

Verity House Agreement – Stocktake One Year On

November 2024



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1. The Verity House Agreement (VHA) commits that:

By the end of August 2024, we will have jointly considered the first year of implementation of the Verity House Agreement and the Fiscal Framework as a whole, and agreed any alterations or addendums required to ensure the ongoing effectiveness of these two key documents.

While this commitment envisaged that the Fiscal Framework would also be operational and therefore reviewed as part of this process, both parties agree that while work continues to deliver that Framework, a review of the VHA at this juncture is helpful.

This paper has sought views from across the Scottish Government and COSLA, as the representative body for Scottish Local Government, and focuses on the areas most directly linked to the three shared priorities.

The aim of this paper is to draw out and reflect on the successes and challenges related to the operation of the VHA. It identifies the good practice and different ways of working which have supported improved relationships and delivery on our shared priorities, either during this first year or historically. The paper also looks at areas of change which could ensure the ongoing effectiveness of the VHA.

2. Background

The VHA sets out how we will strengthen partnership working to better deliver improved outcomes for Scotland. The Scottish Government and COSLA remain committed to developing and agreeing a fiscal framework for Local Government and developing robust accountability and assurance arrangements as part of the VHA. All these elements are required in order to realise and sustain the aspirations as set out in the New Deal with Local Government and support a mutually respectful and trusting working relationship between Local Government and the Scottish Government.

The VHA focuses on addressing three shared priorities to:

- Tackle poverty, particularly child poverty, in recognition of the joint national mission to tackle child poverty.
- Transform our economy through a just transition to deliver net zero, recognising climate change as one of the biggest threats to communities across Scotland.
- Deliver sustainable person-centred public services recognising the fiscal challenges, ageing demography and opportunities to innovate.

It is noted here that whilst the new First Minister has set out four key priorities these are consistent and do not divert from those of the VHA.

3. Overview of Year One

The VHA, and the good practice it aims to encourage and support in relation to working collaboratively, builds on existing strong relationships in a number of areas. Those areas of positive joint cooperation have continued, and in some instances been enhanced, while new areas of collaboration have been established and encouraged by the impetus the signing of the VHA has provided. In policy areas where there has been disagreement over aims and delivery, or where this has emerged, the VHA has provided a benchmark against which both spheres of government consider their actions and approach.

A candid stocktake reflects that the VHA has not fully resolved or prevented areas of disagreement. It is on public record that difficulties have arisen for example in relation to the Council Tax Freeze for 2024/25, the policy in respect of maintaining and increasing teacher numbers, and key aspects of the scope of the proposed National Care Service. These matters continue to be discussed and raised in portfolio level and strategic engagement between both spheres of government.

Local Government has formally raised concerns in these three areas not just because of the policy intent, but also because of the way in which the policies have been announced and/or developed. The Scottish Government has maintained that delivering these policy areas is consistent with supporting the three priorities in the VHA and has sought to agree these with Local Government through the appropriate mechanisms.

In February 2024, the COSLA Presidential Team, in view of these areas of disagreement, requested the development of a more detailed dispute resolution procedure to support the VHA and create a mutually respectful and trusting relationship. Such a procedure has been discussed, and options developed which are the subject of further consideration.

Notwithstanding the areas of disagreement and challenge, there has been a marked improvement in formal and informal engagement at a senior ministerial/political level, supported by a broadening and deepening of official led collaboration. The principles for ways of working set out in the VHA provide an important guide to those relationships, both public and private, and a focus on the purpose of our joint working to deliver better outcomes for communities.

This works well where there is a recognition that both spheres of government can, and do, bring ideas to the table that support a constructive dialogue about where both national and local approaches each have an important role to play. As accountability and assurance arrangements continue to be developed, the importance of a shared understanding of, and mutual respect for, the democratic mandates held by both ministers and councillors will support effective joint working towards our shared priorities.

3.1 Successes of the VHA

As recognised above there have been notable successes of the VHA which have either come about since its signing or were in train but have been bolstered and enhanced by it. Most significantly the continued constructive and collegiate discussions on Local Government pay. Examples of other successes across the three priorities have been set out below.

Tackling Poverty

Governance and Shared Leadership: We have built, maintained and improved our approach to joint and shared governance, ensuring that our partnership is at the heart of overseeing how we deliver. This includes:

- Positive working relationships are a key feature of the joint work on Child Poverty and the Tackling Child Poverty Programme Board as part of the governance structure in place for delivery of Best Start, Bright Futures (BSBF) and is a strong demonstration of a collective approach.
- Partnership working on outcomes and measurement following on from the Children, Young People and Families Outcomes Framework being endorsed by COSLA's Children and Young People's Board.
- Continued improvement of our shared governance groupings – both strategic and operational – to deliver the No One Left Behind (NOLB) policy. The VHA has enabled discussions between officials and officers on increasing flexibility in funding provided by grant offer letters (i.e. not part of LG finance settlement) for the NOLB Employability funding.

Evidence based policy development: In keeping with the VHA we have sought to engage early in key areas of policy assessment and development. That has not always been easy given the nature of some challenging discussions:

- we ensured engagement and involvement with COSLA on the official led Zero Based Review on BSBF in the summer of 2023.
- in education, officials sought to explore options and ways forward to present alternative solutions to an approach of regulating for a minimum number of learning hours.

Delivery and impact: Our shared ambitions need to be underpinned by delivery with impact, while it is early days, we are keeping the focus on how we move to action and measure that impact so that we know we are on track:

- Local Authorities are major delivery partners for our Child Poverty ambitions and for the measures as set out in BSBF, not only because of their statutory requirements under the Child Poverty Scotland Act 2017, but given they deliver in local communities.
- Delivery of the Scottish Recommended Allowance for foster and kinship care in August 2023 through partnership and collaboration.

Transforming our economy through a just transition to deliver net zero

Governance and Shared Leadership: We have built dialogue and relationships in new areas across economy as well as deepening our work together on net zero. Key in the past year has been:

- Open, trusted discussions at senior level, including political leaders, as well as follow up on specifics e.g. small business support and strategic engagement on National Strategy for Economic Transformation (NSET) and the Growth Plan.
- Earlier more direct engagement in the Programme for Government and agreement on the climate delivery framework.

Evidence based policy development: we have drawn on the wide range of experience and expertise across partners in local government and the private sector to support development of policies which can deliver impact but be workable:

- Constructive discussions in relation to the Circular Economy Bill, described by COSLA Environment and Economy Spokesperson as an “excellent and leading example of working in the spirit of and implementing the Verity House Agreement”.
- Ongoing constructive engagement and collaboration around the development of the Circular Economy and Waste Route Map to 2030, published for its second consultation in January 2024.

Delivery and impact: Our shared ambitions need to be underpinned by delivery with impact, while it is early days, we are keeping the focus on how we move to action and measure that impact so that we know we are on track:

- The Scottish Government continues to work closely with COSLA and local government, through the governance and oversight of the Recycling Improvement Fund. Now in its fourth year, the Fund has invested over £63 million to date in a range of local authority infrastructure projects to support improvements in recycling.
- In 2023, the Scottish Government and Scotland’s councils agreed to provide joint funding to establish the Scottish Climate Intelligence Service (SCIS). The SCIS is a multi-year national programme to deliver a platform that will enable a consistent approach to data collection which consequently may be used to inform positive climate action. The Service will build capability and capacity across Scotland’s councils to deliver net zero and realise the wider benefits of effective climate action. The service is match funded by Scottish Government and LAs. This is a positive example of Scottish and Local Government pooling resources/funding to help achieve a shared goal.

Delivering sustainable person-centred public services

Governance and Shared Leadership: Delivering effective public services and better outcomes for people across both spheres of government relies wholly on collective leadership and dialogue, as we work through the challenges we are facing. Key areas of that collective approach in the past year have been:

- Positive working relationships, regular engagement, with a shared understanding of the breadth of the role Local Government has through prevention and intervention, has led to a truly collaborative approach to developing and implementing the Suicide Prevention Strategy.

- Development of the collaborative approach taken with COSLA, in leading the delivery of the “Joint Statement of Intent and Next Steps for Adult Social Care”.
- Work on Digital Health and Care Strategy and the Data Strategy for Health and Social Care has benefitted from a working relationship which is based on mutual trust and respect, and a recognition of the need for effective and responsible joint leadership as we work on our shared priorities.
- The shared national and local commitment to keep The Promise has been supported by the VHA through the development of the National Promise Progress Framework; connections drawn on governance and reporting; and sharing of information and tripartite working with the Promise Scotland and wider partners.

Evidence based policy development: supporting the transformation of public services in Scotland will require close collaborative working between both spheres of government, and there has been some crucial work delivered in the past year:

- Democracy Matters 2 national engagement process was launched jointly in August 2023 and forms part of the wider Local Governance Review.
- The Scottish Learning and Improvement for Adult Social Care and Community Health was developed by a Steering Group, co-chaired by COSLA, SOLACE and the Scottish Government. Consensus was reached with COSLA on the preferred model for the National Social Work Agency through a joint options appraisal exercise. There is agreement that neither national nor local government can address these in isolation.
- Led by COSLA and the Strategic Team for Anti-Racism, Directorate for Equality, Inclusion & Human Rights the Gypsy/traveller Action plan is a strong demonstration of working based on mutual trust and respect, and consultation and collaboration at an early stage.

Delivery and impact: Our shared ambitions need to be underpinned by delivery with impact. While the agreement is still in its early days; we are continuing to jointly focus on how we action and measure impact so that we know we are on track:

- The 2023 Programme for Government committed to providing additional funding to enable childcare workers delivering funded Early Learning and Childcare (ELC) in private and third sector services at least £12 per hour from April 2024. Scottish Government and COSLA worked jointly to support delivery of the commitment through local authorities as part of the sustainable rates setting process for 2024-25.
- The ELC Outcomes and Measurement Framework project aims to define and deliver an outcomes and measurement framework for funded ELC in Scotland – which is owned and supported jointly by the Scottish Government, local government, and sector delivery partners.
- Delivery of the Scottish Recommended Allowance for foster and kinship care in August 2023 through partnership and collaboration.

In addition, we have increased the flexibility to local government in funding, baselining almost £1 billion of funding in 2024-25, including £564.1 million of education and ELC funding. This included £521.9 million in ELC expansion funding which was previously ringfenced within the Specific Revenue Grant.

3.2 – Challenges related to the operation of VHA

Both spheres of government have worked to practically embed and use the VHA principles in both new work and existing areas of dialogue and collaboration. That has not been straightforward, particularly where some policies and programmes of activity were already underway and well advanced in both thinking and implementation. This has meant there are areas where work has been reframed around the approach the VHA promotes, to encourage the two spheres of government to work together.

Early, open and regular dialogue and the support of the Local Government Relationship team in the Scottish Government and Corporate Team in COSLA, has helped to navigate some of the challenges that exist. This remains a work in progress. However, as the principles of the VHA are embraced over time and the agreement's principles are adopted and followed from the outset of policy development, these "retrofitting" experiences in some policy areas should become less necessary.

The principles in the VHA are high level and therefore, in the course of their application, will continue to need to be interpreted and applied to different circumstances. The VHA itself states that it is a high-level framework and a statement of intent for how the working relationship and partnership between the spheres of government should operate. It is therefore inevitable that at times each sphere of government, and other stakeholders, will interpret that its provisions should have been applied one way or another to different events. There may not always be absolute agreement on the course of action required.

While there are a number of examples of challenges from the past year which are outlined below, these instances could be more consistently captured in future years through the work of the COSLA Corporate Team and Scottish Government Local Government Relationship team. As we progress, they will seek to play a more central role in supporting engagement through the development of further guidance and supporting a more coherent and consistent approach to partnership working.

Taking the above into consideration the following examples have been highlighted as areas of challenge related directly or indirectly to the operation of the VHA. These are also examples of opportunities to build on the principles of the VHA and understand what is needed to be able to move forward in a positive and proactive way, which enables meaningful and effective delivery of our shared priorities for the benefit of our communities.

Organisational understanding

- There is scope for better organisational understanding of respective structures and ways of working. For example, a need for Local Government to better understand the scale and interconnectedness of Scottish Government directorates and Public Bodies, and a need for Scottish Government to improve their understanding of Local Government, its breadth and scale and the competing demands placed on it by directorates and Public Bodies. There is also a need for Scottish Government to better understand the role of COSLA as the membership body established by Councils to negotiate and represent Local Government on a cross-party consensus-basis.

It may be the case that meaningful compromise cannot or will not always be found on certain issues where there is varied impact across Councils for COSLA to represent an absolute collective view and therefore for the Scottish Government to respond to.

There is also a challenge in addressing the Local Government position in favour of local variation and flexibility, when that can be construed as an automatic barrier against discussing national policy. There is a need to be clear respectively about evidence, to build understanding, and to address openly the opportunities of both local flexibility and national policies or frameworks that enable and empower local systems and partners to implement in a manner that address local challenges with a view to achieving overall national progress and improvement.

Historical Areas of Disagreement verses VHA principles

- The ongoing disagreement about the policy on the maintenance of teacher numbers demonstrates that the VHA has not effectively supported the resolving of historical issues. This is especially the case where there are competing national and local democratic mandates for ministers and councillors to deliver - whether they be Programme for Government, manifesto, parliamentary, Council or Locality plan commitments. From a Local Government perspective, the decision to remove Regional Improvement Collaboratives, without having first seen the evidence, added to this challenge as there was no prior consultation or warning.

Both spheres of government have statutory duties to deliver improvement in education. This is proving difficult to reconcile as Ministers consider that to drive forward their priorities for improvement and reform requires more than the principles of the VHA. Councils view ministerial actions to ring fence or remove specific funding as a barrier to achieving the aim of improving education by preventing the best use of resources that meet the needs of children, young people and their families determined by local circumstances. The Scottish Government has put forward several proposals and compromise options for an Education Assurance Board, which to date have been rejected by COSLA Leaders. The Scottish Government sees establishing such a forum as critical to making progress on improving outcomes for children and young people. There is agreement that compromise is required but an understanding of the separate, yet shared role and democratic mandates of local and national politicians is required.

Agreement on outcomes measures and an effective Accountability and Assurance arrangement is critical to achieving shared national ambitions through effective local delivery that can be agile and responsive to the needs of the service user.

Resource and Capacity

- We have seen the impact of limited resource and capacity across Scottish Government and COSLA, leading to both the Fiscal Framework and Accountability and Assurance Arrangements work being delayed significantly.

The capacity challenges have also been evidenced in feedback from a range of policy areas. Given the rapidly evolving and broad circular economy policy landscape, there are capacity challenges to ensure ongoing, crucial local government input in many aspects of policy development and delivery. The Scottish Government-Local Government Strategic Steering Group for Circular Economy and Waste is a key joint initiative to manage this challenge, providing shared oversight and ensuring timely, targeted input at the right level in key areas.

Local by default, national by agreement seen as a barrier

- The maxim of local by default, national by agreement is designed to promote early proactive engagement and discussion between Scottish Government and COSLA to consider how best to deliver effective shared national priorities. There is an understanding that local flexibility is important, coupled with an equal understanding that there will be certain approaches that benefit from and are able to be delivered in a consistent way.

The National Care Service is a continued area of challenge, while both spheres of government agree on the need for improvement, there has been a view across Local Government that the approach taken reflects a lack of trust in local systems and a firm belief that the intention is simply to remove duties and services from local democratic control, which fails to recognise the integrated nature of local services and therefore the negative impact on the ability to maintain them, should parts of the workforce be removed. At the same time, the Scottish Government is concerned that without strong shared accountability and transparency and an ability to more actively

support local systems as necessary and appropriate, under the aegis of a National Care Service Board, there cannot be an improvement to the services people see being delivered. As this is being worked through, consistent with the joint framework, there is an absolute agreement by both spheres of government that improvement is required and a willingness to work together on the best solution to deliver which respects both party's democratic roles and mandates and the shared commitment to deliver our priorities.

Transparency and Accountability

There is a challenge for both spheres about the ability to assess progress and deliver transparently, understand how funding has been used for the stated purpose, and hold each other to account. Scottish Government have had this challenge from both Parliament and through stakeholders' groups – e.g. National Advisory Council on Women and Girls. Local Government experiences this challenge from not only Scottish Government but from scrutiny bodies, local communities and Parliament.

Trust is built where there is transparency and scrutiny which supports all parties, including democratically elected individuals in Councils and Parliament, to effectively understand and challenge progress or the lack thereof. Mutual trust is central to the VHA.

3.1 – Learning

Understanding how success has been reached and what works well is imperative to the success of the VHA and overcoming the challenges encountered. Teams from both COSLA and Scottish Government were asked to share examples of good practice and different ways of working which have supported better relationships and delivery. To illustrate these, we have pulled together the key actions and words that were repeated throughout the feedback.

ongoing engagement

communities of practice

open and supportive

compromise

local authority networks

share progress

shared knowledge

evidence based

close working

place based

actively share good practice

working together

welcome feedback

community led solutions

shared aims

data modified or streamlined

highlight issues

RELATIONSHIP

constructive and pragmatic challenge

variation based on local need

shared governance

trust

3.4 – Looking forward

With a focus on continuous improvement and to ensure the ongoing effectiveness of the VHA, the following areas will be a priority focus over the next year:

- Shared governance - A key priority for Scottish Government and COSLA over the coming year will be to identify opportunities to improve our partnership approach, both in terms of action and accountability, to fully reflect the shared responsibilities of both the Scottish Government and Scotland's Councils.
- Resolution - There is a collective need to come together in spaces such as Education and Health and Social Care to reset the relationship approach and understand the shared accountability and individual and collective statutory responsibilities, so that the public and Parliament are able to hold Councils and Ministers to account respectively.
- Engagement - How both spheres of government can continue to engage meaningfully and collectively in respect of services or parts of the system which require improvement of the whole system to ensure shared priorities are delivered.

The next focused pieces of work that will support the above at the strategic level are agreement and implementation of the Accountability and Assurance arrangements and further progressing the Fiscal Framework.

3.5 - Strategic Engagement

Building on a pre-existing Engagement Plan, the VHA commits local and national government to regular meaningful forms of strategic engagement to ensure any issues are highlighted and progress is being made towards the three shared priorities. The VHA sets out the following as a guide to engagement for each year:

- Bi-annual First Minister and COSLA President Meeting
- 4 x Political Meeting including Presidential Team, COSLA Leadership Sounding Board and select Cabinet Ministers
- 5 x Strategic Review Group – Cabinet Secretary for Finance and Local Government, Minister for Public Finance and COSLA Presidential Team
- Monthly Relationship Meetings – membership same as SRG meetings

There have been Ministerial re-shuffles since the Strategic Engagement formalisation in 2021 which has meant Ministerial membership has varied. Engagement is crucial to the success of the relationship and VHA. This stocktake provides an opportunity to review the current range of meetings to ensure the frequency of the meetings supports the desired outcomes and compliments the policy lead engagement of other portfolio Ministers and Spokespeople. We agreed the importance of building on the successful political meeting held earlier this year on the theme of NSET, and plan for two of these a year with a clear theme and purpose that allow for early proactive engagement, with a focus on open and honest dialogue about the delivery both locally and nationally of our shared priorities.



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