

SCOTLAND'S PUBLIC FINANCES IN 2023-24: THE IMPACT OF THE COST OF LIVING AND PUBLIC SERVICE REFORM

August 2022

5. How effective do you think these reforms will be in delivering efficiency savings in the Scottish Budget 2023-24, and beyond? If you have additional or alternative priorities for achieving efficiencies (for example within your public sector area), please provide details.

Carnegie UK recognises the significance of current spending pressures on the public sector, as well as the need for public service reform more broadly. However, we are concerned that the pursuit of efficiency savings might have the unintended consequences of undermining the priorities set out in the Spending Review.

We know from our own work on kindness, that relationships are at the heart of improving public service outcomes, and thereby reducing the demand for public services. Similarly compelling evidence is put forward in work on Radical Help and Human Learning Systems, among many other examples. Our research on kindness in public policy highlighted that a new public management approach that focuses on improving efficiencies and delivering value for money can "squeeze the space for kindness"; and that designing relationships out of a system can lead to poorer public service outcomes.

In health and social care services, in particular, pursuing efficiency at all costs could undermine the quality of services that people are able to deliver. Moreover, we know from research conducted during the pandemic response that there are real risks for the wellbeing of health and social staff who are already stretched and experiencing burnout.

Our research on the community response to Covid-19 shows that there are alternatives. In local government, we observed how the demands of an emergency situation, combined with a temporary suspension of reporting requirements, allowed services to respond with flexibility according to local needs. Our recommendation would be that, by removing some of the demands on performance management, local public services might be freed up to work together more effectively, to deliver a more responsive service that meets local needs and, ultimately, do more with less.

6. What impact will the Spending Review priorities have on the delivery of national outcomes in the National Performance Framework?

Carnegie UK's relationship with the National Performance Framework spans over the decade. It is a highly sophisticated tool for guiding policy delivery in Scotland. Whilst we understand the immense pressures the Scottish Government are currently under, we were disappointed that

the National Outcomes were not referenced more explicitly within the Spending Review. The National Performance Framework provides an articulated Scottish approach, without which significant challenges arise for the effective delivery of public services.

Furthermore, the Spending Review's lack of alignment with the National Performance Framework is also evident within some of its contents. There are significant real-terms cuts to local government. We acknowledge that with the limited resources available to the Scottish Government, there is a need for prioritisation within budgets. However, from their inception in 2007, the Scottish Government has acknowledged the vital role local governments play in delivering the National Outcomes, as they are the 'Golden Thread' which runs through all local government work.

Nonetheless, we recognise many actions within the Spending Review do support the delivery of the National Outcomes. In particular, we welcome the prioritisation of spending towards actions to tackle child poverty. A focus towards children and young people aligns with the long-term, preventative focus of the framework. However, we remind the Scottish Government of the urgency of such actions. This includes doubling the Scottish Child bridging payments, on which we, and over a hundred other organisations, have urged the Scottish Government to take action in a joint letter to the First Minister.

We were encouraged to see the National Performance Framework being given renewed policy attention through the Public Finance and Administration Committee's 'Ambitions into Action' inquiry. We eagerly anticipate the committee's findings from this inquiry later this year, and hope that this process will lead to greater attention being given to the National Outcomes when outlining future spending priorities.