencies and savings but in a manner which retains public sector management at all levels in the Western Isles.

How, if at all, is your organisation working collaboratively with other public sector organisations to produce joint service reform plans for the public body landscape and use of resources (for submission to the Scottish Government later this year)? Please add here any other relevant information on your approach to collaborative working on joint service reform plans and use of resources.

As previously indicated the Comhairle has consulted extensively on a Single Islands Partnership. We will continue to do so now that the pace of Public Service Reform has picked up again. We look forward to working with Partners and Government on this important area of work for the Islands.

What level of support and guidance has your organisation been given by the Scottish Government to deliver the efficiencies and plans necessary for your organisation, and how adequate has this been? Please add here any other relevant information on the level of support and guidance provided or needed from the Scottish Government to deliver the efficiencies and plans necessary for your organisation.

Inevitably impacted by COVID. Picking up again now and encouraged by Political support to drive PSR forward.

Can you describe the impact of your plans for reform on how your services will be delivered, in both the short and long term?

Councils have been making efficiencies for a number of years, in response to successive real-terms cuts in funding, and under current structures there is nothing left to cut that will not have a direct impact on service delivery. Reform therefore requires a different way of doing things, sustainable and longer-term funding and a new agenda of parity of esteem between National and Local Government and its Partners.

Whilst reform will be challenging initially, it is the only realistic way ahead in sustaining public services in the Islands, retaining population and achieving a prosperous economy.

How do you propose to monitor and assess the impact of any reforms on the quality and delivery of your organisation's services?

Performance management, asking the public, comparative studies.

Written Submission from East Ayrshire Council

1. Please tell us about your organisation type and sector.

East Ayrshire Council was established in 1996 and is one of 32 Local Authorities in Scotland, created by the Local Government (Scotland) Act 1994. The Council has an annual revenue budget of around £393 million and delivers a wide range of services including education, housing, health and social care, roads, planning, waste management, economic growth, environmental health and trading standards.

We have a strong track record of partnership working in East Ayrshire. Together with our Community Planning Partners, we serve a population of around 122,000 people, who live across a mixture of urban and rural communities, where prosperity and poverty sit side by side.

We recognise that not one of our organisations owns the solutions to the challenges our communities face, but the Council, as a community leader and as the only democratically locally elected body, is ideally placed to bring to the table those who do. Our vision for our communities, which we share with our Community Planning Partners is that

“East Ayrshire will be a place with strong, safe, vibrant communities, where everyone has a good quality of life and access to opportunities, choices and high quality services, which are sustainable, accessible and meet people’s needs.”

As a Council and a Community Planning Partnership, we are able to demonstrate effective and positive partnership working. There are high levels of trust and confidence between Partners, which has led to a strong track record of strategic planning and of delivering change, with our communities and other partners. Community Planning is truly embedded across partner organisations.

Our Community Plan sets out the overarching strategic context around what we want to achieve and our 2022-2027 Strategic Plan sets out how we as a Council are going to do that. Our Strategic Plan is underpinned by a Medium Term Financial Strategy, Workforce Strategy, Digital Strategy and Asset Management Strategy.

2. How many FTE staff does your organisation have?

East Ayrshire Council had 6,779 employees (5622.17 Full Time Equivalent) as at 31 March 2023.

3. To what extent is your organisation fully using its land/estates/offices and what scope is there for efficiencies in these areas?

The Council has a wide range of assets from housing to schools, historic listed buildings to modern offices, outdoor spaces, parks, roads and bridges.

In recent years, significant programmes of work have supported the delivery of efficiencies in relation to property and asset management, together with large scale investments in support of our priorities and strategic aspirations.

The Council's Transformation Strategy 2012 – 2017 saw the total number of Council buildings reduced by 25% through a dedicated property and asset management workstream. This workstream also delivered on a major schools modernisation and rationalisation programme, a Community Asset Transfer programme and reviews of office accommodation, community facilities and depots.

Property and estates remained an important workstream through our second Transformation Strategy 2017 – 2022 and is now reflected in our Strategic Plan 2022 – 2027, which includes a key priority to ensure that our Capital Investment Programme continues to reflect our priorities and that we have safe, sustainable and efficient assets that meet the needs of existing and future users and communities.

All of this is reflected in our Capital Investment Programme and in the vision set out within our dedicated Asset Management Framework, which was agreed by Elected Members on 1 May 2019 and which includes a commitment to review and rationalise the Council's asset base as part of service redesign, ensuring that their use continues to be efficient and effective and deliver best value.

The Framework is further underpinned by our Property Management Plan (PMP), which was first approved on 26 June 2019 and which is updated annually. The PMP highlights that by ensuring the properties we retain are sustainable in terms of condition, suitability, sufficiency/utilisation, accessibility, environmentally and statutory compliance, this will assist the Council to ensure that best use is made of the property portfolio with resources effectively managed to deliver best value for money.

Since the inception of our Community Asset Transfer Policy in 2013, we have agreed the transfer of 58 assets to community ownership/operation. The aim of our Community Asset Transfer Policy is to set out a transparent and enabling framework to manage the transfer of assets from East Ayrshire Council to Voluntary and Community Organisations. The policy empowers local communities, while optimising the use of all our assets including land, property and equipment.

The Council recognises however that some assets must remain within Council ownership and management to support delivery of essential services, provide an income stream, or may have restrictive covenants on their future use making them unsuitable for transfer or impact the timescales for transfer.

Going forward, we plan to strengthen the transition arrangements across our property estate and establish a clearer Surplus and Vacant Property Framework. This will provide guidance and clarity to support decision making, monitor and report on individual buildings, reduce overall property costs and ensure local requirements are reflecting where the Council no longer has an operational need for a building.

4. What is your organisation's total pay bill for 2023-24 (in £ millions), compared to 2022-23 levels?

Employee costs make up around 50% of the Council's budget and the total pay bill for this year and the last are shown below. However, it should also be noted that 2023/24 pay negotiations for non-teacher staff groups are ongoing.

2023/24 – £268m
2022/23 – £252m

5. What opportunities for further efficiencies has your organisation identified in these five priority areas for reform?

Digitalisation

East Ayrshire Council's Digital Strategy will be key to delivering service-based digital savings and efficiencies going forward. Our digital vision as outlined in our Strategy will see the Council *"reimagine our public services and digital infrastructures; to deliver data driven digital services which are innovative, accessible, adaptable and customer-centric; to be better integrated and better connected; providing better outcomes for everyone within a thriving digital workforce, economy and community."*

Our Digital Strategy outlines our approach towards technology based decisions, which will be solutions-targeted, evidence based, provide value for money, have clearly defined outcomes and meet quality and cybersecurity standards to ensure we can sustainably resource, implement, operate and support any new digital investment. In relation to digital investment, when buying or developing a technology solution, we will ensure we identify the best fit option that meets current and future requirements and provides value for money.

To achieve our digital vision, we have focused on five key themes within our Digital Strategy:

- Digital Customers;
- Digital Council;
- Digital Services;
- Digital Communities; and
- Digital Culture.

These key themes will be delivered through the consistent application of the following principles: Getting the Basics Right; Customer Centric Focus; Supporting Continuous Improvement; Make Informed Decisions; Use Data Intelligently; and Develop Inclusive Technology.

East Ayrshire Council will encourage a positive digital culture – led and supported by a Digital Management Board, services will have opportunities to engage in collaborative working on digital projects to improve service delivery and maximise our available resources and digital assets.

Collaborative working has already delivered several key online projects, such as the recycling booking system, garden permit scheme and the school enrolment programme. These were designed and delivered in-house and have attracted interest from peers, who are keen to use this example of good practice to implement similar solutions.

We have increased our online presence to date, with our customer platform expanding from 3,000 accounts pre-pandemic to over 51,000 online accounts and 16,000 serviced accounts. Approximately 43% of customer contact is received via our online self-service platform. Monthly online transactions have increased from 1,500 pre-pandemic to over 25,000 monthly, reducing paper handling, improving processing times and transforming service delivery. In 2018, East Ayrshire Council ceased cash-handling, moving to a fully digital payments portfolio at the beginning of the pandemic.

Moving forward, a dedicated team will be supporting services to review existing processes, remove wasteful and duplicated steps and add automation, validation and workflow with reportable outcomes to new digital solutions on our customer service platform. We will continue to integrate common processes and common platforms to record and track service requests and outcomes. We hope to increase self-service customer contact to 65% by 2024. We aim to transition from a mediated Face-to-Face payment towards our digital payments portfolio, promoting paperless direct debit where possible and explore SMS payment reminders, working with our third-party providers to ensure online payment solutions are secure and fully compliant with legislative and industry standards.

In line with our Digital Strategy, we will work with services to re-evaluate our current customer support service format; in the future, face-to-face delivery will focus on appointment based specialist intervention. This will provide better outcomes for service users, as those who require face to face appointments will be easily identified, with appointments arranged and delivered by services. The preferred approach will be video appointments, which will also improve outcomes through reduced travel costs and time and reducing the environmental impact of emissions.

To date, the Council and its partners have supported over 1,500 families and households to get online during the pandemic. Going forward, we will work with BT (one of our technology partners) to provide free public Wi-Fi in our larger town centres, with easy access to local information, updates on Council services and advertising opportunities for local businesses.

Maximising revenue through public sector innovation

The Resource Spending Review highlighted that the approach towards innovation and revenue raising *“should not be understood as having a solely financial focus”* but is *“about challenging the way in which services are delivered, supporting innovation in pursuit of better outcomes and breaking down barriers to success.”*

One of the six key themes of the Council’s Strategic Plan (2022-27) is to Ensure Financial Stability and Resilience. While we acknowledge there are and will be, significant financial pressures and uncertainty going forward, collaborative working will be vital and people will always be at the heart of our approach.

The Plan also highlights our commitment to prioritising our resources and continuing to find new and innovative ways of working, to ensure services are affordable, sustainable and meet the needs of those we serve. We are resolute that working together with our communities and our partners is vital for making the most of the resources we have available to us

The process of identifying options to close the budget gap, including options in relation to income and commercialisation, has been a difficult and challenging process for services and budget holders. In setting the 2023/2024 Council budget, there was recognition of the significant pressures that already exist within budgets and of the new and additional demands for support that have arisen from Covid-19 and the more recent cost of living crisis.

Provision was made to maintain income from fees and charges at 2020/21 levels, other than those set nationally or by partner organisations. Further, the Council agreed to maintain Bereavement Service fees at 2019/20 levels, given the potential impact of the increase on the most vulnerable in our communities.

Impact Assessment forms a core element of our overall transformation approach, ensuring that we identify and understand both the intended and unintended impacts of our decisions and take action, where appropriate, to mitigate the negative impact on equality groups. The process can help services to promote positive action in favour of communities, or individuals, where inequality currently exists, particularly in relation to the Council’s strategic priorities.

Reform of the public sector estate

As noted under Question 3, the Council has undertaken significant work to reduce our estate and ensure fewer, better buildings which support our communities. This has included a programme of Community Asset Transfer and significant investment in our infrastructure.

The capital projects being delivered by the Council continue to make a significant impact in terms of stimulating economic growth and regeneration across all local communities, improving access to educational, leisure and cultural facilities and infrastructure improvements across a range of services; providing positive outcomes for all our residents including the most vulnerable within our society.

Reform of the public body landscape

East Ayrshire Council, together with East Ayrshire Health and Social Care Partnership, have previously noted our concerns regarding proposals for the development of a National Care Service for Scotland. We are concerned that there are still too many questions and unknown factors and that proposals could have fundamental and unintended consequences for our community and our workforce.

We know that as a Council we have an important and unique community leadership role to play, which includes supporting our communities to become empowered and to take ownership of their future. As those relationships mature in East Ayrshire, there is clear evidence of our communities shaping reform and determining their own approaches. We will continue to encourage and support this direction of travel, pushing responsibility and decision making down to our communities.

Elected members, as the local democratically elected representatives have a key leadership role to play in setting the strategic direction for our organisation and in promoting and supporting community empowerment. Our elected members engage positively with a wide range of partners, community organisations and representatives, who play an active role in our communities, to ensure that there is participation and that community voices are heard. As communities become more empowered, the role of Elected Members becomes even more important. Elected Members provide democratic leadership and are a vital connection, to other bodies serving our communities, including community groups and other parts of the public sector and creating the conditions conducive to community empowerment.

Improving public procurement

Our Procurement Strategy (2022-23) sets out how East Ayrshire Council intends to carry out its regulated procurement activity and acknowledges that in order to achieve improved performance status, financial savings and contribute to the Council's corporate social responsibilities, we need to embrace a change to our existing ways of working. Further, the Council will demonstrate leadership and corporate social responsibility by procuring sustainably and ethically whilst encouraging and influencing our suppliers, contractors and service providers to do the same.

Our procurement vision is *“to deliver commercially effective, compliant, procurement processes across the Council. We will procure goods, works and services which will ensure excellent customer service and supplier contract management.”*

The Procurement Strategy aims to:

- Set out clear strategic objectives.
- Make sure we continue to improve our procurement methods.
- Ensure compliance with our legislative and statutory procurement duties.
- Maximise efficiency and collaboration.
- Continue to improve access to public sector contracts, particularly for Small and Medium sized Enterprises, Co-operatives and Social Enterprises.

- Increase focus on sustainable procurement, including the more innovative use of Community Benefits Clauses, Community Wealth Building and targeting supplier's corporate social responsibility policies.
- Continually strive to deliver the best possible procurement service to the Council and our local communities.

Our aim is to build the Council's reputation as leaders in procurement, securing innovation, agility, value for money and quality of services from our supply base. Every contract awarded by the Council has an identified contract administrator, who is responsible for the management and review of contract and supplier performance and we are committed to managing spend effectively to bring social, environmental and economic regeneration to the communities we serve.

The Council actively supports local businesses to help them bid for work with the Council, ensuring the most appropriate route to market is taken each time. Our procurement team work closely with economic development colleagues and other service areas within the Council to encourage local companies and organisations to compete for Council business, including supporting the Supplier Development Programme and engaging and liaising with organisations regarding our wider Community Wealth Building pledges. This includes employment opportunities, use of land and property assets to the benefit of the local economy. Due consideration is also given to sustainable alternatives, carbon reduction, community benefits and Fair Work First practices during the procurement process.

Delivering this Strategy through a community wealth-building lens will make the economy work to our benefit by making sure Ayrshire does more to spend locally, employ locally and make land and buildings work better for our communities.

The Council's defibrillator initiative, devised by the Procurement and Health and Safety Teams, encourages local contractors to donate life-saving equipment for distribution within communities where they are undertaking work, as part of their obligations to provide wider local community benefits during the life of their contract with the Council. Working with key partners, including contractors, communities and Scottish Fire and Rescue, we want to ensure that every community is covered by this life saving equipment. We are continuing to engage with as many of our contractors as possible to support the initiative and will also be incorporating defibrillators into all contracts for major refurbishment and new build developments.

The Council is also committed to working collaboratively and developing links between local authorities and other public, private, voluntary and third sectors as a way of providing more flexible and cost effective services.

We value and respect our third and independent sector partners and work closely to design and deliver services across our communities. We operate, organise, support and commission a range of services with partners, always remembering to focus on people and families first. We will continue to identify new opportunities to further develop collaborative commissioning, new contract arrangements and support for social enterprises with the third sector, independent care sector and community partners.

6. The Scottish Government has asked public bodies to produce their plans for delivering public sector reform by later this year, in order to inform the 2024-25 budget. How realistic is this timescale?

Not applicable.

7. Please tell us if and how your organisation's plans seek to deliver on the Scottish Government's three strategic priorities, set out below? Please also outline briefly any barriers to delivering these priorities.

Tackling Child Poverty

Local Government has a vital role to play in tackling child poverty and the Council works closely with community planning partners and communities to deliver key services, develop supports and ensure that families have all the income that they are entitled to.

Our fourth Local Child Poverty Action Report was published in September 2022 and reflects our work with partners and communities to build resilience and to ensure that families who are struggling are able to access the support they need, when they need it. Importantly, we are also working at a strategic level, with regional and national partners, to create the sustainable economic growth that will be so fundamental to providing employment and other opportunities to help people to move out of poverty.

In East Ayrshire, the Children and Young People's Strategic Partnership and Child Protection Committee have collective responsibility for strategic planning and improvement of services for children and young people, reporting directly to the Community Planning Partnership Board. The Children and Young People's Services Plan 2020-23 sets the strategic direction for Partners' long term ambitions for young people growing up in East Ayrshire.

A number of important drivers continue to influence and shape this plan and our activities, including GIRFEC and the Children & Young People (Scotland) Act 2014. We are also strengthening our commitment to enshrining the United Nations Convention on the Rights of the Child (UNCRC) in our recovery, renewal and everything we do.

By hearing the voices of our children, young people and their families, we have identified where we must target our resources. Too many of our children and young people are living in poverty and relying on emergency food provision and more has to be done to ensure families are supported at the earliest possible opportunity, so that every child and young person can develop and thrive.

Our Financial Inclusion Team, together with partners, has continued to support East Ayrshire residents to maximise their benefit entitlement. During 2021/22, the Team received 2,602 referrals and advice enquiries, a significant increase of 45% from the previous year and 14% higher than the pre-pandemic caseload. During this period, the financial gains achieved for people in East Ayrshire totalled £3.416 million. A key action from the Council's response to the Cost of Living crisis has seen the introduction of Financial Inclusion officers within Secondary Schools. If a child or young person attends one of the listed Early Childhood Centres, Primaries or Secondary Schools, the family/carers can be referred to the project worker.

The Council's commitment to tackling poverty and inequality is fully reflected in the Community Plan that we share with our Partners and also the Council's overarching Strategic Plan. The Council's Strategic Plan details priorities in respect of building a better economy, tackling poverty and inequality, improving community wellbeing and supporting children and young people. This includes the following:

- Continue to deliver healthy, sustainable and locally sourced food in schools, working with partners and suppliers to provide a range of community food options.
- Our Universal Credit and Financial inclusion teams work closely with statutory and third sector bodies to address a wide range of issues, including child poverty.
- We will also work with our communities and partners to maximise opportunities through the Pupil Equity Fund to ensure equity for all young people.
- Respect and promote the rights of children and young people by embedding the UNCRC in our policies and practices.
- Deliver high quality Early Learning and Childcare experiences for all eligible children.
- Continue to develop a new multi-disciplinary, community facing approach which will provide the best possible all-inclusive wellbeing for our children and their families.
- Prepare for and implement, significant educational reform that supports young people to achieve their utmost potential.
- Tackle the poverty related attainment gap.
- Support the Young Person's Guarantee by ensuring that every young person has access to a job, education, training or development programme.
- Keep The Promise and ensure that our most vulnerable children feel loved and have the childhood they deserve.
- Promote digital inclusion and increase digital participation.
- Ensure that financial inclusion services have maximum reach to tackle poverty and provide early advice and support.

Transforming the economy to achieve a just transition to net zero

As with tackling child poverty, Local Government has a vital role to play in achieving a just transition to net zero. East Ayrshire Council's Strategic Plan (2022-27) highlights our commitment to delivering a clean, green East Ayrshire and this is

underpinned by our detailed Climate Change Strategy, which describes in more detail how we will support local, national and international action on climate change.

Our Climate Change Strategy focuses on four key themes: Energy, Transport, Waste and the Natural Environment and will build a strong post-carbon, post-Covid economy, with community wealth building, equality of opportunity and improvement of quality of life for all at its heart.

We have committed to supporting the United Nations Race to Zero; this brings together cities, regions, investors, businesses and organisations to share in the movement to create a health, resilient, zero carbon recovery, which will prevent future threats to the environment and contribute to sustainable, eco-friendly economic growth.

We will be exploring emerging technologies and working with our partners and the community to help us reach the UK100 target to be net zero by 2030. This is a notably earlier target than that set by the Scottish Government to be net zero by 2045.

We are following the Scottish Climate Change Declaration as part of our commitment to lead by example and work with our partners and our communities to do what we can to minimise the effect of climate change. This includes ensuring all of our new buildings use zero carbon heating systems and have a clear pathway to being zero carbon by 2030. We are also encouraging active travel through walking, cycling and public transport, while decarbonising our fleet of vehicles and we are continually looking at how we can reduce, reuse, recycle and recover waste to improve resource efficiency while working towards a circular economy.

We are working with our communities and partners to implement our key priorities, which include:

- Reducing the consumption of energy, promote energy efficiency and increase the proportion of power and heat from low and zero carbon technologies.
- Bringing our wider communities' emissions in line with net zero.
- Tackling fuel poverty as a way to drive forward green recovery and combat climate change.
- Promoting active travel and ensure that public transport, walking and cycling infrastructure can support the 'greening' of the area's economy over the longer term.
- Managing waste sustainability by reducing, reusing, recycling and recovering waste to improve resource efficiency whilst working towards a circular economy.
- Using educational reform opportunities to ensure that our young people have opportunities to prepare for roles in and gain qualifications that support, the environmental sector and their communities and families.
- Decarbonising the Council's fleet and minimising grey fleet mileage whilst encouraging active travel through walking, cycling and public transport.
- Ensuring our communities, green networks and infrastructure are adaptable to a changing climate and reducing the risks and vulnerability to unavoidable impact.

Within the Climate Change Strategy, we have also outlined an Economic Growth Strategy for Ayrshire. This is the Clean Growth Workstream, which focuses on:

- Sustainability – we will create nationally recognised research and development capacity and clean energy infrastructure; this will play a vital role in securing investment.
- Productivity – we will develop the capability to maximise investment in clean energy technology and explore opportunities related to the space sector, digital innovation and life sciences to find new cross-sector applications and clean growth opportunities.
- Inclusiveness – we will work with businesses and partners to promote economic opportunities arising from clean growth to support inward investment and opportunities for our Small and Medium Enterprises (SMEs) and our indigenous and emerging business base.

Our flagship response to climate change is the Community Renewable Energy Project, where as part of the Ayrshire Growth Deal, we are working closely with the private sector and our partners at the University of Strathclyde. This initiative will place East Ayrshire at the heart of innovation and the development of new approaches and technology that are needed locally to make the move towards net-zero.

We are also working with pan-Ayrshire partners to develop a Regional Skills Development Plan, giving local people the training, skills and experience they need to take advantage of opportunities in a green economy. By introducing new “green apprenticeships” in a variety of emerging growth sectors, we will create decent, fair and high value work, helping tackle poverty and inequality, while making sure we have the skilled workforce we need to carry forward our zero carbon ambitions.

Ensuring sustainable public services

Our Council has always been positively predisposed to change, but we firmly believe that any change must be capable of delivering greater benefits for our communities. We believe that the Principles of Reform identified by the Christie Commission remain relevant to today’s public services and we seek to live by those principles in the work that we do every day.

The Council’s first Transformation Strategy 2012 – 2017 was developed in the context and spirit of the findings of The Christie Commission. It set out the Council’s approach to achieving a balanced budget over the period 2012 – 2017 whilst ensuring that we continued to deliver priority outcomes. We identified a budget gap of £34m over the five-year period and described specific actions designed to reduce and close this gap, ensuring that services remained financially sustainable.

The Strategy was kept under close review and updated each year, as an integral part of the annual budget setting process. Through our Transformation Strategy, we were able to reduce costs across a number of areas and improve the delivery of services valued by our communities. This was underpinned by our Vibrant

Communities approach, introduced early in the life of our first Transformation Strategy.

The Transformation Strategy recognised that service reform would be fundamental to achieving the levels of savings required and key areas of work were identified to reduce and close the gap. Major workstreams included: the establishment of East Ayrshire Leisure; the development of Ayrshire Roads Alliance with South Ayrshire Council; health and social care integration; reductions in our property portfolio; focus on early intervention and prevention; service redesign and reviews of the management structure.

Our 2017 - 2022 Transformation Strategy continued to build on the four principles of public sector reform, identified through the work of the Christie Commission. For us, the principles identified remain relevant and along with our Strategic Imperatives, continued to guide our work throughout this period. For completeness, this refers to:

- Public services built around people and communities, their needs, aspirations, capacities and skills and work together to build up their autonomy and resilience;
- Public sector organisations work together to achieve outcomes;
- Public service organisations prioritise prevention, reduce inequalities and promote equality; and
- All public services constantly seek to improve performance and reduce costs and are open, transparent and accountable.

Since our original Transformation Strategy was agreed, the public sector in Scotland has continued to undergo considerable change, in response to financial challenges, changing demographics and increasing levels of demand. It is recognised that these challenges will continue and there is therefore a pressing need for a fundamental shift in the way public services are delivered. Whilst the Council has achieved significant efficiencies over the last eleven years, it has been a complex task and it has taken significant effort to implement the actions required.

As highlighted, we recognise that a fundamental shift in approach is required and that our Council will be a very different organisation in the years to come. However, it is important that public services are redesigned, aligned and delivered in ways that will best serve our communities.

East Ayrshire Council's Strategic Plan (2022-27) highlights our commitment to ensuring that, as a local authority, we are financially sustainable and resilient. Our key plans and strategies are aligned with those of our partners; there is a focus on place, a commitment to reducing inequalities, promoting community empowerment and delivering community led regeneration.

We have made effective arrangements to keep up our continuous improvement in performance with regard to economy, efficiency and effectiveness, equal opportunities and sustainable development. We will work with our communities and partners to implement our key priorities, which include:

- Manage our financial resources to ensure that our services are financially sustainable into the future and that we continue to use our resources wisely.
- Improve service delivery, innovation and design by empowering frontline teams and the communities we serve and ensuring that early intervention and prevention are at the heart of what we do.
- Build on new ways of working, based on what has worked well, including evaluating new service models and learning lessons from Covid-19.
- Identify new opportunities to further develop collaborative commissioning, new contract arrangements and support for social enterprises with the third sector, independent care sector and community partners.
- Continue to place our workforce and workforce development at the heart of our approach and ensure we have effective leadership and the right people, with the right skills in the right place at the right time.
- Ensure that our Capital Investment Programme: Building a Future East Ayrshire continues to reflect our priorities and that we have safe, sustainable and efficient assets that meet the needs of existing and future users and communities.

Our Medium Term Financial Strategy (2022-27) enables the Council to consider and plan for longer term financial issues by providing advance notice of pressures arising from grant funding variations, service demand changes, UK and Scottish Government policy intentions and population and demographic changes.

Through the objectives of the Medium Term Financial Strategy, we will ensure that:

- East Ayrshire Council has a comprehensive and coherent balanced budget.
- Capital investment expenditure must be prudent, affordable and sustainable, as defined by the Prudential Code and meet statutory need or deliver long term revenue savings.
- Resources are invested effectively, efficiently and on a sustainable basis.
- There is an ongoing focus on securing efficiencies across the Council and closing our budget gaps.

Our Workforce Strategy outlines that Services must prepare for the public sector financial constraint that will be applied and, going forward, the need to reduce the size of the workforce to produce a balanced budget. Workforce planning has been a key component in service redesign. The Workforce Strategy is shaping our workforce for the future and has opened up new career change pathways for staff. Leadership structures are being redesigned with operational teams based around Place and the principles of: empowered working, enabling greater flexibility and “future proofing” services.

The Digital Strategy builds on the learning and opportunities garnered from the pandemic. Services will be supported to review existing processes and introduce online options for customers; the introduction of the Digital Strategy and the move towards digitalisation will enable Services to identify digital efficiencies that can be used to close the budget gap and ensure sustainable public services going forward.

Barriers to Delivery

The Resource Spending Review set out the Scottish Government's priorities and gave notice of some challenging policies for local government, particularly around flat cash settlements, structural changes in addition to the creation of the National Care Service and public sector staffing levels.

The volatility of the economy impacts on the ability to provide certainty in terms of long term forecasts and the Council's projected budget gap of £39 million through to 2027 is therefore based on a range of assumptions and on a medium risk scenarios.

The primary financial challenges facing the Council over the period of the Medium Term Financial Strategy will be delivering a balanced revenue budget in each of the coming years and the development of an affordable capital programme which maintains appropriate investment in infrastructure and meets a statutory need or generates ongoing revenue savings.

The impact of inflation, particularly at such high rates, means that there is already significant pressure places on service budgets, as goods and services cost more and the purchasing power of existing budgets is diminished.

The expectation that future years pay awards will have to be met from existing resources and paid for through an overall reduction in the workforce will be challenging. The fact that specific aspects of councils' functions are growing, for example, in early years, education and social care, means that it is extremely likely that the remaining services will be unable to absorb the cost of the pay award or be able to reduce by enough staff to find it. Public sector pay will be a significant risk ground forward and while inflation is expected to fall back over time, this will not mitigate the risk that exists now in local government.

The proposed introduction of a National Care Service was noted in the Resource Spending Review and signalled further restructure of the public sector in Scotland; the anticipated changes will create further uncertainty and cause budgetary and operational challenges as functions and resources are disaggregated.

Looking towards the future, population trends and movements also pose a barrier to delivery of sustainable public services for the Council and will require careful planning. Local projections for East Ayrshire show sustained downward trends which will be stronger than the Scottish average. Changing demographics has also been identified as a local challenge in our Community Plan (2015-2030).

8. Given the Government ambitions to reduce the public sector head count and total pay bill costs to 2022-23 levels, what level of reduction in FTE does this mean for your organisation and how do you plan to achieve it and by when?

The Medium Term Financial Strategy (2022-27) acknowledges the provisions in the Resource Spending Review as regards public sector pay, noting that the Scottish Government seeks to introduce measures to reset pay and workforce expectations by announcing a broad aim to freeze total pay bill costs, as opposed to pay levels, at 2022/23 levels through a pathway that will return the overall size of the public sector workforce to around pre-Covid levels, while supporting expansion in key areas.

The Workforce Strategy (2022-27) will support Services to manage staff reductions and transition to a workforce level that reflects future budgets and the Scottish Government's objective to maintain the cost of the public sector pay envelope at current levels.

As public sector financial constraint is introduced and as budgets tighten and costs and demand for services increase then opportunities to spend effectively today and lower costs for the future have to be undertaken. The Local Government Benchmarking Framework (LGBF), is a well-established and effective tool to compare and contrast costs and performance across councils and the use of the framework will be enhanced with targeted and specific work undertaken to compare costs and performance across all councils and within the relative family groupings established by the LGBF. A strategic review of costs and performance using the current and historical data contained within the LGBF will be undertaken by the Council's Programme Management Office supported by Finance and ICT and relevant Services.

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

Not applicable.

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

Not applicable.

11. Can you describe the impact of your plans for reform on how your services will be delivered, in both the short and long term?

There is a need to change services to align with future needs and to target available resources towards early intervention and prevention which will, in time, lower costs and establish more effective and powerful services.

The Council's Strategic Plan sets out the priorities and ambitions for the Council for the years ahead and it is important that our resources follow these priorities and that finances and priorities are evidenced and aligned. The Council plans to undertake a strategic review of funding allocations to assess the need for further alignments between funding and priorities, the requirement to continue to protect specific elements of service budgets from efficiency targets as well as taking into account specific changes to the demography of East Ayrshire.

The Council's Medium Term Financial Strategy identified an anticipated cumulative budget gap of £39m by 2027, based on a medium risk scenario. The proportion of the Council budget that is used to pay staff costs is so significant that attempting to close the gap without reducing staff costs will be almost impossible and therefore closing the budget gap will result in a reduction in staff numbers.

The Council's Workforce Strategy will support services to manage staff reductions and transition to a workforce level that reflects future budgets. The introduction of a Digital Strategy and the move towards more digital solutions will enable services to identify local service based digital efficiencies that can be used to close the budget gap.

12. How do you propose to monitor and assess the impact of any reforms on the quality and delivery of your organisation's services?

We intend to build on our current performance management reporting arrangements to review and report regularly on progress against our Strategic Plan. We will use quantitative and qualitative measures, along with feedback from consultation and engagement with our communities, employees, partners and external inspection agencies.

The Council's Project Management Office (PMO) will be responsible for setting, maintaining and ensuring standards for project management across Services, promoting best practice and tracking project status and direction, all in one place.

The PMO will provide a source of advice and guidance for programme and project management, as well as being the information hub of the programme, fulfilling a monitoring role and overseeing and co-ordinating activities for the programme.

The Council Management Team will be accountable for the delivery of Programme Management and will provide the overall strategic direction – this includes monitoring, evaluation and reporting. Each project or work stream will have a dedicated Sponsor and Lead drawn from the membership of the Council Management Team.

An important element of the PMO approach is Benefits Realisation Management (BRM) being the “process of organising and managing so that potential benefits arising from investment or change are achieved.” BRM aims to make sure that desired outcomes have been clearly defined, are measurable, provide a case for investment and ensure that outcomes are actually achieved.

Dundee City Council: Submission to Finance and Public Administration Committee June 2023

Introduction

Dundee is Scotland's fourth largest city, situated on the north coast of the Tay Estuary. The Dundee City Council area covers 60 square kilometres and is, geographically, the smallest local authority area in Scotland. Dundee is home to 147,720 people and is bordered by Perth and Kinross Council to the west and Angus Council to the north and east. Dundee continues to serve as the regional centre for this area and North-East Fife, with an estimated catchment population of some 490,000 people. Dundee has a sizeable student population, and is home to the University of Dundee, Abertay University and Dundee & Angus College. Dundee was Scotland's first Fair Trade City, the UK's first Living Wage City and the UK's first UNESCO City of Design.

How many FTE (full time equivalent staff) does your organisation have?

The table below shows how the number of Full-Time equivalent posts in the Council's workforce has changed over the past five years.

Whilst the overall change is relatively small it should be noted that within this the only area with any material growth is Children and Families – which reflects the expansion of Early Years, the additional resources following Covid and the priority given to teacher numbers.

Consequently, compared with 2019 the Council has 234 more staff in Children and Families and 255 less across all other services.

Service	2019	2020	2021	2022	2023	Change 2019-23	Change 2022-23
Chief Executives	38	37	36	37	40	3.43%	7.45%
Children & Families Service	1,392	1,459	1,463	1,529	1,534	10.19%	0.29%
Children & Families Service (Teachers)	1,450	1,446	1,481	1,525	1,543	6.38%	1.15%
City Development	328	324	317	317	328	-0.22%	3.48%
Corporate Services	775	737	703	698	704	-9.13%	0.90%
Health & Social Care Partnership	914	875	875	844	834	-8.73%	-1.17%
Construction Services	348	345	322	347	340	-2.08%	-1.97%
Neighbourhood Services	879	833	811	797	781	-11.09%	-1.96%
Totals	6,125	6,055	6,007	6,095	6,104	-0.33%	0.16%

To what extent is your organisation fully using its land/estates/offices and what scope is there for efficiencies in these areas?

Dundee City Council has managed a reduction in its number of operational buildings from 273 in 2010/11 to 217 in 2021/22. However, still has an above average number of operational buildings per head of population compared to its urban family group.

The move to hybrid working following the pandemic means that there is less demand for office space and the Council is presently exploring how to make the best use of its estate – including discussions with partners about sharing accommodation.

What is your organisation's total pay bill for 2023-24 (in £ millions), compared to 2022-23 levels?

The Council budget for pay in 2024/24 is £275m. This compares with a budget of £259m in 2022/23.

In 2023/24 this represents 64% of the net revenue budget of £424m.

What opportunities for further efficiencies has your organisation identified in these five priority areas for reform?

Delivery of the current phase of the Council's transformational programme (Design a Modern Council) will support future financial plans and long-term sustainability, better services to citizens and improving outcomes for all.

The key themes within scope for this next phase of our transformation programme are set out in the Council Plan 2022-2027 as follows:

- Property Rationalisation,
- Digital Council,
- Service Re-design,
- City & Regional Shared Services and
- Payments and Income Generation

The Council's transformation programme needs to be bold and ambitious and outline how the Council is continuing its journey, responding to a changing world by embracing new technology and ways of working, and meeting the needs of customers and communities.

The new five-year programme will need to radically redesign services to meet changing demographics and demands, environment and technology, community empowerment and embracing new ways of working to address this challenge. Whilst the impacts of the COVID-19 pandemic will have longer term implications, it has also shown what can be done to deliver services in a very different way and at pace, so the Council must harness these opportunities as part of its future service delivery.

In respect of **Digitalisation** the Council approved a new Digital Strategy in May 2023. The Strategy sets out how the Council aims to maximise the potential of Digital technologies to improve outcomes and services for all our citizens and employees, in a way which supports the delivery of the Council's priorities and in particular to design a modern digital Council.

In respect of **the public sector estate** the Council has for some time recognised that there is a need for optimisation of its own and the wider estate and is now on its third phase of property rationalisation. The Council considered that there remains scope to make more efficient and shared use of the estate and that the use of land and assets are important components of community sustainability (for example, through asset transfer), economic development and housing.

In terms of **Improving public procurement** the Council is committed to collaboration on Procurement whether at a local level, through Scotland Excel or through National contracts. Community Wealth Building is a key strand of the Council's objectives and a recent event the Council hosted in Dundee demonstrated local support for this across the public sector.

Please tell us if, and how your organisation's plans seek to deliver on the Scottish Government's three strategic priorities, set out below? Please also outline briefly any barriers to delivering these priorities.

The new City Plan for Dundee 2022-32 (Dundee's Local Outcome Improvement Plan) agreed in September 2022, built on the work that was undertaken through the collective efforts of our communities, private, public and third sector partners. It was created after listening to the people of the city, and focuses on three key priorities:

- reducing child poverty and inequalities in incomes, education and health;
- delivering inclusive economic growth (including Community Wealth Building); and
- tackling Climate Change and reaching Net Zero emissions by 2045.

The Council Plan 2022-2027 is the strategic plan for Dundee City Council as a corporate entity. It sets out the main corporate approaches, priority targets and actions, and key strategies for the purposes of public accountability on delivering on our priorities.

In addition to the adopting the three strategic priorities from the City Plan it sets out the Council's aims to:

- build resilient and empowered communities; and
- to design a Modern Council.

Given the Government ambitions to reduce the public sector head count and total pay bill costs to 2022-23 levels, what level of reduction in FTE does this mean for your organisation, and how do you plan to achieve it and by when?

As noted above the size of the Council workforce has not changed materially over the past five years, however, it does include a significant shift in staffing to Children and Families services. Maintaining the pay bill at the 2022/23 level would mean a reduction of £16m or around 6% of workforce costs.

A reduction of this scale would inevitably have an impact on the ability of the Council to deliver its services.

This should be considered in the context of savings projections of £29m (as estimated at the time the Council set its 2023/24 budget) that are projected to be required over the next three years and the fact that the Council has realised savings of £156m since 2008.

The Council will be considering a report on the Financial Outlook in June 2023 and considering its forward budget strategy after the Summer Recess to assess how best to address the expected financial shortfall in a way that best delivers on the objectives set out in the Council Plan.

How do you propose to monitor and assess the impact of any reforms on the quality and delivery of your organisation's services?

We will know we have delivered on our vision of a Modern Council for the future, as we will:

- be lean and efficient with a clear set of priorities that deliver for Dundee citizens and communities, focusing resources where they can make the biggest difference.
- have a clear purpose and understanding about what the Council is best placed to deliver.
- have a structured approach to designing services with people and local communities.
- have adaptable and flexible structures which promote working across organisational boundaries with greater employee empowerment, integrated teams and agile workforce.
- help communities become more self-reliant and resilient doing more for themselves.
- work in collaboration more to moving partnership working across the city from good to great.
- have a values-based culture that will unlock and develop the skills and potential of our workforce.