

CPP Performance Board

Workshop and Meeting on 19th December 2011, 2.30-5pm

Council HQ, Committee Rooms 1 and 2

Background: SOA refresh 2011/12

At the CPP Board meeting on 7.10.11 when the 2010/11 performance report was considered, it was noted that guidance on SOAs was awaited. Board members considered a report identifying the likely requirements of CPPs indicated by Government announcements in the Budget and in its response to the Christie Commission. Board members sought a workshop session to consider the development of the SOA further. Since then the Government has written (26.10.11) with guidance that the SOA has to be refreshed for 2011/12 to:

- be effective in supporting delivery against local outcomes;
- reflect an appropriate local response to national priorities, particularly supporting economic growth and a decisive shift to a preventative approach;
- take into account the allocation of **total** available resources to the priorities above;
- challenge the partnership to improve further;
- roll forward, up-date or review other SOA targets which expired by end March 2011.

For 2012/13 onwards there will be a detailed review of CPPs and SOAs conducted jointly by the Scottish Government and local government (via COSLA, SOLACE and the Improvement Service). This review will be in the context of public service reform, and is expected to include new external scrutiny of the CPP and the development of Best Value audits.

Recommendations for the refresh of the SOA 2011/12

1. Given we are in quarter 3 of 2011/12, SOA targets can be rolled forward from 2010/11 in discussion with the lead agency and taking into account the changes recommended in the 2010/11 performance report as well as the work outlined below.
2. For the national outcome relating to the environment, the context statement and performance indicators have been up-dated following the review conducted via the Environment Forum led by SNH and supported by the Council which was considered at an earlier Board meeting. SNH is asked to provide the refreshed information for the SOA.
3. For the national outcomes relating to community safety reference can be made to the transitional work to develop a national police and a national fire service from 2013.
4. For the national outcomes relating to the Government's priorities of supporting economic growth the Board can review the partnership approach at the meeting/workshop on 19th December drawing on the work done and planned in the Partnership Economic Forum.
5. To review the Partnership's preventative approach, the workshop session on 19th December will provide an opportunity for Board members to:
 - a. Reflect on the preventative agenda for each of the 15 local outcomes developed by the Board for the SOA 2009-11;
 - b. Acknowledge the integration work underway which aims to improve outcomes for children and adults with care and support needs which has a preventative focus;
 - c. Hear about the national drivers for a preventative approach;
 - d. Consider the Director of Public Health's annual report which focuses on health inequalities, prompting the need for the partnership to review how best to target disadvantage and tackle inequalities as part of the preventative approach.

Proposed agenda and format for the Board Session 19th December 2011

2.30	Welcome and apologies	Convener
2.35 - 2.40	Overview of the Government Requirements for the SOA 2011/12 and beyond <i>Paper attached: Rethinking the SOA process</i>	Carron McDiarmid / Jonathan Pryce/ Colin Mair
2.40 – 3.00	Supporting Economic Growth – Presentation on the priorities proposed from the Economic Forum plus up-date on the partnership employability approach. Discussion to agree priorities and partners/ contributions to them. <i>Revised Wealthier and Fairer context statement attached</i>	Stuart Black / Charlotte Wright Carron can contribute if needed
3.00	Preventative approach in local outcomes (part 1) <ul style="list-style-type: none"> • In groups identifying what is currently preventative in our approach to our 15 local outcomes • Group discussion to reflect on this and an opportunity to refresh any local outcomes 	Carron and Colin to facilitate
3.30	Preventative approach in local outcomes (part 2) <ul style="list-style-type: none"> • Presentation on the context and analysis of demand failure as a driver for change - national <i>Paper attached: Making Better Places Making Places Better</i> • Presentation on health inequalities in the Highlands and what prevention means in that context(determinants of health and the asset based approach)Annual Public Health Report <i>Paper attached on asset based approaches</i> <p>Workshop session:</p> <ul style="list-style-type: none"> • Facilitated discussion or back in groups to reflect on what needs to be added to the refreshed focus for each local outcome to improve our preventative approach – how can we ensure all Highland residents get the same value from public services? 	Colin Mair Dr Margaret Somerville Colin and Carron to facilitate
4.15	Preventative approach (part 3) Reflecting on the workshop so far Board members are <ul style="list-style-type: none"> • Based on the above, does this give the CPP enough challenge given the reform agenda? • Six questions to ask of any change programme – short presentation(see below). <i>A report will follow including feedback from the Public Service Improvement Conference</i> <ul style="list-style-type: none"> • Agreeing next steps. 	Colin, Jonathan and Carron to facilitate/present
5.00	Close	

Local outcomes for the Highland SOA2

Produced at theworkshop for the CPP Performance Board 21.4.09

	Sustainable Highland Communities
1	People across the Highlands have access to the services they need
2	People are, and feel, safe from crime, disorder and danger
3	Our communities take a greater role in shaping their future
4	Public services are delivered effectively, efficiently and jointly
	Safeguarding our environment
5	Our natural heritage is protected and enhanced enabling it to deliver economic, health and learning benefits
6	Carbon emissions are reduced and communities are protected from the consequences of changing weather patterns
	A competitive, sustainable and adaptable Highland economy
7	The impact of the recession is limited and sustainable economic growth is supported
8	Growth in the knowledge economy is supported by achieving full university title for UHI in 3 years
9	To support the economy access is improved to housing, transport and high speed broadband
10	More people are supported into employment
	A healthier Highlands
11	Healthy life expectancy is improved especially for the most disadvantaged
12	The health and independence of older people is maximised
13	Attitudes and behaviours towards alcohol and other drugs are changed and those in need are supported by better prevention and treatment services
	Better opportunities for all / A fairer Highland
14	The impact of poverty and disadvantage is reduced
15	The cycle of deprivation is broken through intervention in early years

The six questions to be asked of every change programme

1. Does everyone in the system know what we are trying to achieve?
2. Are we prioritising the improvements likely to have the biggest impact on the aim and stopping those that have little impact?
3. Is everyone clear about the means of securing improvement towards our aim?
4. Are we able to measure and report progress on our aims?
5. Do we know how and where to deploy resources when improvement is slower than required?
6. Do we have a way of testing and innovating and then spreading the learning?

3.2. SOA 3 extract – Wealthier and Fairer Highland - DRAFT

The national outcomes which relate to a wealthier and fairer Highland are:

1. We live in a Scotland that is the most attractive place to do business in Europe.
2. We realise our full economic potential with more and better employment opportunities for our people.
7. We have tackled the significant inequalities in Scottish society
10. We live in well designed, sustainable places where we are able to access the amenities and services we need.

3.2.1 Past trends: economic development and population growth

Over the past 10 years economic growth has been closely linked to population growth in the Highlands. Population grew by 5.9 % between 1999 and 2009 which exceeded the growth rate in Scotland as a whole (+3.1%). Within Highland, the Inner Moray Firth has grown particularly rapidly, with 9.1% population growth in Inverness and its suburbs between 2001 and 2009.

The estimated population is 220,490 (2009 mid year estimates).

3.2.2 Population growth has been largely driven by in-migration as the region has become a place of choice for people to live and work, attracting people from other parts of the UK, Europe and other continents. Highland's main net gain is from the rest of the UK with average net inward migration of nearly 1,600 people per year over the last seven years, down to 740 per year for the last two years. The total net migration into the area in 2009-10 was 1,000 people and more than 13,000 over the ten-year period (2000-2010).

3.2.3 Research with migrants to Highland highlights that quality of life is one of the main factors attracting people to the area.

3.2.4 The region continues to gain population from the rest of the UK, with around 4,500 more people having moved to the Highlands than left between 2006 and 2010. In addition with the enlargement of the European Union in 2004, the region began to see a net gain in population from overseas. Most migrants from overseas come to the region to work. Between 2002 and 2009 there were nearly 13,000 new National Insurance registrations in Highland, which demonstrates that migrant workers have been important in supplementing the area's labour force. People from the EU Accession States have constituted the majority (66%) of migrant worker registrations in Highland since 2002. During the last five years the number of pupils in Highland schools with English as an additional language has more than doubled from 254 to 570. The number of births per year to mothers with a European country of birth has also risen from 48 in 2004 to 187 in 2010. There is however some evidence that some workers are returning to their home countries following the economic recovery there.

3.2.5 A growing population and the trend to smaller household sizes have resulted in significant household growth (between 2001 and 2010 the number of households grew by 12% (12,200) to over 100,000). However, due to the recession house building in the region has declined substantially. In the four years from 2007/8 to 2010/11 house completions fell by 35% from 1845 to 1199 and with 479 house completions for the first two quarters of 2011/12 this is a marked reduction on the same periods for both 2010/11 (815 new homes) and 2009/10 (553 new homes). The signs are that there will be a reduction in the number of houses completed over the whole of 2011/12 compared to 2010/11. The construction sector has been particularly adversely affected by the recession, and job losses in the sector continue. House prices fell over the year to June 2011 by 1.6% (to an average in April-June 2011 of £150,484).

3.2.6 Prior to 2008/9 the number of planning applications for new developments (householder and non-householder) had been increasing, with the highest volume received for any local authority. Since then a reduction of 14% is found (from 4089 in 2008/9 to 3523 in 2010/11).

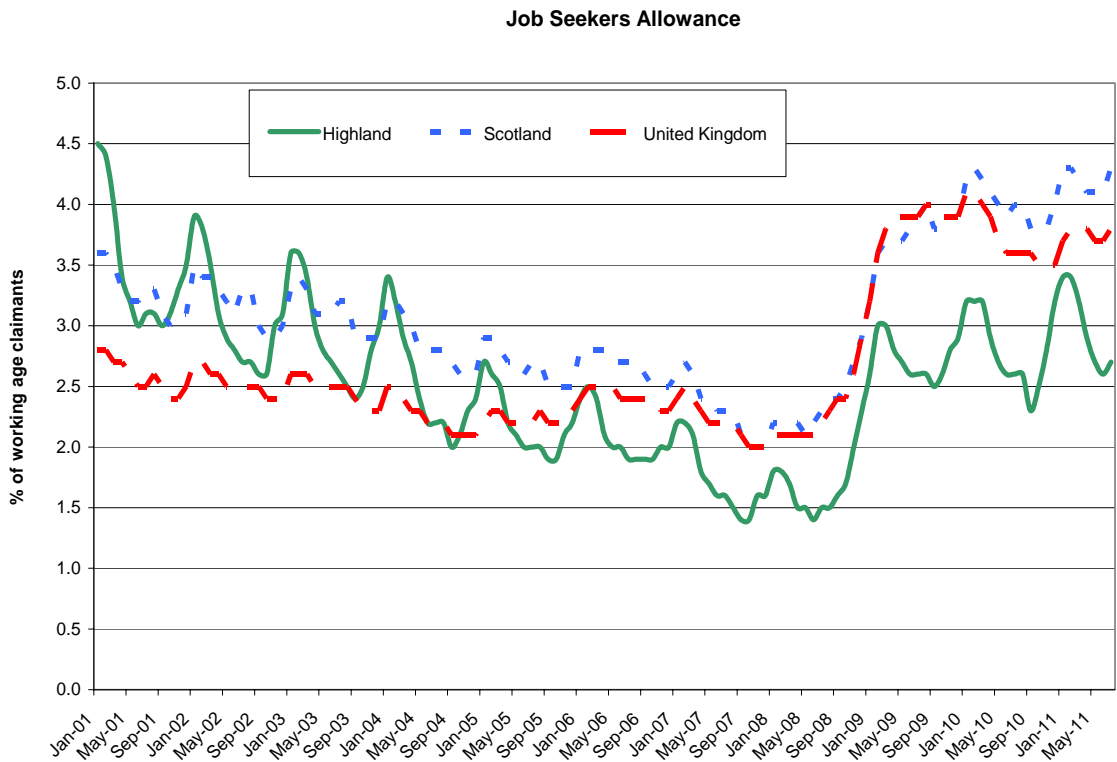
- 3.2.7 The NUTS Level 3 area of Inverness & Nairn, Badenoch & Strathspey (and including Moray) had one of the strongest economic performances of any NUTS 3 area in Britain between 1998 and 2008, according to Bank of Scotland analysis of ONS data. In this decade leading up to the recession, the value of economic activity per person in the area increased by 86% – from £9,028 to £16,837. The area recorded the second highest increase in economic activity per person in the UK after London's East End. Another Highland area – Caithness & Sutherland and Ross & Cromarty – also achieved large increase in economic activity between 1998 and 2008 (78%).
- 3.2.8 Inverness & Nairn and Moray, Badenoch & Strathspey (together with Aberdeen) experienced the lowest reduction in economic activity in Scotland over the April 2008-April 2011 period in terms of claimant count rates. The Bank of Scotland report found that areas most affected by the recession had a higher dependence on production-based industries.
- 3.3 Business sectors and the nature of employment
The largest sectors of the Highland economy are: “public administration, education and health” accounting for up to one third of jobs; “distribution, hotels and restaurants” accounting for 25.5% of all employment; “agriculture and fishing” featuring strongly in Skye, Wester Ross and Lochaber; “energy, water and manufacturing” featuring in Caithness and Sutherland (although this balance may change with the decommissioning of the Dounreay nuclear facility) and “construction, banking and finance” are stronger in the Inverness area. The life sciences sector in the region is currently dominated by one major business in Inverness, with an increasing number of small businesses and spinouts with high growth potential together with the growth in wider academic and commercial research in the sector.
- 3.3.1 Highland is relatively highly dependent on public sector employment and spending. The dispersed location of public sector employment and spending is important in sustaining local communities. Recent research for the Community Planning Partnership (S. Westbrook 2011) shows that public sector dependent employment represented 47% of the region's full time equivalent (fte) employment. The region is likely to be particularly badly affected by the reductions in public expenditure in the next four years as the UK economy reduces the high levels of borrowing that it incurred in combating the recession. The research above indicates an 11.4% reduction in fte employment and a 17.1% reduction in total pay from 2009/10 to 2014/15. This equates to a reduction in 5091 fte employment and £209m (in 2010/11 prices) in total pay. More female jobs are likely to be lost than male jobs given the higher proportion of female employment in the public sector.
- 3.3.2 Tourism was identified as one of Scotland's key growth sectors in the Government's economic Strategy and is one of the Highlands' most important industries. It is also a sector that has shown real resilience through the UK economic recession. Latest full year figures (2009) show tourism in Highland is responsible for: £688m of direct expenditure; £161m of indirect expenditure; and over 18,000 jobs (including the tourism related self employment). In terms of outlook, modest growth is likely over the next few years - predictions of the UK economic recovery being gradual and fuel prices remaining high should see UK visitor numbers hold up. Faster recovery in key markets like Germany could help boost inbound tourism as could business from the emerging, high spending markets of China, India and Russia which have rapidly expanding, affluent middle classes.
- 3.3.3 Participation rates in the workforce in the Highlands are currently amongst the highest in the country. The employment rate of those of working age in Highland for the October 2009 – September 2010 period was 80.3%, which compares with a Scottish average of 71.0%. This high rate of employment reflects the strong economic growth in the region, but also, negatively, the low proportion of young people due to the need to move away from the region for Higher Education and professional and other skilled jobs after leaving education. 14.7% of Highland's population were aged 16-29 in 2010, compared with 18.7% of Scotland's

population.

3.4 Participation in the workforce

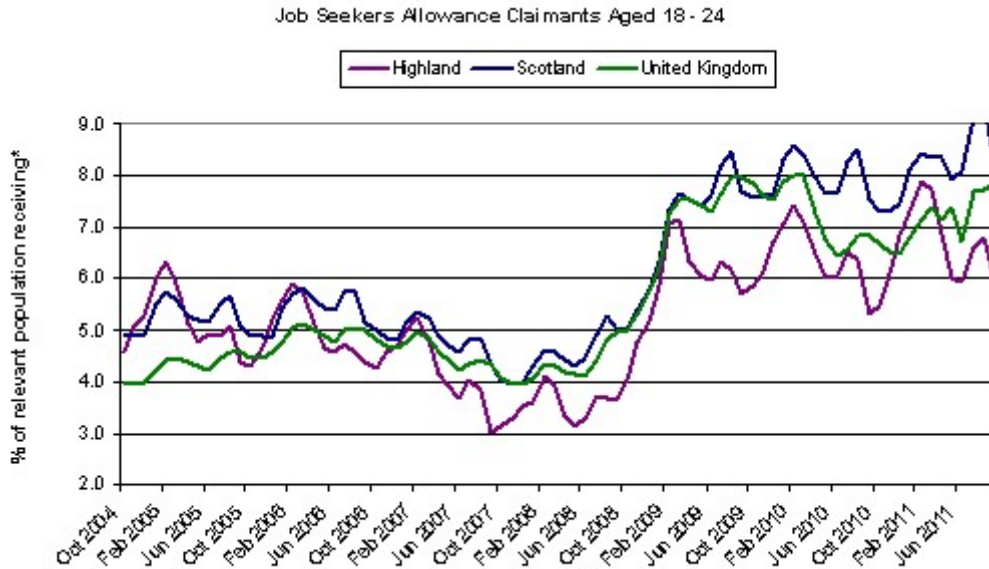
3.4.1 Unemployment rates are correspondingly low and have been below the Scottish average for the last seven years (see Table 1 below). Unemployment claimant count rate in Highland in June 2011 was at 2.7% (3,731 people), which compares with 4.1% for Scotland and 3.7% for the UK. The lowest unemployment rate in Highland in recent years was 1.4% in 2007. The overall low unemployment rates still mask some challenges facing the region and increases in youth unemployment in particular. The change in JSA claimants over time and in comparison with Scottish and UK levels is shown below.

Table 1: % Working Age Population in receipt of Job Seekers Allowance 2001 to 2011



3.4.2 The number of young people receiving JSA who are aged under 25 (i.e. aged 24 and below) has increased significantly since 2008. In Highland 6.1% receive the benefit compared with 8.3% for Scotland and 7.8% in United Kingdom.

Table 2: JSA Claimants Aged 18-24 (October 2004 to September 2011)



3.4.3 The latest report on the destination of school leavers (between August 2010 and July 2010) from Highland Schools (as at 3.10.11) shows that 2303 school leavers (89.4%) are in positive destinations (education, employment or training). 273 are either unemployed or their destination is not known, but most in this situation are unemployed and seeking work.

Some young people may be in this position because they are: care leavers; young carers; young parents; young offenders; have low attainment; have physical/mental health problems; or suffering from drug and alcohol abuse. In Highland comparable levels of leavers enter Higher Education, but fewer enter further education and more leavers in Highland enter employment directly. Although the proportion of young people unemployed and seeking work is below national levels:

- *The majority of young people without positive destinations are concentrated in relatively few areas, but the distribution and often small numbers across the wider rural area presents particular challenges in developing post school employability services;*
- *the small and reducing proportion who are unemployed and not seeking work, including those who are undertaking volunteering work, are overwhelmingly female;*
- *almost half have a disability;*
- *attainment in school among Looked After Children at home is relatively poor. The attainment of accommodated Looked After Children is improving but both measures are lower than peer group averages. There are approximately 500 Looked After Children in the Highlands.*

NB This text is to be up-dated.

3.4.4 Seasonality in employment reflects the relative importance of agriculture and tourism to the regional economy and is marked particularly in the west Highlands and Skye. One feature of seasonality is that many people have a number of part-time occupations throughout the year which often results in a lack of specialisation and relatively highly qualified individuals inadvertently underemployed. Forestry, fishing and construction are other sectors that provide

a larger percentage of employment in Highland than in Scotland. Many of these sectors are key economic drivers in remote areas and islands. They are traditional sectors with low average GDP and wage rates.

3.5 Incomes

3.5.1 For those in paid employment incomes tend to be low in the region. In 2010, according to the Annual Survey of Earnings and Hours (ASHE), the mean workplace-based average earnings from full time employment in Highland was £26,483; 89.4% of the Scotland average and 82.3% of the UK average. The median for Highland was £23,282; 92.3% of the Scotland median and 90.0% of the UK median. According to national statistics, the average pay for full time public sector jobs in the region in 2010 (£31,187) was 34.5% higher than the private sector average.

3.6 The importance of small business and social enterprise

3.6.1 The contribution of small and medium size enterprise is significant to the region. Almost 60% of employees work in businesses with less than 50 employees, compared to just over 40% of employees in Scotland. In addition, the 2010 Census showed that 1 in every 10 people of working age in Highland were self-employed, compared to 1 in every 15 in Scotland. The level of self employment tends to be higher in the more remote and island areas, influenced by the high incidence of agriculture and crofting in these areas.

3.6.2 While the dominance of small businesses in the area brings productivity and career progression challenges, the rate of new business starts and survival rates are higher compared to Scotland as a whole. In 2010 there were 4.4 new business starts per 1,000 population compared to the Scottish average of c 3. This figure rises further in the Inner Moray Firth. There are also high business start-up rates in rural areas of Highland, such as Lochaber, Skye & Wester Ross and Caithness and Sutherland, linked to limited employment opportunities and a predominance of traditional industries with high levels of self-employment. For Highland 52% of the businesses registered in 2004 were still trading in 2008, compared to 47% across Scotland.

3.6.3 Social enterprises are seen as increasingly important to economic and social growth in Scotland and play an important role in the economic vitality of the Highlands, particularly in remote and rural areas where smaller populations and smaller customer base make provision of some services expensive for public sector and unprofitable for the private sector. Social enterprises are predominantly community based organisations which trade in the marketplace but with a primary objective of creating social, community and often environmental benefits. They are involved in employment creation (often supporting those most distant from the workplace), manufacturing, and providing local services and infrastructure which contribute to community wellbeing. From 2009/10 to 2010/11 there were 26 social enterprise business start ups with public agency support. From 2008/9 to 2010/11 there were 40 account managed social enterprises with growth plans.

3.7 Uneven economic and population growth and fragility

3.7.1 While the region as a whole has grown in prosperity over the past 10 years, this growth has been uneven. Population growth and prosperity has been concentrated in the Inner Moray Firth area and some of the more remote and fragile areas have continued to suffer from out-migration of young people and a lack of economic opportunity. Appendix 1 shows the map of fragile areas in Highland.

3.8 Access to key services and supporting local economies

3.8.1 With a dispersed population, distance from services can create disadvantage. The Scottish Index of Multiple Deprivation (SIMD 2009) identifies Highland with more data zones classed as access deprived than any other Authority, with 131 data zones containing 45% of the

population (around 97,000 people). It has six data zones in the ten most access deprived in Scotland: Ardnamurchan and the Small Isles (rank 1, the most access deprived in Scotland); Achiltibuie (2); Ullapool Rural and Dundonnell (4); Moidart (5); Loch Eil (8); and Skye East and Raasay (9). This compares with 128 data zones in Aberdeenshire and 76 in Dumfries and Galloway. Access deprivation is measured by drive times and public transport times to access key services.

3.8.2 With a dispersed population and 45% of the population considered to have deprived access to key services, in order to improve the quality of the life and opportunities for the population, public services need to be delivered effectively, reaching all communities. Consequently public services in rural and remote areas tend to have:

- A network of local facilities, including over 20 single teacher schools, a Customer Services Network of 37 Council Service Points, a network of over 40 community-based learning centres, a network of Fire Stations, 68 GP surgeries and the federal and collegiate model of the University of the Highlands and Islands (UHI)
- Co-location of local public services, notably with Service Points
- Mobile provision e.g. library provision, cinema, health screening. Increased use of ICT for e.g. e-learning courses for school pupils and tele-care packages for vulnerable and frail people
- Subsidised costs e.g. for public transport or higher costs e.g. refuse collection
- Decentralised workforce, with the economic benefits supporting local economies.

The Council's public performance survey conducted annually asks respondents to rate their community in terms of six amenities: schools, health care; transport; shops; leisure facilities; and other services. Schools and health care are consistently well regarded; although transport and other community facilities are viewed less favourably.

3.9 Areas of concentrated multiple deprivation

3.9.1 Even within the more prosperous Inner Moray Firth area, there remain pockets of deprivation. 11 of the 16 data zones of concentrated multiple deprivation, which are within the 15% most deprived data zones in Scotland, are found in this area, with the others in Caithness and Lochaber (see Appendix 2). Nearly 12,000 people live in these areas (SIMD 2009). People living in these data zones are twice as likely to be unemployed and claiming benefits than for the Highland population as a whole.

3.9.2 Wealth and health inequalities

Wealth, health and a fairer Highland are inextricably linked. Poor social and economic circumstances negatively affect health throughout life and as a consequence there are groups of people who are much more likely to experience ill health and to die prematurely. The principal causes of health inequalities are related to socio-economic factors such as income, education and employment. These circumstances shape the material environment that a person experiences at work, in the home and also influence the individual's interactions with services and participation in society. The health impact of these factors can be heightened by isolation, stigma and discrimination and may be further exacerbated by interactions with age, disability, gender, race and other inequalities.

3.9.3 Over the last twenty years, in general population terms, life expectancy and prosperity have increased and mortality rates from major disease groups have fallen. There is however strong evidence both nationally and locally that while population health has improved, inequalities in many health outcomes have increased. Between 2000 and 2009, coronary heart disease mortality rates in the under 75s fell by 45% in Scotland overall, but only by 36% in the most deprived areas. During the same period, cancer mortality rates in the under 75s fell by 12% in Scotland overall, and by 3% in the most deprived areas. Work in 2011 to evidence geographic health inequalities across the NHS Highland population highlighted that with increasing

income deprivation there is a progressively higher burden of disease, lower uptake of service and poorer mortality outcomes. The study also provided evidence of increasing health inequalities over time.

3.9.4 Disadvantages resulting in health inequalities tend to concentrate among the same people and the effects of place can have an impact on health over and above that explained by the socio-economic characteristics of the individuals who live in an area. The pattern of deprivation in the Highland area is generally dispersed and not all people experiencing facets of multiple deprivation live in areas where deprivation is recognised through measurement. For example 86% of the employment deprived and 87% of the income deprived population in Highland are found out with the areas of concentrated multiple deprivation (SIMD 2009). However, there are in Highland a number of areas with higher numbers of income deprived people, higher unemployment, poorer quality housing and limited access to services that have consistently poorer population health outcomes.

- In areas such as Muirtown, Merkinch and within parts of Invergordon and Wick, average life expectancy is considerably lower than the rest of Highland. The average life expectancy of a man living in Merkinch is 66 – over 14 years less than his city neighbour living in Lochardil
- Although all cause mortality rates have consistently fallen in recent years at both national and NHS Highland levels, rates are twice as high in more deprived areas and inequalities are widening. The highest rates are in Merkinch, Ballifeary and Dalneigh and Muirtown in Inverness and also in Wick North and Invergordon.
- Rates of emergency hospital admissions are highest in more deprived areas with Merkinch having the highest rate in NHS Highland.
- Uptake of breast cancer screening is lower in less affluent areas with Merkinch having the lowest rate at 59.6% compared with an NHS Highland average of 78.9%.

3.9.5 Many people with multiple and complex needs are already furthest from the labour market and require additional employability support. It is anticipated that social welfare reforms will have the greatest impact upon the most vulnerable, leading to increased poverty and a further widening of the inequalities gap.

3.10 Income and housing inequalities

3.10.1 Fuel poverty continues to affect increasing numbers of households. The latest Scottish House Condition Survey 2008-10 findings reported that over one in three of Highland's households are in fuel poverty (37%, 29,000 households) – moreover almost one in ten households (9,000 households) are in extreme fuel poverty. This increase is mainly due to fuel price increases and is despite widespread energy efficiency improvements. Compared to the Scotland average (28%), households in the Highlands are far more likely to be in fuel poverty. This is due to lack of access to the gas network, limited choice of energy tariffs, the harsher climate and generally lower incomes. Energy efficiency improvements continue to be prioritised in social rented housing. A key housing challenge is the building of sustainable, energy efficient private and rented housing which lowers emissions and has a minimal impact on the local environment, including the landscape.

3.10.2 High house prices, alongside limited availability of housing that people can afford, and low / insecure incomes means that many households are in need of housing assistance. Government research in 2007 found the Highlands to be the least affordable local authority in Scotland (along with the Lothians) and indications are that this situation persists. Moreover, the economic situation is making it more difficult for first time and other buyers to get the

finance they need to buy a home. Highland's Housing Need and Demand Assessment (2009) identified that around 900 new affordable houses are required each year to meet need. Pressure on social rented housing continues to be high with over 11,000 housing applicants on Highland's Housing Register (of which 8,000 are in 'housing need') and only around 1,300 houses becoming available to let each year. In the majority of housing market areas, the number of applicants waiting for each council and housing association let is far higher than the national average. Particularly pressured areas are found around the Inner Moray Firth, Badenoch and Strathspey, Skye and Lochalsh, Wester Ross and rural Lochaber. Successful partnership working has led to good progress in increasing the provision of new affordable housing (rising from 176 new affordable houses completed in 2004 to an average of 438 completions in the last four years). Despite this, affordable housing need and demand continues to be far higher than supply and the economic situation is adding to pressures on housing and housing investment.

- 3.10.3 Housing pressures in rural areas are exacerbated by second homes. In one in five Highland communities over a quarter of homes are second homes and in remote rural and island communities this can be up to 50%. Overall 4% of houses in the Highlands were second homes in 2010; the third highest proportion in Scotland along with Orkney.
- 3.10.4 Homelessness continues to be a serious issue for many people. On average over 2,300 households have applied for help over the past 7 years. In 2009/10 homeless presentations fell to around 2,100 households. New prevention activities have been introduced and early indications are that this is helping to reduce homelessness. Nonetheless there continues to be a large backlog in temporary accommodation and housing pressures mean that it is difficult to find permanent and temporary housing solutions for people. Whilst over half of homeless applicants are single person households, many are families. In 2010, over 770 homeless applications involved families with children under 16. Many are also young - almost four out of ten applicants were young people under 25. Almost 1,400 households were considered to be homeless and in priority need mainly because they were vulnerable. The task of managing and preventing homelessness continues to be demanding and complex as many have challenging issues requiring the involvement of several agencies.
- 3.10.5 Over 1 in three households are estimated to include someone with a long term illness or disability (37,000 households, 37%). The SHCS also estimates that, whilst almost a quarter of all housing (23%) includes an adaptation, around 6% (6,000 houses) are estimated to require adaptations to meet the needs of the householder. Although a greater number of people will remain active and healthy for longer it is expected that a rise in the number of older people will mean a corresponding rise in the demand for equipment and adaptations, home care and other services in the future.

3.11 Wealthier and Fairer: emerging challenges

- 3.11.1 Highland region has suffered less than either the UK as a whole or Scotland from the recession to date and its recovery has been stronger than that of Scotland as a whole. However, there is still a number of challenges facing the economy of the region in the medium to long term:

- **Reduction in public sector spending**

The Highland economy is relatively highly dependent on public sector employment and in employment related to public sector expenditure. The region is therefore likely to be negatively affected by the reductions in public expenditure in the coming years as the UK economy reduces the high levels of borrowing that it has incurred in combating the recession.

- **Earnings**

The region already has relatively low average earnings, and the public sector cuts will reduce

the average earnings in the public sector, which have been significantly higher than the private sector average. The challenge is to create relatively well paid jobs in the private sector and increase the average real earnings of those already in private and third sector employment.

- **Population**

The region's growth has been boosted and sustained through population growth, particularly over the past ten years, including migrant workers. Due to the recession and credit restrictions, there is reduced demand for new private housing and shelved private housing developments which has reduced employment in the construction sector and related trades. Reduced Scottish Government grant levels for affordable house building by the area's housing associations has significantly reduced affordable housing development, although the Council has a new Council house building programme. Without a recovery in house building, the population-led growth that parts of the region have experienced will not continue. The challenge is to strengthen the economy to increase earnings and to facilitate private house building.

- **Employment for young people**

Retaining and attracting young people has been a major challenge for the Highlands, and the reduced labour turnover, lack of new well paid employment, and reduced housing availability, are compounding the problem. The challenge is to accelerate the development of sectors which can provide relatively well paid employment, encourage spin-outs from UHI and other universities in the area, and increase the number of well paid jobs in professional services (an under-represented sector in the region). The public sector needs to work in partnership to support young people into employment, further education and training.

- **Construction**

The construction sector has borne the brunt of the recession and its aftermath and will suffer further from reductions in public sector capital spending. The challenge, in an increasingly competitive environment, is to find ways (within public sector tendering constraints) to help the sector obtain a higher proportion of major contract work, both within the Highlands and further afield.

- **Higher Education and Research**

University title has been awarded to the University of the Highlands and Islands following the Quality Assurance Agency for Higher Education confirming that the organisation fully meets the required quality and standards for this status. The UHI and colleges turnover over the next four years is budgeted to decline significantly, however, due to reductions in public expenditure. This could have an impact on the region's capacity to retain more young people and to attract more students from outwith the region, both of which have been key drivers behind the development of UHI. The challenge is to focus on strengths and develop centres of expertise of international standards that will attract funding, staff, researchers and students into the region.

- **More even growth and targeted economic development for particular areas**

This is required in Caithness and north Sutherland to counter job losses arising from decommissioning of the Dounreay facility (around 600 jobs are expected to be lost by 2012 and 1,600 jobs lost by 2025); in fragile areas (see Appendix 1); and in areas of concentrated multiple deprivation (see Appendix 2).

- *Include information on skills mismatch in Highlands (form SDS)*

3.12 Wealthier and Fairer: Emerging opportunities

3.12.1 Creating long-term sustainable economic growth in the Highlands will involve taking a

medium to long term view of decisions and actions that affect the wider regional economy. This will involve transforming the physical infrastructure to enhance the region's appeal to inward investment and people, focusing on opportunities that the economic climate favours (especially on exporting activity), supporting development of our key industries to build distinctive regional opportunities and supporting those parts of the Highlands requiring additional economic stimulus.

3.12.2 Partnership working requires a long-term focus with adequate resource to meet these challenges, focusing in particular on opportunities that are emerging in the key sectors including:

- Supporting the planned expansion of key employers in the businesses services sector and the development of homeworking business models to enhance job creation opportunities in more remote areas
- Maximising the benefits opportunities emerging in the renewable energy sector e.g. at Nigg
- Capitalising on the growing global healthcare market, focusing on implementation of the P4Digital Healthcare priorities (i.e. predictive, preventative, personalised and participatory healthcare, delivered through digital technology)
- Promoting the region's abundance of natural assets providing a key competitive asset to attract people and business to the area.
- Capitalising on the reduced value of the pound to support export growth in the region and to attract more domestic and international tourists
- Working closely with Scottish Development International to support businesses to access new markets will also form an important aspect of efforts in this area. Achieving the ambitions for the region requires collaboration with a range of partners and involves levering in new sources of funds to the benefit the region.
- In order to maximise the rate at which the economy recovers, and compensate for the reduction in the size of the public sector, effort will need to focus on those areas showing the greatest growth potential, supporting private sector growth through account management, attracting inward investment and encouraging new business starts.
- Making best use of EU programmes of support to 2013 and potentially to 2020.
- Targeting employability services to particular places and people.

3.13 Wealthier and Fairer - Regional Priorities for Partnership Action

3.13.1 In order to achieve sustainable economic growth the Highland Economic Forum¹ has identified seven areas of partnership effort to support new projects and initiatives to counter the job losses arising from reduced public sector resources. They relate to:

- **Construction and infrastructure**, including public sector procurement arrangements.
- **Manufacturing and energy**, including progressing infrastructure and commercial opportunities at key locations, developing the energy supply chain, improving engineering training facilities in the region and progressing renewables projects.
- **Inward investment and outsourcing initiatives** including promoting homeworking, location promotion and considering the development of a skills audit for outsourcing

work.

- **ICT** - focusing on maximising take up of broadband services, including piloting potential methods during the launch of the superfast broadband service in Nairn, targeting support to SMEs and identifying a 'Digital Champion' from the region's private sector.
- **Enterprise development**, including encouraging entrepreneurial activity, self-employment options for former public sector employees, a social enterprise network for the region and supporting SMEs with growth potential.
- **Research institutes**, understanding their current employment impact, seeking new funding sources, alignment with the new UHI Campus and opportunities for locating new Centres of Excellence, opportunities for collaboration with other Universities and the development of the Scottish Institute of Creativity in the Highlands.
- **Tourism**, aimed at complementing existing initiatives such as coordinating tourism operator activities to maximise visitor participation, specific marketing campaigns for the Cruise liner sector, promoting the attractions of Inverness and the Highlands to passenger utilising the new air service to Amsterdam and training for young people in the industry.

13.3.2 In addition there is wide partnership support for the Caithness & North Sutherland Action Plan 2011-14. The key priorities identified for 2011-14 are to:

- Work with existing area businesses in the energy and business services sectors to help them diversify and grow their businesses.
- Encourage new business starts in the energy and business services sectors
- Deliver a targeted programme of inward investment activity focused on energy and business services-related opportunities.
- Support the delivery of key enabling infrastructure such as ports and harbours, road, rail and air transport, skills transition and digital connectivity.

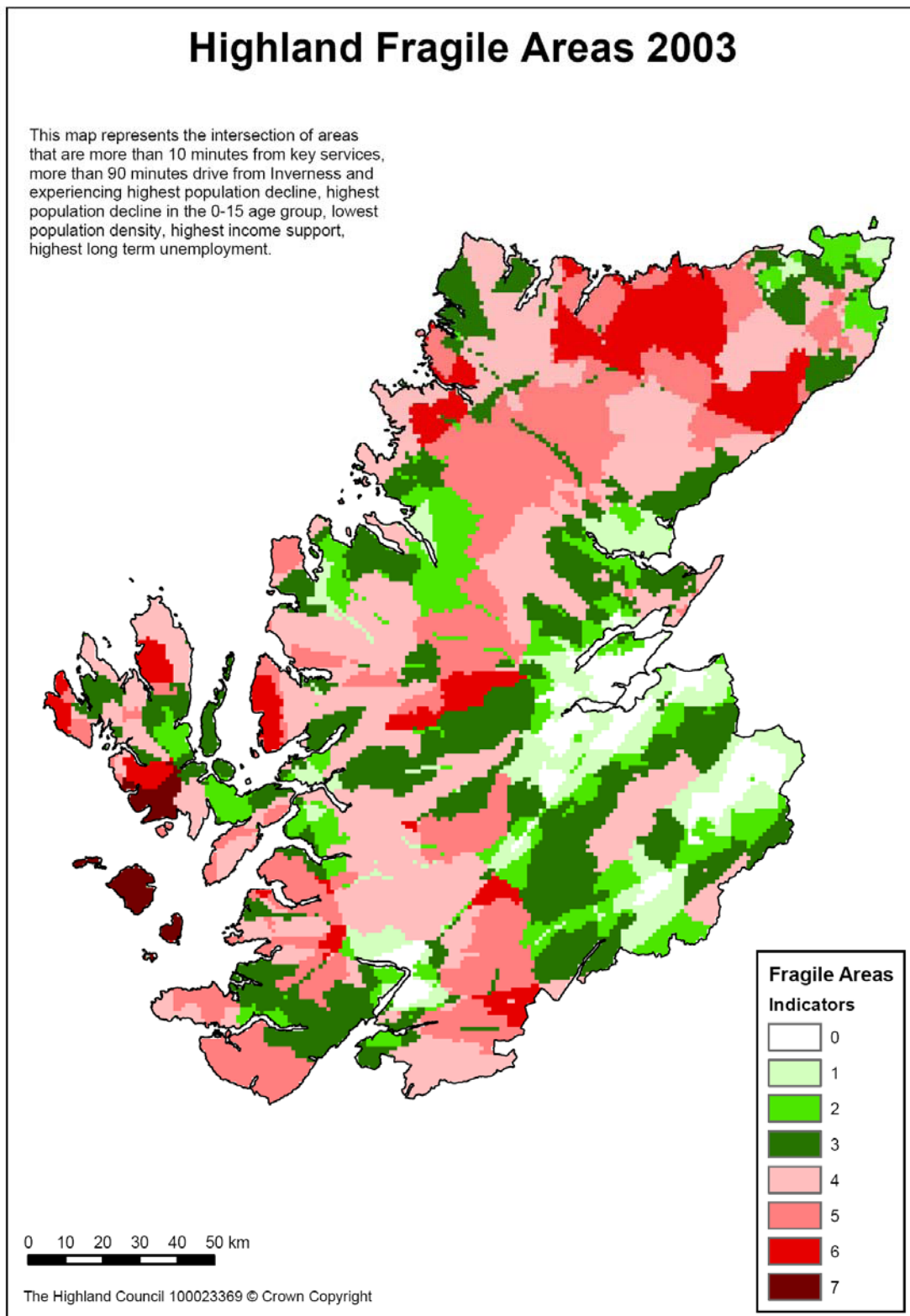
13.3.3 Partnership support on employability is developing further including the use of deprived area funds, various mechanisms to support innovation in the 3rd sector and key worker support for young people and the activity agreement approach. A six point commitment will be implemented for young people to help them into positive destinations, including the Family Firm approach and, job and training creation for young people in the public sector and through its procurement contracts.

13.3.4 *Cities strategy – information on regional actions to be included.*

13.3.5 *Community benefit - information on regional actions to be included*

Further information to be included following the discussion at the CPP Board meeting 19.12.11.

Appendix 1



The Highland Council has identified many parts of its area as “fragile”, indicating that they may be in danger of long term decline due to their remoteness, an ageing population, lack of economic opportunity and access to essential services. Seven key indicators have been identified:

- Population decline between 1991 - 2001

- Population decline in 0-15 age group, between 1991 - 2001
- Population density, 2001
- Long term Unemployment Rate, July 2003
- Income Support Claimant Rate, August 2000
- Population outwith 10 minute drive time of 5 key services:
 - o Post Office
 - o Primary school
 - o Food shop
 - o Doctor's surgery
 - o Petrol filling station
- Population outwith 1.5 hours drive time of Inverness (main employment and service centre)

The Highland Council does not classify areas as either fragile or not fragile, and all areas of Highland are classified on a sliding scale of 1 (least fragile) to 7 (most fragile).

Highland Datazones in 15% most deprived in Scotland SIMD 2009 (19/07/10 Revision)				
<i>Datazone Name</i>	<i>Rank in Highland 2006</i>	<i>Rank in Highland 2009</i>	<i>SIMD 2009 V2 Rank (Revised 19/07/10)</i>	<i>% in Scotland</i>
Inverness Merkinch North	1	1	23	5%
Inverness South Kessock	3	2	134	
Wick Pultneytown South	5	3	190	
Inverness Merkinch East	2	4	205	
Invergordon Strath Avenue	7	5	345	10%
Inverness Merkinch South	4	6	447	
Wick South	6	7	549	
Wick Hillhead North	15	8	576	
Alness Kirkside	11	9	639	15%
Inverness Central & Longman	9	10	673	
Seaboard South	12	11	722	
Inverness Hilton West	16	12	830	
Alness Teaninich	8	13	835	
Alness Firhill	20	14	867	
Wick South Head	21	15	899	
Inverness Central North West	24	16	929	
<i>Inverness Merkinch Telford</i>	14	17	991	
<i>Fort William Plantation</i>	10	18	1010	
<i>Milton & Kildary</i>	17	22	1112	
<i>Inverness Raigmore North</i>	13	27	1299	

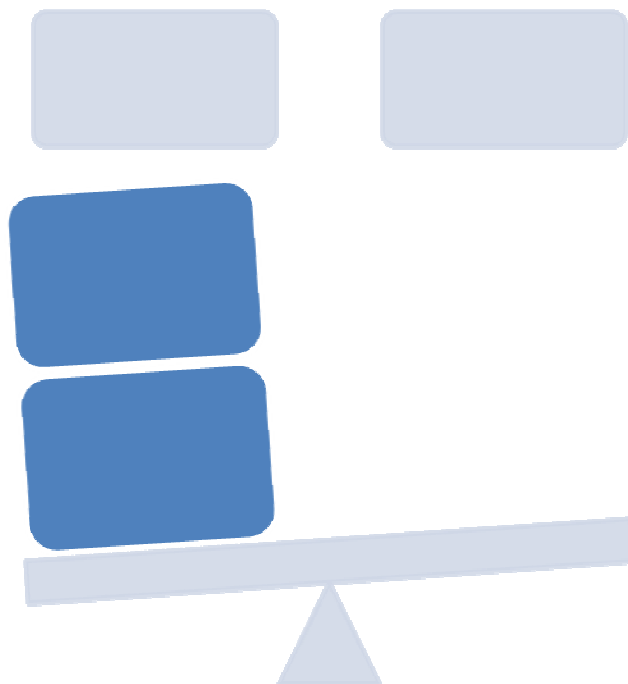
Note changes from SIMD 2006:

- Shading represents the two new datazones within the 15% most deprived
- Italics represents the three datazones moving out of the 15% most deprived

MAKING BETTER PLACES: MAKING PLACES BETTER

THE DISTRIBUTION OF POSITIVE AND NEGATIVE OUTCOMES IN SCOTLAND

COLIN MAIR, KONRAD ZDEB & KIRSTY MARKIE



Executive Summary

The aim of this paper is to provide evidence into the distribution of positive and negative outcomes within Scotland; to draw attention to the stark inequalities that exist; to demonstrate the distinctive geographical distribution of outcomes and to highlight the strong inter-correlation of positive and negative outcomes at local neighbourhood level. Secondly, and on the basis of this evidence, to link this to wider discussion around public sector reform to improve outcomes for individuals and communities and ensure future financial sustainability. Finally, the critical role of an integrated approach to local place and place 'making' is emphasised.

The paper particularly focuses on the demand pressures faced by Scottish public services across the next period, and, within that, 'failure demand' driven by negative outcomes at a community level. Across the last decade, such demand has been absorbed by continuous and significant budget growth but across the next decade, this will not be possible.

If 'failure demand' is to be prevented, it is critical to know where it is occurring. This study uses the Scottish neighbourhood statistics data set to examine the spatial and community distribution of positive and negative outcomes. The paper provides an overview of the study findings and full technical reports are available at: <http://www.improvementservice.org.uk/library/download-document/3378-appendices-to-making-better-places-making-places-better/>

Section 1 Scotland in a European context:

This section demonstrates that, although Scotland varies above and below European averages on key outcomes, it is broadly in line with Europe. It is in the variation around the average that Scotland is starkly different than other European countries.

Section 2 Distribution of positive and negative outcomes across Scotland:

This section examines this further with analysis of the distribution of positive and negative outcomes in Scotland and demonstrates 3 key findings:

- Negative outcomes are highly interrelated and mutually reinforcing across the range of health, safety, learning, income etc.
- Positive outcomes are highly interrelated and mutually reinforcing across the range.
- Negative, and positive, outcomes are highly varied between small areas and highly clustered within small areas.

Section 3 How local does 'local' have to be? The distribution of positive and negative outcomes in Glasgow:

The distribution of positive and negative outcomes is explored at 4 levels:

- The whole city
- Multi-member ward level
- Areas within multi-member wards
- Neighbourhoods within areas

The data shows significant variation city wide, within multi-members wards and at area level, but with very high clustering of outcomes at neighbourhood level.

This suggests that the targeting of negative outcomes, and failure demand, would require a **very localised, integrated and holistic engagement with these communities**. Again, the data is very unsupportive of the probability that any particular outcome can be improved in isolation from improving the overall circumstances and wellbeing of these communities.

Section 4 Conclusions:

Contains conclusions which link the findings to public sector reform, and emphasise the following key points:

- That further decentralisation and integration of public service planning and delivery would be critical to **improve outcomes and reduce failure demand**.
- That more disaggregated profiling and targeting is quite possible as a basis for this
- That structural reform of **different public services in isolation from each other** would be likely to make localisation and integration harder for the foreseeable future.
- That redefining best value and partnership duties in terms of outcomes and placing a common duty on the whole public service would provide a framework for driving localisation and integration.

Section 5: Improvement Service research and analytical services

Further details on the research and analytical services available to CPP's through the Improvement Service

Introduction

The context for the analysis in this report is the stream of reports across the last year (IBR; Finance Committee; Strategic Finance Review Group (SFRG); The Early Years Report, etc.) that seek to relate achieving better outcomes for Scotland's people to the financial sustainability of Scottish public services. The following key themes are recurrent across these earlier reports:

1. Reducing failure demand:

That a substantial amount of Scottish public spending (perhaps 40% as suggested by the National Community Planning Group) is driven by 'failure demand': Demand created by preventable negative outcomes in individual and community lives. This demand could be absorbed given the very high growth in public budgets across the last decade: It cannot be absorbed within declining and then static budgets across the next decade.

2. Prevention or early intervention:

The solution to this is **prevention or early intervention** that stops these negative outcomes occurring or reduces their impact on peoples lives

3. Localisation and integration of public services:

As the factors leading to negative life outcomes are complex then no public agency could address this on it own and no standard 'one size fits all' approach could address the diversity of people, places and cultures across Scotland. This has led to a view that localisation and integration of public services is critical for improvement.

4. A change of approach as well as focus and locus:

Fourthly, a change in approach is needed, as well as a change in focus and locus. If we are concerned with 'outcomes' then we are concerned with peoples lives, their living contexts and their opportunities and aspirations in life. Public services cannot 'do' positive outcomes to people or communities: At their best, they can support them to pursue and achieve positive outcomes in their own lives.

Use of data and the focus of the analysis in this report

The analysis in this report is based on publicly available data sources. For international comparisons, the report draws on OECD (PISA) Data, and E.U. Data (primarily Eurostat). The analysis of the distribution and clustering of positive and negative outcomes within Scotland uses the Scottish Neighbourhood Statistics Data set, specifically developed by Scottish Government to allow detailed spatial analysis of social and economic statistics and is available at www.sns.gov.uk This tool allows analysis at whole Scotland or council level, but also analysis down to small neighbourhoods (750 – 1000 people). The report, therefore, provides new analysis of publicly available data, not new data.

In re-examining the data statistically, our focus has been on inter-correlation (clustering) and standard deviation (variation around the average). The aim is to identify the spatial level at which **clustering is high and variation is low**: The level at which the outcomes experienced by a community are very similar. This would be the practical level for integrated, community focused intervention (past research has shown that interventions above that level tend to benefit the better off rather than those experiencing the worst outcomes).

The analysis of clustering and variation is provided at three levels.

- (i) Scotland in the international context.
- (ii) The distribution of outcomes across Scotland.
- (iii) The small area distribution of outcomes within particular parts of Scotland.

Section one: Scotland in a European Context

There is a substantial volume of data that allows exploration of whether the pattern of negative outcomes and failure demand in Scotland is related to identifiable differences between ourselves and other European countries. On trend analysis based on national averages, this does not appear to be the case for key outcome areas (See Figure 1).

Figure 1 Scotland in a European Context

Country	Degree of Inequality	Health			Education			
	Gini Coefficient (Data from Eurostats and Scottish Government, 2008)	Life Expectancy at Birth, in Years (2006) The Scotland and European Health for All (HfA) Database	Life Expectancy at Birth, in Years, Males (2006) The Scotland and European Health for All (HfA) Database	Life Expectancy at Birth, in Years, Females (2006) The Scotland and European Health for All (HfA) Database	Mean overall scores in reading, PISA Data (from PISA Highlights from Scotland's Results 2009, Statistics Publication Notice, Scottish Government (p23)	Mean overall scores in mathematics, PISA Data (from PISA Highlights from Scotland's Results 2009, Statistics Publication Notice, Scottish Government (p31)	Mean scores in science, PISA Data (from PISA Highlights from Scotland's Results 2009, Statistics Publication Notice, Scottish Government (p36)	Average scores
European Average	30.7							
UK	36	79.66	77.44	81.78	494	492	514	500
Scotland	34	77.36	74.85	79.75	500	499	514	504
England					495	493	515	501
Ireland	29.9	79.85	77.46	82.22	496	487	508	497
France	29.2	81.11	77.51	84.58	496	497	498	497
Germany	30.2	79.86	77.16	82.44	497	513	520	510
Netherlands	27.6	80.07	77.83	82.14	508	526	522	518.5
Sweden	24	81.05	78.88	83.15	497	494	495	495
Norway	25.1	80.7	78.34	82.96	503	498	500	500
Denmark	25.1	78.13	75.73	80.47	495	503	499	499
Finland	26.4	79.68	76.02	83.22	536	541	554	543
Estonia	30.9	N/A	N/A	N/A	501	512	528	513
Latvia	37.7	70.96	65.42	76.44	484	482	494	487
Lithuania	34	71.76	65.33	77.11	468	477	491	479
	European Average	Scotland			Similar to Scotland			
	Better than average	Higher than Scotland			Higher than Scotland			
	Worse than Average	Lower than Scotland			Lower than Scotland			

In terms of learning outcomes and safety (risk of crime), Scotland is at or above the European average, and above the rest of the UK. Noticeably, on the raw data, Scotland is above Scandinavian and Northern European countries typically taken to be more socially effective than we are. In terms of income distribution (household income inequality), Scotland is below the European average, though not spectacularly so. We have the poorest life expectancy in developed Europe but even here the difference is two years on average.

The problem with the above is it is based on comparison of national averages and both international and national data show **variation around the average** to be extreme in Scotland. The OECD 'PISA' data on children's educational performance on standardised linguistic and mathematical tests at age 15 illustrates this well. Scotland's averaged raw score across tests (504 out of a potential 750) is 5th in Europe and above Norway, Sweden, England and France. Even adjusting to a 95% confidence level to allow for possible sampling variability, Scotland's average is within the upper mainstream in Europe. The trend has held over time in the 2003, 2006 and 2009 data. The problem, as 2009 commentary makes clear, is that the gap between the top 20% and the bottom 20% in Scotland is the widest in developed Europe with the bottom 20% at age 15

performing as if they have 5 years less schooling than the top 20% (i.e. as if they were 10 years old).

The 2009 analysis highlights another interesting point. Scotland has one of the least socially segregated secondary school systems in Europe. The PISA data shows that the extreme variation in pupil performance recorded is more within schools than between schools, i.e. children with access to the same school resources achieve radically different outcomes.

As for education, so also for health, safety and income distribution/deprivation. The Scottish averages are not remarkable: The variations between top and bottom are remarkable. It is the composition of the average (range and variation) that matters, not simply the average in itself.

Scotland in a European Context: Implications for policy and practice

- Scotland varies from other European countries in the composition of the average, not so much the averages themselves. Put positively, many Scots experience life outcomes that are well above international comparators: Sufficiently above to maintain the average despite other Scots experiencing life outcomes that are poor by any comparable standards. Put negatively, there are extreme inequalities in the life outcomes of different Scottish citizens.
- The difficulties of constructing meaningful and reliable international comparisons results in a fragmented measurement to different outcomes in isolation from each other. Clearly outcomes are likely to interact and cluster positively or negatively. Exposure to high risk of crime and victimisation and low income is likely to affect parental health and wellbeing which in turn is likely to affect children's ability to perform in the school. Outcomes are about peoples lives, and lives are lived in the round not in statistical compartments.
- High level analysis at international and Scottish level is useful for the broad scoping of patterns of outcomes, and problems and issues that need addressed. However, they are radically despatialised and tell us nothing about where people are experiencing positive or negative outcomes. **This results in a space-less or place-less focus on policy issues that make targeted intervention difficult.** Indeed, it leaves the appropriate level of intervention unexamined and unresolved.
- The scale of variation around the Scottish average is a social justice issue, but it is also an entirely pragmatic issue. It drives 'failure' demand' within the public service system and reducing this is the major potential gain area with respect to Europe. Raising the average is less important if we do not alter the composition of the average. The key statistical indicator is 'standard deviation' (variation around the average). Points (ii) and (iii) above indicate we need to far better understand the interaction and clustering of positive and negative outcomes and, critically, their spatial distribution. These are explored below.
- The final points from comparisons with Europe is the need to avoid shorthand and over-generalised characterisations of issues: The 'sick man of Europe', etc. These divert us from the key issue of how to target those communities where people experience systematically worse outcomes than elsewhere in Scotland.

Section two: the clustering of outcomes in Scotland

If reducing 'failure demand' through prevention and early intervention is a key target, the interaction between outcomes needs mapped and understood as a basis for designing interventions: We use two data sets to explore this. The Scottish Index of Multiple Deprivation (SIMD) covers 7 domains, including income, employment, health, education and crime in a composite index that gives each small area (data zone) in Scotland a ranking from least to most deprived (there are over 6000 data zones). SIMD available through 'Scottish Neighbourhood Statistics' data set provides a range of data on peoples lives, life outcomes and living circumstances disaggregated to small area level¹. Critically, this allows detailed analysis of the spatial (area) distribution and clustering of negative and positive life outcomes across Scotland.

SIMD Analysis - 100 'least deprived' 100 'most deprived' and 100 'median' areas in Scotland

Using SIMD as a filter, the analysis took the 100 'least deprived' small areas in Scotland, the 100 'most deprived' small areas and the 100 precisely in the middle of the distribution.

The analysis looked at variation between these levels and variation within these levels to examine the inter-relationship between different life outcomes covering health, education, employment, income, experience and risk of crime, quality of housing, etc. A full technical report on the analysis is provided (see Appendix 1) so we only briefly summarise the results here.

As was expected, the analysis shows substantial homogeneity and inter-relationship of outcomes within levels (least deprived --- most deprived) and sharp and stark differentiation between levels. In summary:

- The least deprived 100 areas experience consistent interacting and mutually reinforcing positive outcomes across all aspects of life. There is very low variation between areas within the top 100.
- The most deprived 100 areas exhibit consistent, interacting and mutually reinforcing negative outcomes across all aspects of life. All do relatively poorly in comparison to the least deprived areas, but there is more variation in the particular clustering of negative outcomes that afflict different communities.
- The correlation between positive outcomes in the least deprived areas, and negative outcomes in the most deprived area, is statistically strong and statistically significant.

Using SIMD as a filter for selecting the sample, and using a range of measures also used in the construction of SIMD itself, could be seen as circular: The inter-relationship of different domains in SIMD (income, health, education, crime, housing, etc.) is built into the construction of the index itself. Three responses are relevant. First, the inter-relationship between domains within SIMD is itself empirical and changes over time. There is no circularity. Second, although we have explored the statistical relationships between domains within SIMD, we have gone back to the raw data and explored key variables separate from the index itself. Finally, we have constructed and explored variables not used in SIMD. A full list of variables explored is appended (see Appendix 1).

¹Bailey , N. et al.(2003) *Measuring Deprivation In Scotland: Developing a Long-Term Strategy*. Edinburgh: Scottish Executive Central Statistics Unit

SIMD Analysis - Establishing relationships using a larger sample base:

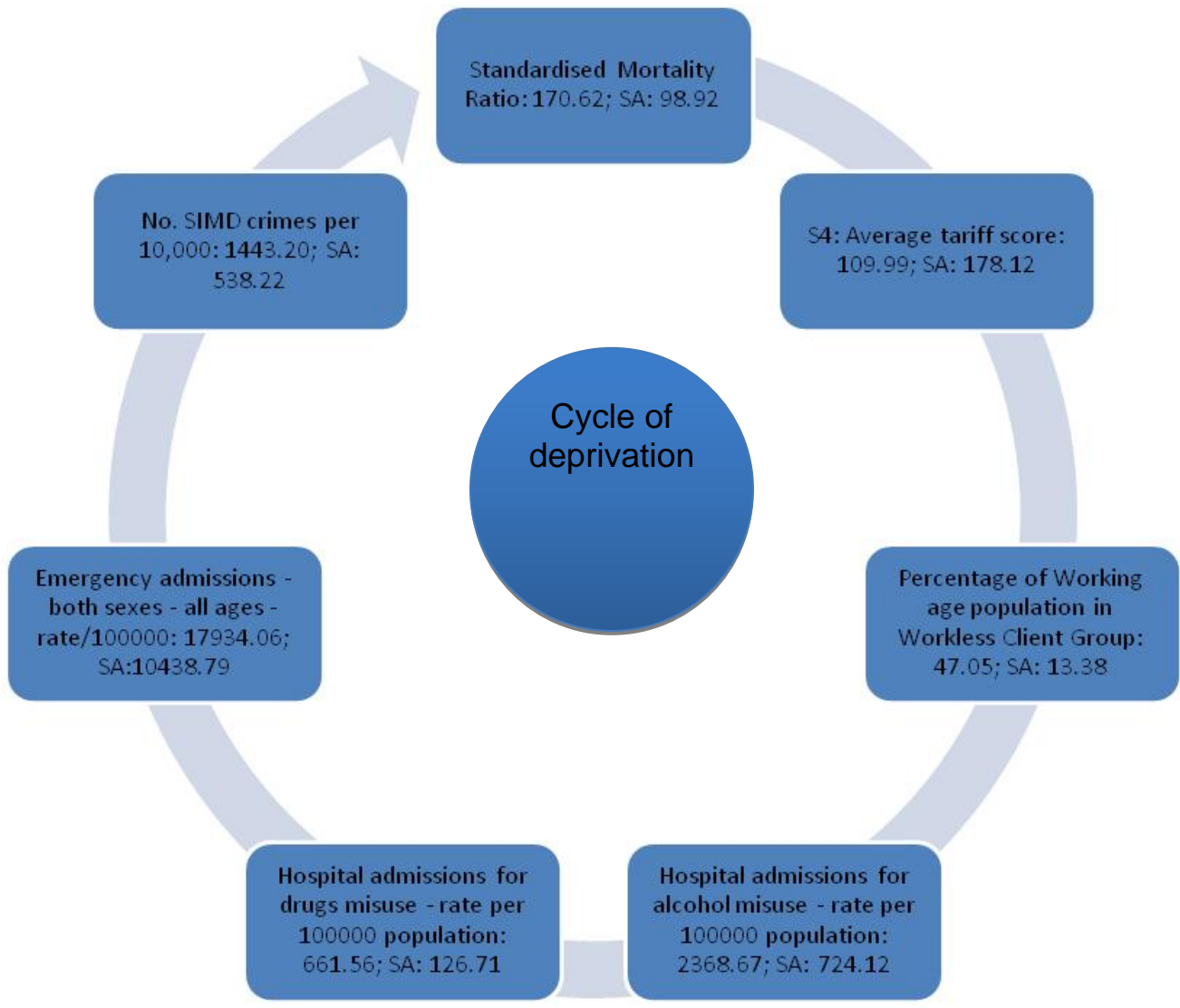
Establishing relationships in a small sample (300 out of more than 6000 areas) was always likely to create stark contrasts so we tested them further on a broader base: The least deprived 20% of areas and the most deprived 20% of areas (2600 areas in total) and then the whole data set. **As would be expected, the relationships are weaker and the contrasts less stark as we extend the coverage but the same relationships exist and they remain statistically significant.** The most deprived 20% and least deprived 20% comparisons are instructive. For example, if we take the 20% of areas with the highest rate of emergency hospital admission for adults, these are also areas with high income deprivation, high levels of unemployment, low educational attainment, high crime rates, etc. If we take the 20% areas with the lowest rates of emergency admissions for adults, they also have a very low level of income deprivation and unemployment, high educational attainment and very low rates of crime.

Equally, if we take the 20% of areas with the lowest educational attainment amongst children, they have very high emergency admission rates for adults, etc. In short, whatever the order we adopt to explore particular outcomes, we find high inter-relationship and clustering at area level. Communities experiencing negative outcomes in one aspect of life predictably experience negative outcomes in other aspects of life. The same applies to positive outcomes. It should be noted, however, that we are still in this analysis averaging across areas and there is variation place to place as well as commonality.

What does this mean in terms of peoples lives?:

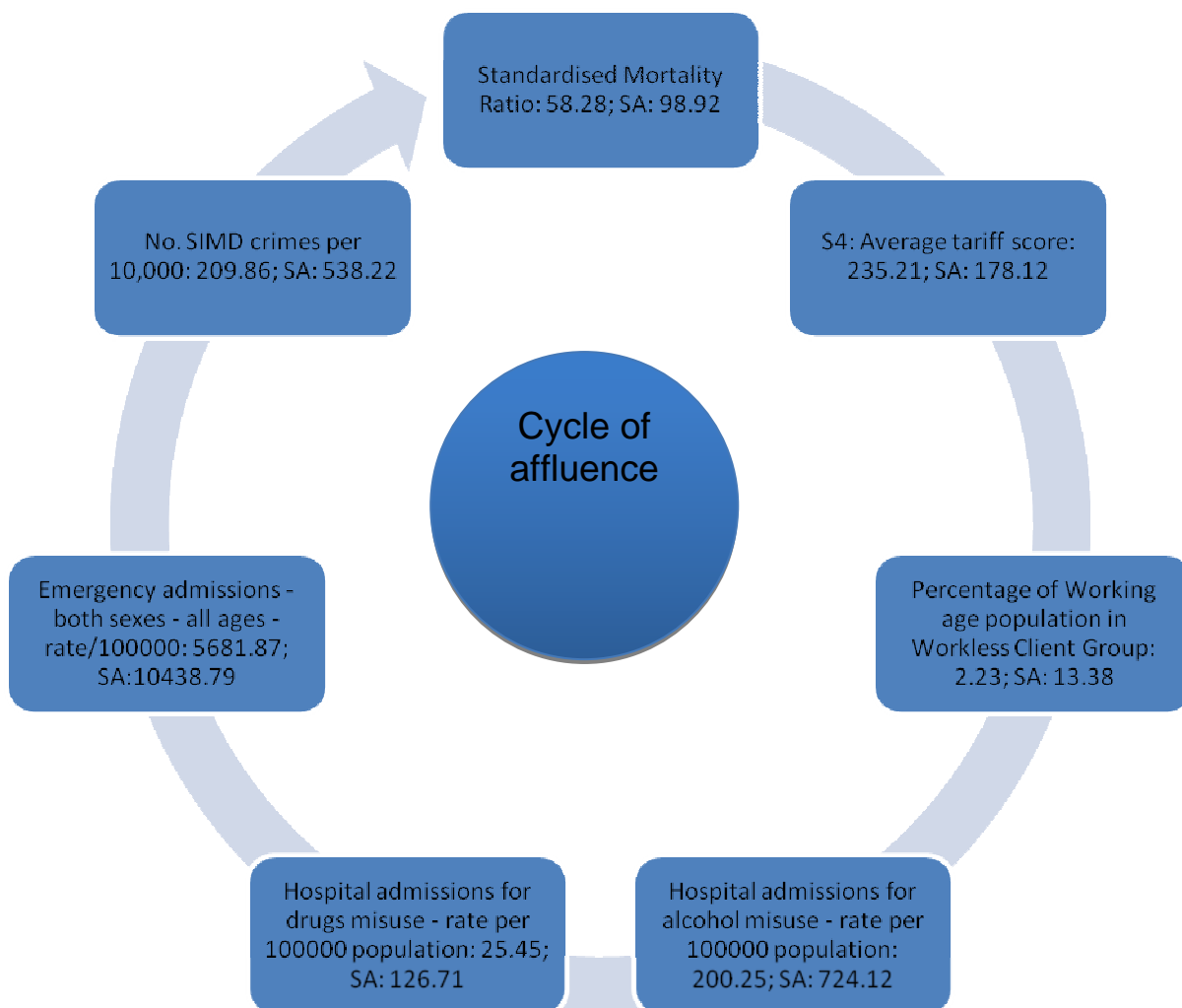
The discussion to date has been dry and analytical so what does it mean in terms of peoples lives? What it means is people living in areas where children's achievement in education is less than half the Scottish norm, and 25% of that achieved by children in the least deprived areas. It means people living in areas where 20%+ of the adult population are prescribed drugs for anxiety and depression; where in any year, 3 in every 10 adults will be emergency admitted to hospital and where life expectancy and healthy life expectancy are more than ten years less than the Scottish average. It means people living in areas where the rate of crime is 4 times the average for Scotland and 8 times the average for the least deprived areas in Scotland. All these negatives in peoples lives in these areas are statistically inter-related but, more importantly, practically interact in the daily lives of these communities creating 'cycles' of deprivation and affluence.

Figure 2 Cycle of deprivation [SA = Scottish Average]



The 'cycles' are calculated around the average for the bottom 20% of areas (SIMD) and the top 20%. The 'cycle of deprivation' (figure 2) exemplifies the integration and mutual reinforcement of negative outcomes in the lives of these communities, contrasted with the Scottish averages. It illustrates poor educational attainment leading to high levels of adult worklessness, high levels of alcohol abuse, high levels of crime and very poor life expectancy. It also graphically illustrates the failure demand generated and the scale of reactive public spending that follows. Negative outcomes across the range are 3 times more prevalent than the Scottish average.

Figure 3 Cycle of affluence [SA= Scottish Average]



The 'cycle of affluence' is equally striking. Very positive educational outcomes leading to very low levels of worklessness, low levels of drug and alcohol problems, low crime rates and high life expectancy. Positive outcomes across the range are 2 times better than the Scottish average, and 4 times better than the average of the bottom 20%. This disparity of outcomes is shaming and shameful in trend terms and makes it clear that 'One Scotland' contains two entirely different worlds in terms of 'quality of life, opportunities in life and living context' (SOA Guidance). It is a sad fact that a disproportionate number of the areas in the bottom 20% have no attributed value for housing in the area. In short, people would have to pay to get out but no one would pay to get in.

Distribution of outcomes across Scotland: Implications for policy and planning:

Implications for National Planning Framework and SOA's:

The analysis above raises interesting questions for the strategic planning and delivery of an outcome approach by the public services. From the National Performance Framework to local Single Outcome Agreements, and supporting strategy and policy development (e.g. Reshaping Care for Older People), outcomes for health, safety, etc. have been set separately and with separate targets for improvement.

The initial guidance on SOA's stated that outcomes were about 'the quality of life, opportunities in life and living circumstances of individuals and communities'. We cannot improve that without an integrated and holistic approach to the whole of peoples lives. This is not a new proposition. 'Logic modelling' work starting from a particular outcome (reducing health inequalities or worklessness; supporting deprived children to have better opportunities and achievement within education) has rapidly discovered that the focal outcome connects in complex ways to a whole range of other outcomes. This has led to a proliferation of pilots, demonstrator projects, etc. to better coordinate and integrate effort and resources but they themselves have become duplicative and targeted on their focal outcome, not on the **lives of individuals and communities in the round**.

What the data suggest is that negative outcomes are very highly clustered spatially at small area/community level. For any outcome to change and improve will require others to change and that requires targeting the whole way that community lives: Its expectations, opportunities, values and behaviour. Targeting individuals case by case in the absence of change at community level has not worked and, on this evidence, could not work. Targeting specific outcomes in isolation from the rest of a community's life and circumstances has not worked and, on this evidence, could not work. The evidence points to targeted, integrated and holistic support and intervention at community level with communities experiencing interacting and mutually reinforcing negative outcomes.

A targeted, localised and integrated approach to public services:

Acceptance of the spatial and the communal focus is growing but, ironically, again it shows a tendency to create duplication and fragmentation between different service and outcome areas. Thus we have an 'assets' based approach to health improvement; a 'community capacity building' approach for care for older people; a 'community learning and development' approach to improving learning and cohesion outcomes; and a 'community regeneration' approach to economic/employment outcomes. Given the very clear spatial distribution and clustering of negative outcomes, demonstrated by the analysis, **exactly the same communities would have to be targeted by all these approaches**. A fragmented approach here misses the core point: **A fully targeted, localised and integrated approach would be necessary to improve any of these outcomes**.

Good quality public services alone do not create positive outcomes for individuals :

The final aspect of the analysis worth noting is the shape and distribution of outcomes for the **20% least deprived areas**. Again, there is an identifiable clustering of interacting and reinforcing positive outcomes. **Interestingly, on the evidence, these communities make lower and different use of public services across adult life and experience much better outcomes. Indeed, they make lower use of public services because they have better life outcomes** (higher levels of employment; higher incomes; better health; lower risk of crime and victimisation, etc.). This helps reshape the understanding of the link between public services and outcomes. People experiencing positive outcomes tend to control and direct their own outcomes and make selective and periodic use of public services as a resource to support the lives they wish to lead. Public services do not control or deliver their outcomes: They do it themselves.

If we apply the same point to communities experiencing interacting negative outcomes, they make a more **reactive and recurrent** use of public services and struggle to use them as a resource for positive outcomes. The key point is that public services per se do not in themselves create outcomes: They are resources that individuals and communities are more and less able to use to achieve quality of life and opportunity in life. The fashionable advocacy of 'co-production' as a new approach misses the point: We already have a co-production system in terms of outcomes. Communities who are able and effective co-producers of outcomes with public services have very good lives in Scotland. They get real value out of schools, GP's, cultural and leisure assets, etc.

Those who are less able to 'co-produce' and use public services as a resource in their lives, experience much more negative outcomes.

Section three: How local does 'local' have to be?

Introduction:

The previous section has established 3 purely factual propositions:

- That negative (and positive) outcomes are inter-related, interactive and mutually reinforcing.
- That negative (and positive) outcomes have a distinctive spatial distribution, and an identifiable clustering at small area level across Scotland.
- That communities experiencing positive or negative outcomes have different patterns of interaction with public services (crudely, a self directed, selective and periodic interaction in the most advantaged communities and a reactive, recurrent and circumstances driven interaction in the most deprived areas).

This provides greater empirical support for emerging ideas about localisation, integration and early intervention but it does not provide much practical support for moving forward. This section explores the practical potential of using spatial and place profiling to better target intervention to prevent and minimise negative outcomes and failure demand. Our operating assumption is that targeting preventable negative outcomes will be most effective at a level where clustering (inter-correlation) is high and variation (standard deviation) is low, i.e. targeting focuses on spatially identified communities where there is significant commonality of living circumstances, life experience and problems in life.

For the avoidance of doubt, there is absolutely no assumption in this analysis that all public service planning and resourcing should be targeted in this way. For example, the infrastructure for major universal services (hospitals; schools; health centres, etc.) could not be sensibly planned in this way. The aim of targeted intervention with specific communities is to enable these communities to use such resources more effectively, get better value from them and to minimise negative/failure demand on these resources. Equally, there is no suggestion that existing community planning and SOA arrangements should be abandoned: Targeting is about focus, not institutional structures and arrangements.

Exploring the most appropriate level for targeted intervention:

This section aims to identify how 'local' localisation would have to be to have an impact. To explore this, analysis explores one community planning partnership area: The City of Glasgow. Using the Scottish Neighbourhood Statistics data set, three levels of analysis were undertaken of the spatial distribution of positive and negative outcomes.

1. Clustering and variation between multi-member wards.
2. Clustering and variation between different areas within multi-member wards.
3. Clustering and variation between neighbourhoods within areas that make up multi-member wards.

The delineation of multi-member wards is self-evident. 'Areas' within wards were defined by the 'Intermediate Geography Zone' (IGZ) level in the data set and have populations of around 6000 people. 'Neighbourhoods' within 'areas' were defined at data zone (DZ) level and have populations of 750 to 1000 people. As analysis moves from 'ward' to 'area' to 'neighbourhood', it moves from larger and more spatially dispersed populations to smaller and more spatially localised populations. The focus of the analysis is on identifying the level(s) where clustering of outcomes is high and variation is low. Full detailed reports on the analysis of multi-member wards, areas and neighbourhoods are attached (See Appendix) so only major findings are presented here. The

Govan multi-member ward is used as a case study to explore variation at area and neighbourhood level within a multi-member ward. However other multi-member wards were also analysed as part of the study and similar findings were produced with regard to the variation and distribution of outcomes.

The Evidence of Variation and Clustering:

Distribution of outcomes in Glasgow:

On the data, Glasgow has a whole exhibits striking variations. It has areas and communities that live at the highest level in Europe in terms of quality of employment, income, health, education and safety. It also has areas and communities that are well below European norms on the same basis. The ‘gap’ between communities in Glasgow is much documented and there has even been the suggested ‘Glasgow effect’ in terms of health outcomes when comparisons are made with other comparable UK cities. **A short hand way of expressing this is that ‘Glasgow has a problem’ that the Glasgow partnership has to address but this is also misleading: Some people and communities in Glasgow have very serious problems but others do not.** Planning at ‘whole city’ level would be quite proper for infrastructure, redevelopment of the City’s economic base, reinventing and repositioning the City nationally and internationally, etc. It would also be important for identifying, planning and targeting sub-areas of the City where there is distinctive clustering of negative outcomes. It would not, however, be an appropriate level for delivery of interventions in these areas.

Distribution of outcomes across multi-member wards in Glasgow:

The first base for exploring sub-area variation would be multi-member wards and the analysis shows there is substantial variation between wards (See Figure 3 and Appendix 2). There is also identifiable clustering of negative outcomes in some wards and positive outcomes in others. The problem is the variation between areas within multi-member wards is often as great as the variation between wards themselves (statistically, at ward level, standard deviation remains high and inter-correlation (clustering between outcomes) relatively weak).

Figure 4 Percentage of total population classified as income deprived - multi-member wards in Glasgow

Multi-member ward	Percentage of total population who are income deprived : 2005
<i>Anderston/City</i>	18
<i>Baillieston</i>	22
<i>Calton</i>	40
<i>Canal</i>	32
<i>Craigton</i>	22
<i>Drumchapel/Annieisland</i>	31
<i>East Centre</i>	29
<i>Garscadden/Scotstounhill</i>	24
<i>Govan</i>	29
<i>Greater Pollok</i>	25
<i>Hillhead</i>	14
<i>Langside</i>	13
<i>Linn</i>	25
<i>Maryhill/Kelvin</i>	22
<i>Newlands/Auldburn</i>	20
<i>North East</i>	31
<i>Partick West</i>	15
<i>Pollokshields</i>	15

<i>Shettleston</i>	26
<i>Southside Central</i>	31
<i>Springburn</i>	32
<i>Glasgow City Average</i>	25

As a consequence, if additional resources were allocated to the wards with the highest level of negative outcomes, the impact on outcomes would entirely depend on how well these resources were then targeted within the ward. The ward level could be a possible level for planning and targeting, but would not be an appropriate level for engagement with and delivery to distinct communities.

Distribution of outcomes across ‘areas’ within multi-member wards:

A second base for exploring sub-area variation would be ‘areas’ (IGZ) within multi-member wards. Taking Govan as an example, the analysis explored variation between areas in Govan, and clustering of negative outcomes within them (See Figure 4 and Appendix 2).

Figure 5 Percentage total population classified as income deprived - ‘areas’ in Govan

‘Areas’ in Govan	Percentage of total population who are income deprived : 2005
S02000631 Kingston West and Dumbreck	20
S02000638 Craigton	27
S02000642 Kinning Park and Festival Park	18
S02000644 Ibrox East and Cessnock	30
S02000649 Ibrox	40
S02000656 Govan and Linthouse	42
S02000660 Drumoyne and Shieldhall	31
Govan average	29

Again, the analysis at this level (areas of around 6000 people) still shows substantial variation within areas as well as between them and thus relatively weak clustering at area level. For example, within the Linthouse area, different neighbourhoods exhibit quite different clustering of negative outcomes. They all experience fairly negative outcomes relative to Scottish and Glasgow averages, but the clustering of outcomes varies significantly between neighbourhoods.

Distribution of outcomes within ‘neighbourhoods’:

The final level of analysis, the neighbourhood level, therefore emerges as the level where **variation is very low and the clustering of outcomes strong and consistent**. A full report of analysis at neighbourhood (data zone) level is provided (See Appendix 2) but it shows that homogeneity of living circumstances and outcomes occurs only at this most local level. Any strategy for targeting resources and integrating effort above that level would have to recognise variation between neighbourhoods, and might well miss the most disadvantaged and excluded communities.

Equally, if intervention is about working with communities, rather than doing things to them, this seems more feasible at neighbourhood level than with 'communities' defined at area level (6000 people) or ward level (over 20,000 people).

The above is fairly analytical so it will be useful to illustrate it with some practical examples. If we take income deprivation, the Govan ward has 29% of its population classified as income deprived. (See Figure 4) At area level within the ward, this varies between 18% (Kinning Park and Festival Park) and 42% (Govan and Linthouse). If we focus variation at neighbourhood level, then the variation between neighbourhoods within Govan and Linthouse is between 30% and 55%. As importantly, one neighbourhood within Kinning Park and Festival Park has a higher rate of income deprivation (30%) than one of the neighbourhoods in Govan and Linthouse. (See Figure 7).

Figure 6 Percentage total population classified as income deprived 'neighbourhoods in Govan Linthouse and Kinning Park Festival Park

Govan and Linthouse	(%) Income deprived	Kinning Park and Festival Park	(%) Income deprived
S01003364	39	S01003315	20
S01003367	55	S01003320	15
S01003396	37	S01003327	32
S01003412	30	S01003338	27
S01003418	40	S01003348	17
S01003441	37		
Govan and Linthouse average	31	Kinning Park Festival Park average	18

Targeting on the basis of area comparisons alone would miss neighbourhood variation within areas and, particularly, very disadvantaged neighbourhoods within relatively less disadvantaged areas.

Pursuing this example, the data also indicates clustering at neighbourhood level. The neighbourhood with the highest income deprivation (55%) also has the highest level of benefit dependency for all age groups (82% for people over 50), a very high rate of emergency admissions for alcohol and drug related reasons, very low property value (55% in Council Tax Band A), and low educational achievement among children. With the exception of the relationship between income deprivation and benefits claiming, there is a consistent clustering at neighbourhood level: The better a neighbourhood is on one outcome, the better it is on the others and vice versa.

It should be noted that most of the areas and neighbourhoods in the Govan multi-member ward are relatively disadvantaged in comparison to the Scottish averages. This does not mean they are all of equal priority for supportive and preventative intervention, nor that the same pattern of intervention would be appropriate for all of them. There are very substantial variations that should inform prioritisation, and different clustering of outcomes that should shape intervention.

How local does 'local' have to be? Implications for policy and planning:

The analysis above could be seen to support a radically 'localist', 'big society' concept but we think that would be a misinterpretation of the data. The major universal services require an infrastructure (hospital, schools, etc.) that cannot and should not be planned at a disaggregated level. Economic regeneration and development will be best undertaken at, at least, municipal, if not city regional, level. As importantly, targeting communities at small area level would always require a planning and institutional capacity well above that level. The key question is not about what institutional structures we have: It is about what they do. In this sense, the analysis above is entirely agnostic to current debates about institutional structures.

On the other hand, the data suggests that much current planning for outcomes is at too high a level and insufficiently related to the actual places where people live their lives and experience negative and positive outcomes. Planning to reduce the 'equality' gap in health, education or income at a 'whole City' level is fine only insofar as this maps on to an implementation and delivery system that is decentralised, empowered and ultimately targeted and customised at small area level. This might therefore include strategic planning at City wide level, implementation programming and prioritisation at ward level and delivery management at area or even neighbourhood level. The higher level strategic planning is progressively not the problem: It is how it fits into and drives the delivery system.

To date, community planning for outcomes has set strategic priorities for the whole administrative area supported, and the delivery system has tended to be 'thematic' or 'operational' partnerships focused on particular outcomes or client groups (for example, 'community safety' partnerships, 'community health' partnerships, 'children's services' partnerships, etc.). The data here suggests two problems with that. First, outcomes are so inter-related and reinforcing at community level, that improving one outcome in isolation from others is unlikely to be successful and, on the evidence, is not successful. Second, thematic/operational partnerships have themselves been more about co-ordinating the activities of different agencies and services around particular outcomes, than delivering on an integrated basis to particular communities. They sit on top of inherited service structures and arrangements that were designed for consistent service delivery across areas, not outcome delivery within areas. **At minimum, the analysis here suggests a significant rebalancing between service/policy focus and focus on place would be necessary to improve outcomes for the most disadvantaged people and minimise failure demand within the system.**

The analysis suggests an approach rather than a specific solution. If improving outcomes is about working differently and more holistically with local communities then it will be impossible to decide the focus of this without knowledge of the local area and engagement with local people. That approach would involve disaggregated profiling of the sort undertaken here but, more importantly, it would involve decentralisation of decision-making, integration of effort and resources at local community level, and a committed engagement and co-production with the local community. The desire for 'a solution' misunderstands the nature of outcomes, and denies the importance of place (and variation between places) that this research demonstrates. It is 'magical' thinking, rather than evidenced analysis.

It may seem that the analysis presented points to the 'Urban Programme' or 'Social Inclusion Partnership' type initiatives of the past. That would be a misinterpretation, in our view. For all their benefits, these initiatives were self-standing with dedicated funding and at the margins of the mainstream in policy and budgetary terms. Setting the present analysis in the context of the National Performance Framework and local SOA's makes it clear this is about the central direction of mainstream strategy and budgets, not an 'add on' to them. It implies the next step on the journey from a **focus on major services**, their budgets and activities, to a **focus on outcomes** and better lives for real people and communities. It would not be an initiative: It would be what public services are for.

Section four: Conclusions

- ***The analysis reported here shows very significant variation across Scotland in the distribution of positive and negative outcomes and clustering of outcomes disproportionately at neighbourhood (data zone) level.*** It reinforces an emphasis on localisation and integration of public services but suggests that this would have to be very local indeed and based on engagement and working with communities. It also indicates that the balance between policy focus on particular outcomes in isolation, and a focus on 'place' 'in the round' needs to shift from Government down in Scotland.
- ***It provides disaggregated evidence on 'negative'/'failure' demand and shows that the same communities are generating failure demand across a range of service and policy areas.*** For each major service or policy area to develop responses to this in isolation would be costly, fragmented and ineffective. The analysis indicates that exactly the same communities would have to be the target for all these fragmented initiatives.
- ***The data poses questions about the different levels that strategic planning, operational design and delivery management may happen at and how they relate to each other.*** Strategic planning for the whole council area is fine as long as it is not solely about the whole council area. With disaggregated profiling, the institutional and resource capacity at whole area level may be necessary to enable targeting and an integrated approach at local community level. Thematic partnerships may remain important for policy and resource alignment but how they integrate at local level needs thought through. ***Very strong area and locality management with an integration remit, and the empowerment to fulfil it, could be one way of preventing fragmentation around particular outcomes in isolation.***
- ***The analysis illuminates links to the evidence on how more affluent communities live and their utilisation of public services.*** Much of the discussion of 'universalism', 'the role of the state', etc. has been wholly abstract to date. The profiling of the 20% least deprived communities indicates people who make elective, selective and periodic use of services, and who neither need, nor probably want, a 'wrap around' state. Targeting areas where additional support is necessary is not taking something away from more affluent communities: It is recognising how they live and use services anyway.
- ***The analysis here, as noted, is largely agnostic to structural arrangements: It suggests localised arrangements built around local communities are the critical factor.*** However, the danger of fragmented structural change at this juncture is that, on all evidence across the last 20 years, it would be very costly and disruptive. The key task is to build on the increasingly strong partnership arrangements built cross the last four years and drive localisation and integration around vulnerable communities.

Section five: The Improvement Service research and analytical Services

Good quality research and analysis is critical to support Scottish Councils and Community Planning Partnerships ambitions to improve outcomes for individuals and communities. Service managers and their partners rely on informed intelligence to identify priorities, set targets, plan policies and deliver their frontline services.

Whilst current SOA guidance requires that all CPPs carry out an area profile, at the moment this is often undertaken at a very high level for the whole of the council area that the partnership serves. On the basis of this analysis, it is suggested that a much more granular approach is both possible and desirable since access to local level population data could be used as the basis for priority setting and targeting. As part of its broader research remit the Improvement Service has been working to develop a framework and tool-kit for CPP's which would enable them to carry out disaggregated profiling quickly and efficiently. Initial 'pilot' profiles have been created using the Scottish Government Neighbourhood Statistics dataset and we are now additionally in discussions with Health Observatory Scotland to increase the available data to include information held by ISD Scotland. We are also working with Ordnance Survey Scotland to create a device which would improve the spatial mapping tool that is currently available on SNS.

Our intention is to produce disaggregated profiles of each CPP area across the Summer, and to have contact with all councils and partnerships to make sure the analysis meets their needs. This will link to the Outcome Management programme and the SOLACE led Benchmarking project.