

# revitalise

A briefing on UNISON Scotland's public services campaign  
No 4 Winter 2007/8



## Centralised and out-sourced services lead to higher VAT costs

**In addition to the procurement problems that centralised services encounter, a further issue has arisen over liability for VAT.**

The Scottish Police Services Agency was set up to achieve efficiency savings by centralising the provision and procurement of training, IT and forensic services. The Herald reported that the agency does not have the VAT exemption (section 33 status) that individual police services have and anything they bought would cost 17.5% more than if sourced by individual forces. The blunder could cost up to £5million.

While discussions are now ongoing with Revenue and Customs (HMRC) it is believed that other Non-Departmental Public Bodies have not in general been granted section 33 status and

that the Serious and Organised Crime Agency has already been turned down.

Scottish Enterprise may also face a VAT bill of £6million. The old Local Enterprise Companies (LECs) were VAT exempt while Scottish Enterprise is not.

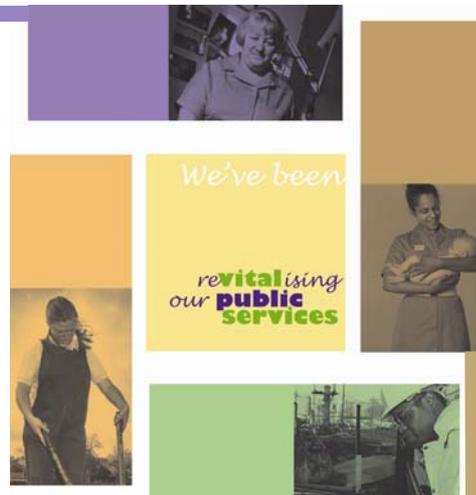


CSG's Scotstoun leisure centre

Glasgow Culture and Sport has also had to cut items from the package available to Glasgow Club members following advice from HMRC that they would have to charge VAT or change the package. This may have implications for other "shared service" bodies and trusts.

## Governing Joint Services

The Improvement Service published Principles and Advice on Governance for Joint Services in August. The paper comes out of a short life working group chaired by Garry Coutts from NHS Highland. The aim was to support Community Health Partnerships with the information required to move forwards to consolidate and extend joint working arrangements. The advice note describes the key principles that must underpin all governance arrangements for joint services and indicates a range of references that partnerships may find useful. While the main focus is community care the report claims the principles are also relevant for children's services. The paper is available from the improvement services and can be downloaded from <http://www.improvementservice.org.uk/news/news-across-scotland/governance-for-joint-services.html>



## NHS Shared Services

Following on the consultation earlier this year the NHSS Shared Support Services (SSS) Programme *Proposed Way Forward* set out detailed proposals in a paper sent to health boards in Sept.

The next phase of the programme aims to bring all the boards up to a common level of technology and core finance function. At the same time Pathfinder Health Boards will test and implement agreed new processes. This will be followed by a further review.

### Key features

- Complete the design of new processes and systems
- All health boards to carry out Foundation projects including adopting a common finance system
- Pathfinder boards test and implement new processes
- Review the progress, and develop a final plan

The paper contains details on programmes that Boards would be required to carry out once agreed. The closing date for comment from boards was Nov16.

# Contentious budget means cuts

The Finance Minister John Swinney has announced the Government's spending plans for 2008 to 2011 in *The Scottish Budget Spending Review 2007*. This is the most contentious budget since devolution.

Overall government spending is set to rise at 1.5% per annum between 2007 and 2011. There is though a wide variation across individual portfolios. This year's budget also makes comparison harder as portfolios have been reorganised to meet the new government's priorities.

AT 2007-08 PRICES USING GDP DEFLATOR OF 2.7%	2008-09 Draft Budget £m	2009-10 Plans £m	2010-11 Plans £m
<b>The First Minister</b>	273.3	278.5	282.3
<b>Finance and Sustainable Growth</b>	5,839.6	5,890.9	5,856.4
<b>Health and Wellbeing</b>	10,925.8	11,132.7	11,287.5
<b>Education and Lifelong Learning</b>	2,465.4	2,475.1	2,496.8
<b>Justice</b>	1,013.9	1,030.2	1,027.1
<b>Rural Affairs and the Environment</b>	599.7	604.6	601.8
<b>Administration</b>	239.2	237.6	236.6
<b>Crown Office and Procurator Fiscal</b>	107.3	112.6	111.5
<b>Local Government</b>	10,844.5	11,006.1	11,094.0
<b>Scottish Parliament and Audit Scotland</b>	107.1	107.6	107.9
<b>Total</b>	<b>32,415.8</b>	<b>32,875.9</b>	<b>33,101.9</b>



All public sector bodies are expected to make efficiency savings of 2% this is an increase from the 1.5%. There is no strategy as to how these savings are to be achieved. Even if they are, for many services these cash release savings would only maintain services at the current level rather than increase delivery. Only those councils who sign up to the new concordat can keep the all money saved but the rest of the public sector will have some deducted at source. Any financial savings could impact on jobs and services. The budget also assumes a 2% wage increase - in reality a wage cut.

## Broadband sharing

The London Public Services Network has launched a broadband network connecting public services across London. This will enable information sharing across organisational boundaries and, they

hope, savings through shared services. The network includes Whitehall and the NHS as well as local government. It uses existing cabling from the London Grid for learning.



## Blackpool productivity improves

Blackpool Council predicts annual savings of £2m through shared services in frontline services. They also claim satisfaction levels of 99.81%. The new system went live in August 2004 and now offers a

range of council services from many different contact points: face to face, phone, email, internet and kiosks. Blackpool started the system first in housing and council tax and has saved a great deal of time

by assessing each person only once rather than passing them round various services. Information is shared with social care and education benefits systems.

# International 'efficiencies' ?

## Virginia Performs?

Outcomes are increasingly talked about as the new focus for performance measurement in Scottish public services. The SNP manifesto referred to the success of the system used in Virginia in the USA and Nancy Roberts, senior adviser on their programme, recently explained their system to a *Holyrood* conference.

The system is used by the Council on Virginia's Future - a forum where legislative, executive and community leaders come together. It is an advisory board to the Governor and General Assembly officially codified into Virginia statute. It aims to provide long-term focus on high priority issues, to increase government accountability, and to inform and engage citizens in debates about performance on the state's future. Key to this is measuring performance. In January this year they launched a website: <http://www.vaperforms.virginia.gov/>. This displays the "Performance Leadership and Accountability Model". Data is available on 50 "quality of life" outcomes and 200 key agency measures. It also compares Virginia results with other states and the national average. It aims to create an environment for "discussion about performance improvement with decision makers".

Like many solutions offered by management consultants to improve public services, this system is in the very early stages of operation so it is too early to make judgments about its success.

## Australia: Shared services lead to job losses in rural areas.

A South Australian Government report confirms that 256 jobs will be lost under the state government shared services plan. The regional impact assessment also states that 11% of total administration jobs will be centralised, requiring staff to move to Adelaide. The Public Services Association claims that as many as 500 jobs could be lost, and, as many staff filling these roles are part time workers, almost 3000 staff will be affected by the proposals. This has raised concerns not only from the unions but from other people worried about the viability of business and services in these communities if many people lose their jobs or relocate.

## Shared Services Funding

In October the National Shared Services Board wrote to local authority chief executives providing guidance and a pro forma to enable them to apply for the £4.5 million committed to roll out outputs from the pathfinder projects.

The projects have developed a "diagnostic approach" to enable councils to identify improvements in processes and organisational models. The overall aim is to improve efficiency and reduce costs. Councils are encouraged to use the tool to look at all support services.

## Welsh improvements vary

A report for the Welsh Assembly says 75% of council-run services improved last year. There were still large variations. For example, the average time taken to complete non-urgent repairs varied from 13 days to 138. The Welsh Local Government Association called for national minimum standards for certain services to drive up standards and set levels of entitlement and expectation.

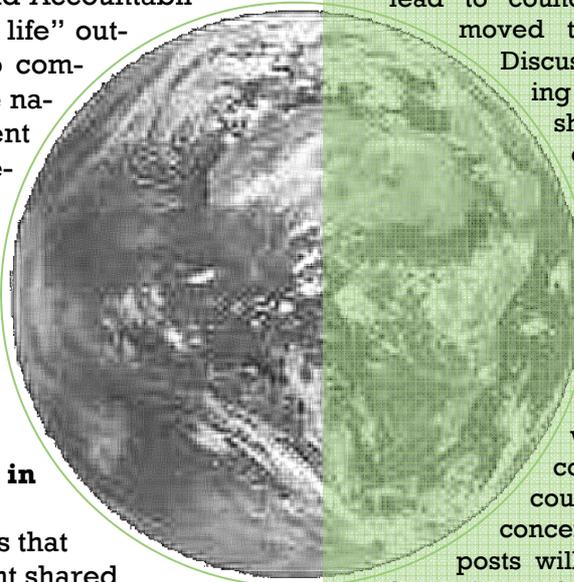
## Services go South

Reorganisation in local government in Northumberland could lead to council jobs being moved to Cambridge.

Discussions are taking place with a shared services company to deliver services like benefits processing, council tax collection and HR in partnership with other councils. Many councillors are concerned that the posts will be moved to Cambridge, 300 miles away making council services more remote from local people.

## IBM and Southwest One

IBM has signed a ten year deal with Somerset County Council and Taunton Deane Borough to provide a range of services through a Joint Venture company. It is believed the deal is worth £400million. IBM and council staff will deliver IT services, finance and accounting functions, HR functions, procurement, property services and print and postal services to both councils. Avon & Somerset Police are also considering joining the company.



## Local government survey — Services valued, institutions not

A review of research into public attitudes to Scottish local government is now available from the *improvement service*. The paper looks at satisfaction with local government services and the factors which affect users and the public in general's perception.

local area and therefore the council

- Local councils are held responsible for the areas that are most often thought to be in need of improvement
- Satisfaction with the council tends to increase with age and increases as deprivation

### Performance must be managed in-house—Crerar

The final report from the review of Scotland's scrutiny regimes has now been published. The Crerar Review recommends that service providers should have the main responsibility for their performance. There must be support to develop performance management and self assessment. This will lead to a reduction in external scrutiny and the costs and disruption to the current system.

The Review aimed to improve the way scrutiny bodies operated. It concludes:

- The burden of external scrutiny has grown since devolution - as a reaction to events not as a plan
- Costs have increased
- The system and complaints procedures are too complex, lack coherence and are not seen to be working
- There is duplication and overlap,
- The public's voice is not sufficiently represented

### Role of External Scrutiny

The review proposes a clear agreement on the role of external scrutiny. A role of independent assurance within a wider performance management and reporting framework. This requires much greater leadership and cooperation.

The five guiding principles for external scrutiny should be:

- Public focus
- Independence
- Proportionality
- Transparency
- Accountability

Priorities should be focused on the interests of users and the public, and government should work with scrutiny organisations, providers and consumer representatives to achieve this. UNISON will continue to argue for the voice of staff, both providers and users of services, to be heard in the process.



### Key findings:

- Local government services are more highly regarded than local government as an institution. Tackling this disparity is a key challenge for local government
- Residents' surveys from individual authorities reveal higher satisfaction ratings than national surveys. Non universal services like education and leisure services get significantly high satisfaction ratings.
- High visibility universal services like maintenance and street cleaning tend to attract high dissatisfaction ratings.
- Services relating to the local environment like street cleaning are particularly important in determining public satisfaction with their

decreases.

- Users of services rate the service higher than non users but services that receive lower satisfaction rates can make dissatisfaction worse
- Residents perception of value for money and quality of services can be improved by direct communication from the council and positive media coverage in general

Both the handling and outcomes of contact with the council affect satisfaction levels with the council.

Report available from: <http://www.improvementservice.org.uk/health-improvement/news/news-across-scotland/key-ingredients-to-public-satisfaction-with-local-government.html>

## Essentials of Shared Services

A new book promising a concise view of shared services, how they can save money and how to implement them in your organi-

sation is now available from the **fictionwise** e-books website. How appropriate!

If you are facing any particular challenges from issues highlighted in the bulletin, or if you have good examples of public services succeeding by following the *Revitalise* principles, please contact Kay Sillars in the P&I team. 0870 7777 006.

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