



29 June 2023

Kenneth Gibson MSP, Convener  
Finance and Public Administration Committee  
Scottish Parliament  
Edinburgh  
EH99 1SP

by email: [FPA.committee@parliament.scot](mailto:FPA.committee@parliament.scot)

Dear Convener,

Thank you for the opportunity to provide evidence to the Committee on 20 June 2023 as part of your inquiry into the Scottish Government's Public Service Reform programme.

During the session there were four practical areas on which I said we could follow up with some additional information. These were:

1. Cost-benefit analysis - the 'return on investment' in terms of broader savings for the public sector through preventative spending in Local Government
2. Data sharing - details of information sharing between partners in the Dundee and Glasgow pathfinder projects aimed at tackling child poverty
3. Digital identities - use of the CHI number in health and social care, in the context of identifiers used in the SEEMIS national education management system
4. myjobscotland - the cost-effectiveness of the shared recruitment platform successfully developed and managed by Local Government

Further details on these areas are set out below, together with some supplementary information regarding amalgamation of support functions.

### **Cost-benefit analysis**

While we are not aware of any specific cost-benefit analysis being undertaken by councils in Scotland on the return on investment in preventative services, broader research has previously been carried out on the economic cost of poor public health - of which poverty is a key social determinant - and the speed and scale of savings resulting from proactive policy interventions.

The World Health Organisation report, ['The case for investing in public health'](#), makes a compelling case for wider thinking. It found evidence that a wide range of preventive approaches are highly cost-effective, including interventions that address environmental and social determinants of health, build resilience and promote healthy behaviours.

For example, employment programmes deliver returns on investment within 1-2 years, while other interventions such as promoting walking and cycling, green spaces, safer transport and improved housing also show early returns, with additional social and environmental benefits. Even small investments, the report states, promise large gains to health, the economy and other sectors, with sustainable outcomes.

These and other 'upstream' investments - including measures to tackle poverty - can help reduce some of the significant costs arising from health inequalities, which the report estimated at 9.4% of GDP. Obesity, for example, was found to account for 1-3% of health expenditure, with physical inactivity costing up to €300 per person per year in Europe, while mental illness was estimated to cost the UK economy £110 billion annually and represent 11% of the UK health service budget.

Meanwhile, the Local Government Association also previously published a report, ['Money well spent?'](#) that assessed the cost effectiveness of public health interventions. That report included the following case studies:

- Provision of free leisure services to residents in Birmingham - half of users were overweight or obese while others sought help for smoking and alcohol; outcomes equated to £23 recouped in health benefits for every £1 spent on the scheme.
- A person supported to move out of a psychiatric hospital into independent living - two years of support cost £80,000 but cut the annual cost to the taxpayer from £84,000 to £21,000, meaning the intervention had paid for itself two years later.
- Investment in anti-smoking initiatives in Bury - as well as reducing the overall cost of treating the effects of smoking, this intervention improved people's healthy life expectancy, at a cost of just £12,500 per extra year of healthy life over 5 years.

The report also emphasised that different measures have differing levels of success for different groups, reflecting the need for locally targeted approaches, and also that the benefits are often only realised over several years, so the apparent level of success will vary depending on the timeframe over which the impact is analysed.

## **Data sharing**

A wide range of work is being done to tackle historical challenges in sharing data with key partners to target financial and other support to those who need it most in order to tackle child poverty.

Glasgow City Council (GCC) is one of many which identified that access to Single Child Payment data held by Social Security Scotland would improve the provision of support to families in receipt of Free School Meals. GCC has also highlighted the wider potential for significant improvements in benefit uptake, income maximisation and ultimately tackling poverty if barriers to access to Social Security Scotland data are addressed.

Meanwhile, as referenced in our response to the Call for Views, the Glasgow pathfinder is working to address child poverty through a person-centred, prevention-focused, 'no wrong door' approach. When a person first presents to the system (for example via a job centre, Early Learning and Childcare setting or healthcare setting), they can access a growing number of partners to receive the help they need.

GCC continues to work with partners including colleagues in health and social care and Police Scotland to break down silos and is also agreeing a Data Sharing Framework Agreement with Glasgow Council for the Voluntary Sector. This framework, together with continued engagement, will result in more entry and referral routes into services.

The project is already making a positive impact - providing direct, ongoing support to more than 1,300 people and referring thousands more to services in its first year, with more than 90% of users reporting that their situation had improved as a result. The Dundee pathfinder is undertaking similar work, with equally positive outcomes.

However, there is still much work to do to create the conditions in which necessary, responsible and secure data sharing can become the norm across public services to enable further delivery of person-centred public services, not just as a result of a pilot.

## **Digital identities**

COSLA's Local Government Digital Office and Health and Social Care Policy team are in the early stages of work to explore the use of the Community Health Index (CHI) number in local government. This work, which is still in a provisional phase, would be to support data linkage as well as the development of a 'Digital Front Door' and the shared health and social care record.

Argyll and Bute Council, in particular, has done significant work around data linkage, with the aim of delivering improvements to the experience and outcomes of care for people. The council's work was highlighted as a case example in the new [Data Strategy for Health and Social Care](#) published earlier this year, and other councils are looking to follow, so COSLA is looking to support the roll-out of the approach across Scotland.

We are also exploring the potential opportunity that CHI could provide in validating and identifying individuals. A new platform for CHI numbers and people's details is due to be launched later this year which will be more reliable and secure, ensure better quality data, and have a modern, scalable, extensible architecture. This makes this an opportune time to consider a broader usage of CHI to support better integration - delivering better outcomes for people accessing and delivering services.

## **myjobscotland**

We highlighted in our written submission that the use of myjobscotland (MJS) as a shared recruitment platform had reduced the annual cost of recruitment advertising for councils from £15m prior to its introduction in 2008, to less than £0.5m in 2023 - this being the total licence fee paid by councils to COSLA. This fee is less than what COSLA pays the software supplier, as we have been able to absorb annual inflation-linked increases in the contract costs through the surplus generated by income from other public sector organisations that post their job adverts on MJS.

There are currently 1.35m registered accounts on MJS, and in 2022 the following statistics and metrics were recorded:

- 50,863 jobs posted at an average cost of £9.59 per posting

- 601,868 applications received at an average of 81p per application
- 66,323 people hired at an average cost of £7,36 per hire

A successful search engine optimisation strategy has ensured that the MJS domain is trusted and highly visible, while all jobs published on MJS are also shared with S1 Jobs and Total Jobs to increase visibility across the UK - 33% of traffic comes from England. Equivalent 'traditional' advertising methods would cost councils around 30 times the current licence fee - and rather than a fixed annual price these costs would be charged on a pay-per-use basis, potentially disincentivising councils from advertising vacancies.

Using the myjobscotland platform is therefore extremely cost-effective. For more information and statistics, see our recent ['myjobscotland in numbers'](#) report.

### **Amalgamation of functions**

Finally, the issue of 'duplicated functions' was discussed during the evidence session, with a suggestion that local government could form - voluntarily or mandated by the Scottish Government - a "shared services centre" which managed particular functions such as finance across multiple councils.

In his evidence to the Committee on 7 February 2023, the former Deputy First Minister made it clear that the Scottish Government does not intend to direct any reform of council functions and that it would be wrong to do so. In her evidence to the Committee on 13 June 2023, the current Deputy First Minister stated:

*I want to avoid people becoming consumed by structural change rather than by the objective of improving services and getting better outcomes. We need to avoid tipping into the territory of "Who will get what job?" rather than "What are the better outcomes that we need for our public services?"*

It is also worth highlighting the point made in our written submission and oral evidence that spending on corporate support services has already been reduced by 25% over the last decade. These essential services have been the focus of efficiencies throughout that period, so it is therefore not accurate to imply that they are in any way wasteful.

As part of efforts to achieve those reductions, some councils have already implemented or are looking to implement the amalgamation of functions at senior management level, but these reforms have had negative impacts on delivery. For example, as the Accounts Commission reported in its Best Value Assurance Report on Angus Council in 2022:

*The council's management has been streamlined to achieve a small, flatter structure. ... The management structure is kept under review and adjusted as needed. For example, the combined post of director of finance and legal (created in 2018/19) was split into two posts after a year, as these services needed more director capacity than one person could deliver. In June 2021, the portfolios were further revised when the director of communities retired. ... Streamlining the management structure has delivered necessary savings, but reduced capacity.*

Meanwhile, Perth and Kinross Council has recently approved plans to cut four senior leadership posts, with the change expected to lead to cumulative savings of almost

£2.3m by 2026/27. The executive leadership team will be cut from five roles to three, while the number of heads of service will be cut from 13 to 11.

These are just two examples of councils considering all options and making difficult decisions in order to achieve efficiencies and streamline the governance of support functions, but it is also clear that these reforms are not 'easy wins' and not without risk.

I am aware that you also heard about examples of collaboration and sharing of services - either ongoing or under consideration - in the evidence given by colleagues from Dundee City Council and East Ayrshire Council.

As I said at the session, each council delivers a very large range of services, across a range of disciplines and against very specific local contexts and historic policy decisions. Local Government, unlike other public sector bodies, is accountable to its electorate, including for the financial decisions it takes. Section 95 Officers, as statutory officers, are there to fully support this local accountability, and to provide advice and guidance to the elected officials who are taking decisions. Centralising this function could mean a weakening of the local democratic process.

I trust you will find this supplementary information to be helpful but if you have any follow-up questions, COSLA officers would be happy to assist.

Yours sincerely,

Sarah Watters  
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COSLA