

power for the public

reform
scotland

About Reform Scotland

Reform Scotland is an independent, non-party think tank that aims to set out a better way to deliver increased economic prosperity and more effective public services based on the traditional Scottish principles of limited government, diversity and personal responsibility.

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Executive Summary

Objective

One of the findings highlighted by Reform Scotland's first report, "Powers for Growth", was the correlation between a declining level of public spending as a share of GDP and an improvement in economic growth. As a result, the report recommended more limited government in Scotland. Following on from this conclusion, "Power for the Public" examines government spending in Scotland and whether the increases in expenditure over the last decade have produced a corresponding improvement in the performance of public services. The report breaks down government spending by its major expenditure items. It then takes the three largest single areas of spending – health, education and justice – and compares the Scottish model with the different models adopted in other countries to provide each of these services. Based on the findings, we recommend some broad principles of policy which should underpin the reform of public services in Scotland. How these policy principles should be applied in practice will be explored in more detail in later papers.

Findings

- Scotland has been spending more money in real terms on public services:
 - The total Scottish budget has grown by 44% in real terms over the last 10 years to £30billion (**Figure 1**);
 - Health, education and justice spending, which together make up 47% of the total Scottish budget, grew in real terms by 55%, 87% and 44% respectively over the last 10 years (**Figure 2**).
- Despite the large increase in resources, and despite expenditure levels as a percentage of GDP being on a par with other European countries, public services in Scotland have produced mixed results:
 - Although there have been improvements in life expectancy, waiting lists have reduced and mortality rates for major diseases have improved, Scotland compares poorly with other European countries, including England (**Section 2.1**);

- Attainment in schools has increased over recent years and, although still high, the number of people leaving school and not entering education, employment or training is falling. However, Scotland performs below a number of other European countries, including England, in international education rankings (**Section 3.1**);
- Unlike health and education, where there have been mixed results, crime rates in Scotland have increased. Total crimes and offences have increased by 14% over 10 years, including increases in violent crime and antisocial behaviour and a study by the UN found Scotland to be the most violent country in the developed world (**Section 4.1**).
- We have looked at models of public service provision in other countries to examine common features of successful systems and find out why Scotland is trailing behind. In general:
 - There is a large diversity of models, making use of the public, private and voluntary sectors, across different services and countries with different systems achieving successful results;
 - Where public services are accountable to people and local communities, they continue to enjoy high levels of satisfaction;
 - There is a trend that those models which devolve management responsibility towards the operating level generally provide more effective services at lower cost;
 - Models which allow for greater diversity of provision lead to increased customer choice and improved standards, for example the education systems in the Netherlands and Sweden.

Policy Recommendations

- **Direct local accountability:** We would recommend that public services are more directly accountable to the people and local communities they serve. In healthcare and education, this means finding ways of empowering patients and parents so that these services develop to suit their needs and wishes, whilst in policing it requires new methods of ensuring direct, democratic accountability to local communities.

- **Devolved decision making:** We would recommend that operational decisions are taken as close as possible to the people they affect. This empowers those that are directly managing and providing the service, so that they can respond to the needs and wishes of individuals, families and local communities. It also helps management to implement quickly changes that can make the service more effective both in terms of quality and cost. The most cited reason for the success in reducing crime rates in New York is the introduction of locally based police divisions responsible for determining their own strategy as to how to reduce crime in their precinct.
- **Diversity of provision:** We would recommend a more diverse approach to the provision of public services. Diversity can come from having different approaches in different areas as well as a wider range of providers. This means
 - In policing, local communities should be able to adopt different approaches to tackling crime based on the specific needs and problems in their area;
 - In health and education, systems would benefit from a more diverse range of service providers, supplementing public sector provision by making full use of the experience and innovation of the voluntary sector as well as the private sector. In other countries, there is a balance between the state providing funding and regulating services and a whole plethora of organisations from local authorities and charities to churches and profit-making companies providing the service.

This greater diversity would extend choice for the users of these services and this process would in turn drive innovation and higher standards as new, better ways of providing services are discovered and implemented. In such a system, a key role for government is collating information on the outcomes of these diverse approaches so that others may emulate successful ways of doing things.

Conclusion

There are many aspects of public services in Scotland of which we should be proud starting with the enormous number of dedicated individuals who work within them. We should also cherish the principle that everyone in our society is guaranteed access to vital public services such as health and education irrespective of their ability to pay. However, we should recognise that many other European countries can point to equally dedicated staff in their public services and adhere to this principle of universal access without organising their public services along the same lines as ours.

With regard to the performance of public services in Scotland, the conclusion of this paper is that, in general, the improvements have not matched those seen in some other countries despite major real increases in government expenditure over the last 10 years. Therefore, we need to look at how we can reform these services in order to build on their good points, improving their quality and effectiveness as well as ensuring that they deliver better value for money.

To achieve this we need to look at other countries to see what enables their public services to perform better than ours. The next stage is to see how the lessons from other countries might be applied in Scotland for each of the areas of public service. This is the objective of our forthcoming papers on subjects such as health, education, crime and local government. The common features of successful systems in other European countries are greater diversity of provision, the devolution of operational responsibility to a local level and clear accountability to the people and communities they serve. In short, our public services are too centralised and we need to move in the direction of greater decentralisation if we are to improve performance.

1. Introduction – spending in Scotland

1.1. Setting the scene

In 2006-7, total Scottish Identifiable Public Expenditure was just over £44billion. Of this, just under £30billion, or 67.5%, was made up by the Scottish Budget¹. This £30billion is often referred to as the Scottish Block Grant and is given to the Scottish Government by Westminster. This budget is used to pay for devolved areas of government, including the health, education and justice systems – the key public services.

Reform Scotland's first paper, "Powers for Growth", illustrated the correlation between falling public spending as a share of GDP and faster economic growth. As well as examining the level of public spending in Scotland, it is also necessary to look at productivity and whether Scotland is seeing the improvements in our public services that would be expected given the extra money invested in recent years, which will be discussed in more detail in this paper.

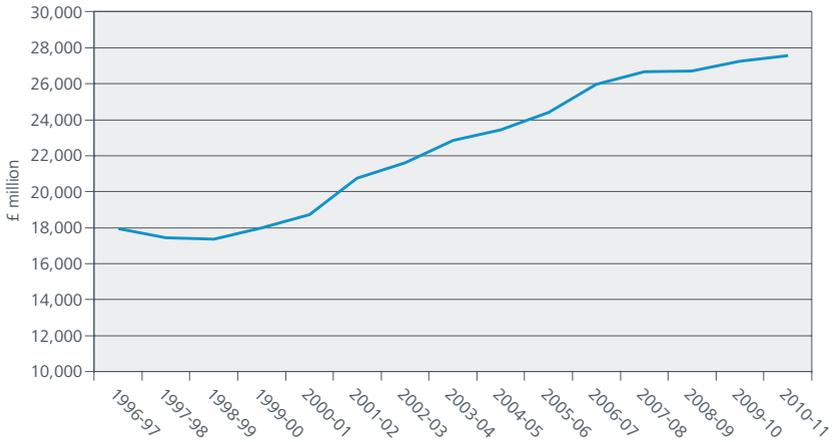
1.2. What's been spent?

An examination of public spending should first set out historic data. However, in Scotland we find ourselves in the situation where budget documents provide data for only 3 years and, due to changes in departments and accounting, can generally not be compared with previous years. This has been a problem in the Scottish Parliament since devolution and, as a result of pressure from the Finance Committee, the Scottish Executive published

¹ S3W-8431 by John Swinney on 27th September 2007

“The Scottish Executive’s Expenditure: Comparative Trends” in 2004². These figures were updated in a written answer by John Swinney in February 2008³ which allows the trend in spending to be illustrated over a longer period.

Figure 1: Real terms (2007/08 prices) spending by the Scottish Government, from 1996/7 to 2010/11



Source: Scottish Parliament Written Answer S3W-8431

Figure 2 illustrates how spending has changed in different departments over the past decade. The graph illustrates the spending under the heading of the different Cabinet Ministers⁴. Their portfolios cover the following main responsibilities, all of which are devolved to the Scottish Parliament⁵:

- 2 Scottish Executive, ‘The Scottish Executive’s Expenditure: Comparative Trends 1996-7 to 2005-6’, October 2004
- 3 S3W-8431 by John Swinney on 8th February
- 4 Although cabinet portfolios are more closely matched to the new civil service directorates, they are not a perfect match. For example, housing is the responsibility of the Health & Wellbeing Cabinet Secretary, but comes under the justice directorate in the civil service.
- 5 Scottish Government Website

Finance & Sustainable Growth

- Economy
- Scottish Budget
- Local government
- Planning
- Business and industry including Scottish Enterprise, Highlands and Islands Enterprise
- Voluntary sector and the social economy
- Energy and climate change
- Tourism
- Transport
- Scottish Water

Health & Wellbeing

- Health service including NHS and health promotion
- Dentistry
- Community Care
- Substance misuse
- Sport
- Social inclusion
- Housing and regeneration

Education & Lifelong Learning

- All school and nursery education
- Further and higher education
- Training and skills
- Children's services
- Children's hearings
- Social work

Justice and Crown Office & Procurator Fiscal Service

- Justice system from police to courts and civil law to victim support

Rural Affairs & the Environment

- Agriculture
- Fisheries
- Forestry
- Environment and natural heritage
- Land reform

Office of the First Minister

- Promoting and representing Scotland
- Constitutional affairs
- Europe
- Culture and the arts

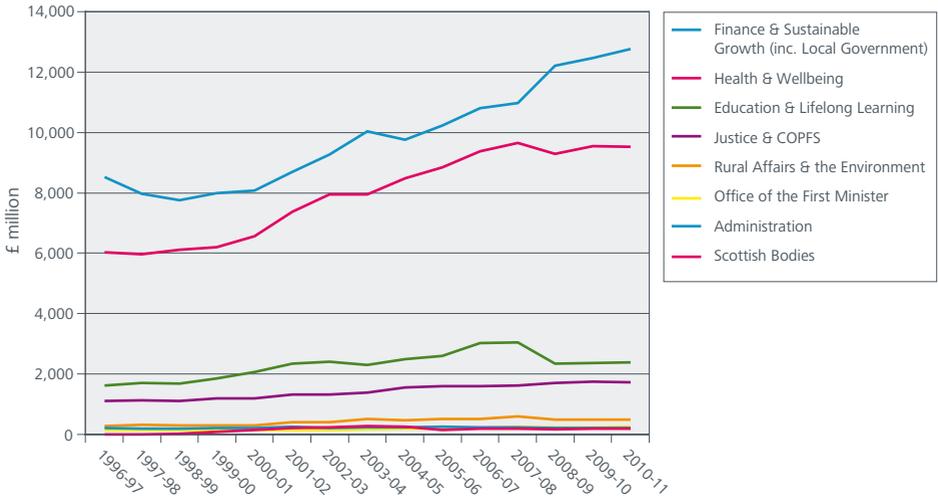
Administration

- Core administration of the Scottish Government

Scottish Bodies

- Audit Scotland
- Scottish Parliamentary Corporate Body
- Food Standards Agency
- Forestry Commission
- Office of the Scottish Charity Regulator
- National Archives of Scotland
- General Register Office for Scotland

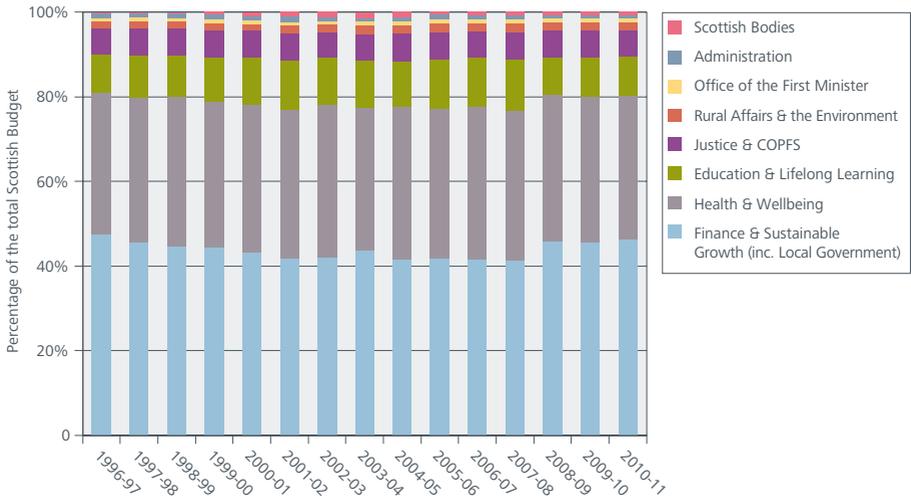
Figure 2: Real terms (2007/08 prices) spending by the Scottish Government, by department, from 1996/7 to 2010/11



Source: S3W-8431

The information illustrated in **Figures 2 and 3** is based on the breakdown of the Scottish budget and doesn't, therefore, take account of what is spent by local authorities in these subject areas. This is particularly relevant for school education, which is largely paid for by local authorities. However, gross revenue expenditure by local authorities on school education has almost doubled in cash terms from £1.98billion in 1996/7 to £3.89billion by 2005/6⁶.

Figure 3: Distribution of spending between Scottish Government departments, 1996/7 - 2010/11



Source: S3W-4438

The biggest spending area is that of Finance and Sustainable Growth, which is hardly surprising given the breadth of responsibilities it covers, including grants to local authorities and transport. The next three biggest spending areas are more focused and cover the key public services – health, education and justice. Over the period from 1996/97 to 2006/7, **Figures 2 and 3** illustrate a real terms 44% increase in criminal justice expenditure, a 55% increase in health expenditure, and an 87% increase in education expenditure – an undeniably large injection of money into public service delivery in Scotland. Over the same period, Scotland’s population increased by 5% to just over 5.1million.⁷

However, has that money been well spent and is the Scottish public getting value for money for all the additional expenditure? To help answer that question, this report provides a brief overview of the structure of the delivery of the different public services, what the key statistical indicators show, how Scotland compares with other countries and what possible lessons Scotland can learn from other systems around the world.

There are a number of other issues which have a significant impact on health, education and crime levels in Scotland, particularly with regard to lifestyle choices – including what we eat, how we live, the values we hold as well as socio-economic factors. Such issues are not covered in this report, but will be examined in future Reform Scotland reports which will study each public service in more detail.

2. Healthcare

2.1. Overview of the Scottish health service

Healthcare in Scotland is dominated by 14 National Health Service (NHS) boards, which are responsible for the planning and provision of health services for their local populations based on local need. Six of the NHS boards are coterminous with one local authority – NHS Borders, Dumfries & Galloway, Western Isles, Orkney, Shetland and Fife. The other eight – NHS Lothian, Greater Glasgow, Forth Valley, Highland, Ayrshire & Arran, Grampian, Tayside and Lanarkshire - cover more than one council area. Most non-executive lay members of the boards are appointed by Scottish Ministers; though a councillor from each of the local authorities covered also sits as a non-executive lay member. Money flows directly from the Scottish Government to the health boards on the basis of need using the Arbutnott Formula⁸. Central government is also responsible for setting national objectives and holding the NHS to account for these objectives.

Within health boards are Community Health Partnerships (CHPs) to help provide a more seamless link between primary and secondary care. Although still relatively new, CHPs provide a number of community based services and work closely with councils, hospitals and community groups.

In addition to the geographical health boards, there are a number of additional Special Health Boards, which provide services across Scotland, such as NHS 24 and the Scottish Ambulance Service.

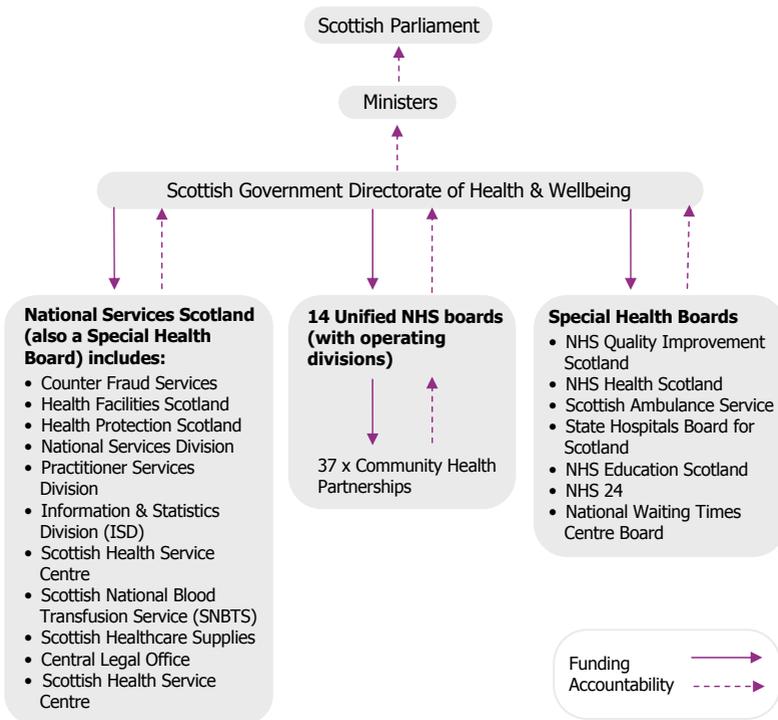
There are three types of healthcare delivery: primary care is provided through GP practices and community health services; secondary care is generally provided in hospitals, and includes both elective and emergency care; and tertiary care covers clinical specialities.

Scottish people can register with a GP practice provided they live within its catchment area and the surgery has vacancies for new patients. GPs tend

⁸ The Arbutnott Formula works out each health board's share of the Scottish health budget based on the board's population share as well as three indices based on needs due to age-sex profiles, morbidity and life circumstances and excess cost due to remoteness.

to be independent employees contracted by an NHS board. Although the contract tends to be agreed on a UK basis, NHS boards still have a degree of flexibility to retain GPs as salaried NHS employees. By registering with an NHS GP, patients can gain access to the full range of NHS health services in their area, including specialist care.

Figure 4: Current structural organisation of the Scottish NHS



Source: Based on Robson. K, The National Health Service in Scotland, June 2007, SPICe briefing 07/32

Over the long term, people in Scotland are living longer and survival rates from major diseases are increasing. However, such improvements should be expected when considered alongside advances in medical research.

The Health and Wellbeing budget accounts for a third of the total Scottish budget and has increased by 55% in real terms over the past decade. To assess whether this increase in expenditure has generated value for money there are three types of outcome that have been considered – general public health levels, the efficiency of treatment and the impact of treatment.

General public health

- Male life expectancy at birth has increased from 72.4 years in 1996-1998 to 74.6 years in 2004-2006 while female life expectancy at birth has increased from 78.1 years to 79.6 years.⁹
- Infant mortality has fallen from 5.7 deaths per 1,000 live births in 1995-1999 to 4.5 deaths in 2006.¹⁰
- The incidence of major illnesses has fallen in recent years:
 - The standardised rate for Coronary Heart Disease (CHD) per 100,000 people has fallen from 463.5 in 1997 to 307.5 in 2006;¹¹
 - The standardised rate for strokes (cerebrovascular disease) per 100,000 people has fallen from 235.6 in 1997 to 166 in 2006;¹²
 - The standardised rate for cancer per 100,000 people has fallen from 471.9 in 1997 to 451.5 in 2004 for men, and from 392.8 to 387.9 for women.¹³
- However, despite these improvements, Scotland's life expectancy is below that of the Organisation for Economic Co-operation and Development (OECD) average of 81.4 years for women and 75.7 years for men¹⁴ and is also below the worst performing region in England.¹⁵

⁹ GROS

¹⁰ ISD, Scottish Perinatal and Infant Mortality and Morbidity Report 2006, 2007

¹¹ ISD, October 2007

¹² ISD, October 2007

¹³ ISD, April 2007

¹⁴ OECD, Health at a Glance, 2007. The UK's life expectancy is 76.9 for men and 81.1 for women.

¹⁵ Department of Health, Health Profile of England 2007, 2007. The North East was the worst performing area of England with life expectancy for men at 75.4 years and 79.8 years for women.

Efficiency of treatment

- The Scottish NHS workforce, not including GPs, has increased from 108,398.6 Whole Time Equivalent (WTE) in 1997 to 130,344.3 WTE in 2007. The number of GPs has increased from 3,739.9 WTE in 1997 to 4,073.8 WTE in 2005.¹⁶
- Finished Consultant Episodes¹⁷ per staff dropped from 138 in 1996/7 to 126 in 2000/01. In England, although the figures also dropped during the same period, the numbers are far higher at 221 in 1996/7 and 206 in 2000/01.¹⁸
- Waiting lists for inpatient and day cases have fallen by 23% from 110,891 at 31 March 1998 to 84,932 at 31 March 2007.¹⁹
- Although the number of people on waiting lists has reduced, the time waited has increased. At 31 March 1998, the median wait for inpatient and day cases was 35 days with 85% of people seen within 18 weeks. By 31 March 2007, the median wait had increased to 44 days, whilst 85% of people were seen within 18 weeks.²⁰
- For outpatients, the median wait at 31 March 1998 was 43 days with 90.7% of people seen within 18 weeks. By 31 March 2007 the median wait increased to 48 days, whilst the percentage of people seen within 18 weeks actually fell to 84.2%.²¹

¹⁶ ISD, NHS Workforce statistics. 2005 is the latest year available for WTE GP numbers.

¹⁷ A Finished Consultant Episode is defined as a period of admitted patient care under one consultant within one healthcare provider.

¹⁸ Irving, B & Ginsberg, I, "England Vs Scotland: Does more money mean better health?", Civitas, June 2004

¹⁹ ISD, Inpatient / Day Case waiting list census data

²⁰ ISD, Inpatient / Day Case waiting times data

²¹ ISD Outpatient waiting times data

Outcome of treatment

- Mortality rates for the major illnesses have improved:²²
 - The standardised mortality rate for CHD per 100,000 people has fallen from 208.4 in 1997 to 125 in 2006;
 - The standardised mortality rate for strokes per 100,000 people has fallen from 91.3 in 1997 to 62.1 in 2006;
 - The mortality rate for cancer per 100,000 people has fallen from 225.6 in 1997 to 209.8 in 2005.²³
- Survival rates have also improved:²⁴
 - The percentage of people surviving 30 days or more following their first emergency admission for Acute Myocardial Infarction (AMI) or Angina rose from 97.65% in 1997 to 98.44% in 2006;
 - The percentage of people surviving 30 days or more following their first emergency admission for a stroke increased from 75.19% in 1997 to 80.77% in 2006.
- Despite the improving survival and mortality rates, when compared to other countries Scotland does not perform as well:
 - Scotland's five-year survival rate for female cancer sufferers was the lowest out of 22 countries at only 48% in a study carried out by the National Cancer Institute in Milan.²⁵ The survival rate for men was fourth from bottom at 40.2%. This compares to 52.7% for women and 48% for men in England;
 - According to the British Heart Foundation, death rates from CHD have not been falling as quickly in the UK as in a number of other Western countries. Additionally, the premature death rate for CHD for men living in Scotland is almost 60% higher than in the South West of England and more than double for women.²⁶

²² ISD, October 2007

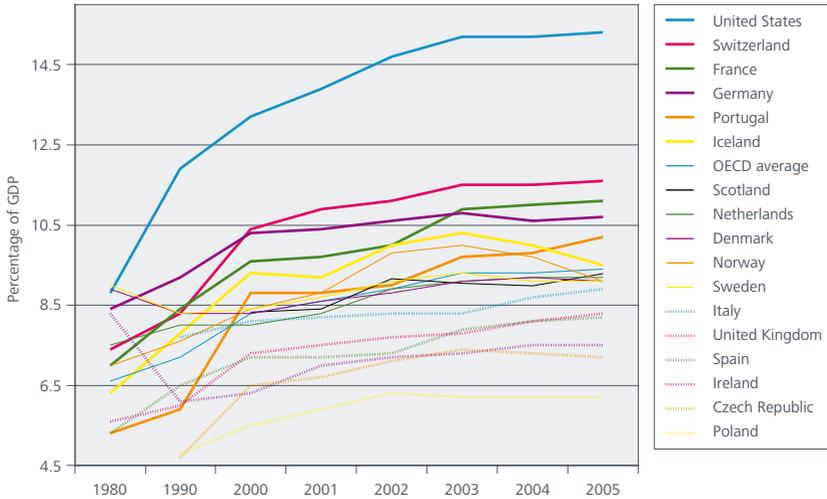
²³ S3W-1918

²⁴ ISD, October 2007

²⁵ Daily Telegraph, "UK cancer survival rate lowest in Europe", 24th August 2007

²⁶ British Heart Foundation, 2006 Coronary Heart Disease Statistics, 2006

Figure 5: Health expenditure as a percentage of GDP²⁷



Source: OECD Health at a Glance 2007, PESA

As illustrated in **Figure 5**, although Scotland's spending on healthcare as a percentage of GDP is slightly below the OECD average, it is higher than that of the UK²⁸ as a whole and a number of other European countries which perform better on a number of the key indicators discussed above. To examine why this might be the case, it is necessary to look at what other countries do differently. The following section examines two different healthcare systems.

²⁷ Figures for Scotland are estimated using the spending per head index in PESA 2004 & 2007. For example in 2001-02 health spending in Scotland was 112 to the UK's 100. OECD Health at a Glance states that UK expenditure as a percent of GDP was 7.5. $1.12 \times 7.5 = 8.4$. Therefore we can estimate health spending in Scotland in 2001 was 8.4% GDP.

²⁸ PESA 2007. In 2007 spending per head on health was £1,575 for the UK as a whole and £1,788 in Scotland.

2. 2 Case studies - Denmark & Switzerland

Denmark

Denmark is one of only a few countries which operate a system similar to the Scottish one, in that it is free at the point of use and isn't predominantly funded by private health insurance. Denmark also has similar cultural problems to Scotland including high levels of smoking, high alcohol consumption, eating fatty food and taking too little exercise.²⁹

Key statistics

- Spending as a percentage of GDP in 2005 was 9.1% in Denmark, slightly lower than the OECD average and Scotland but higher than the UK as a whole.
- Life expectancy in Denmark at birth for women was 80.2 years and 75.6 years for men in 2005. This is marginally below the OECD average, but above Scotland. Infant mortality is better than the OECD average and Scotland at 4.4 deaths per 1,000 live births.³⁰
- There is a high level of user satisfaction with healthcare services. The 1998 Eurobarometer survey showed that 91% of Danes were satisfied with their healthcare – the highest ranking country. In contrast, the UK polled 57%.³¹

How healthcare is organised

- Built on the principle of universal, free and equal access for all.
- Mainly financed through local taxation.
- Responsibility lies with the lowest possible administrative level.
- Central Government's main functions are to regulate, coordinate and advise.

The Danish healthcare system is funded through local taxation and freely available to all, like the Scottish system. However, responsibility for the funding, managing and operation of healthcare is devolved down to local councils and municipalities. In 1999, 82.2% of total expenditure on healthcare

²⁹ Ministry of Interior & Health, Healthcare in Denmark, 2001

³⁰ OECD, Health at a Glance, 2007.

³¹ Blendon. R, Kim. M, Benson. J, The Public Versus The World Health Organization On Health System Performance, Health Affairs, May/June 2001

was financed by a combination of state, county and municipal taxes.³² Local taxes are supplemented by state subsidies and money is also transferred between areas, through central government, on the basis of need. These transfers and subsidies are agreed annually as part of the budget negotiation between central and local government. It is through these negotiations that central government is able to influence health policy by earmarked grants to assist in achieving particular targets, such as reducing waiting times, or highlighting priority areas such as cancer treatment.

Devolving the operation of healthcare to such a low level has meant that local areas have a strong sense of autonomy and are, therefore, often resistant to centrally-driven initiatives. There can also be differences in the healthcare delivered in different areas, however, this often takes into account different local priorities.

In addition to state funding, there is also a growing element of private expenditure on healthcare. About 30% of the population has complementary Voluntary Health Insurance (VHI)³³ to cover the cost of statutory co-payments applied to dental care, prescriptions, glasses and physiotherapy. Supplementary VHI is also available, which allows people to jump waiting lists. While only around 5% of the population have this cover, partly because there is not much in terms of improved amenities, the figure is increasing due to the existence of tax incentives for employer-purchased insurance.³⁴

As in Scotland, GPs act as the gatekeepers to specialists and hospital care. However, Danes have more say over who acts as their GP, being able to choose a GP from those operating within 10km of their home and able to change their GP every six months, though in practice few do. Due to collaborations between different GPs and GP practices, GP services are available 24 hours a day. Danes also choose from two GP options. In Group 1, access to GPs is free at the point of use. In Group 2, people must pay part of the cost of a visit to a GP but are free to visit any GP or specialist without referral from a GP, whilst paying the cost of all services except hospital treatment. However, only 1.7% of the population have opted for the additional benefits of Group 2.³⁵

³² European Observatory on Healthcare Systems, HiT summary: Denmark, 2002

³³ European Observatory on Healthcare Systems, HiT summary: Denmark, 2002

³⁴ Civitas, Background Briefing. Healthcare Lessons from Denmark, 2002

³⁵ European Observatory on Healthcare Systems, HiT summary: Denmark, 2002

In addition to choosing a GP, since 1993 Danes have been able to choose to be treated in any public hospital in the country, as well as in a small number of private hospitals. About 99%³⁶ of hospital beds are in the public sector and deliver a high standard of inpatient care. Wards generally only have two beds and everyone uses the same public hospitals.

Switzerland

Key statistics

- Second most expensive healthcare system in the OECD after the USA, with spending at 11.6% of GDP in 2005.³⁷
- Life expectancy at birth for women was 83.9 years and 78.7 years for men in 2005. This is above the OECD average, with only Japan higher. Infant mortality is also better than both Scotland and the OECD average at 4.2 deaths per 1,000 live births.³⁸
- Mortality rates from coronary heart disease and stroke are the lowest in the OECD. The age standardised rate per 100,000 people is 26.2 deaths for women and 33.2 for men.³⁹

How healthcare is organised

- Compulsory health insurance system, with universal coverage.
- Means-tested subsidies for the less well off.
- Healthcare arranged at a local (canton) level.
- State restricted to more of a regulatory role.

³⁶ Civitas, Background Briefing. Healthcare Lessons from Denmark, 2002

³⁷ OECD, OECD and WHO survey of Switzerland's health system, 2006

³⁸ OECD, Health at a Glance, 2007

³⁹ OECD, Health at a Glance, 2007. These figures are not directly comparable with Scotland due to differences in calculating the figures.

Switzerland is a very diverse country (there are four official languages) with strong local cantons and a high use of local referenda, which have been used for very local issues such as hospital enlargements.⁴⁰ This means that the electorate can, and do, have a great deal of influence over healthcare policy. There is no state-run health service, though the 23 cantons are responsible for regulation, hospital accreditation and finance as well as disease prevention and health education. As a result, each canton operates a slightly different healthcare system, allowing the opportunity to learn from good practice in other parts of the country.

All people in Switzerland must have compulsory basic social insurance, which covers a statutory package. Insurers are not allowed to refuse an application for the compulsory basic social insurance, and individuals are allowed to change their provider up to twice a year. As the package is fixed, insurers compete on the basis of premiums and deductibles, such as co-payments, within cantons. The premiums are federally regulated and are based on areas rather than an individual. Therefore, everyone with a certain insurer in the same area pays the same, regardless of individual circumstances. Every individual over three months old has to be insured separately, though there are much lower premiums for children and those in education up to 25 years old.

For those on low incomes, the law states that the premiums must be reduced and are paid for by means-tested tax financed subsidies from the state. About a third of people receive subsidies and the least well off have virtually the full premium paid for them.⁴¹ The Federal Government also provides subsidies for inpatient care, which can mean that insurance providers favour inpatient treatment as the Government helps pay part of the cost.

There is freedom of choice amongst recognised healthcare providers for the insured. However, people in Switzerland must have a regular GP, though it is not compulsory to be referred to hospitals and specialists through your GP.

⁴⁰ Civitas, *The Swiss Healthcare System*, 2002

⁴¹ www.reform.co.uk/website/reformaroundtheworld/switzerland.aspx

2. 3 Health lessons for Scotland

Although the Danish and Swiss health systems are very different there are a number of common themes:

- The service is designed to meet the needs of the patient. For example, citizens can choose their GP and have far greater access to GP services outwith normal office hours than in Scotland.
- Patients can choose where they receive treatment rather than being directed arbitrarily by the state.
- Healthcare, although financed by the tax payer in Denmark, is not delivered by central government in either case study.
- Health services have strong incentives to respond to patient needs, a key driver of innovation and quality.
- Healthcare, whether state or privately financed, is decentralised and is the responsibility of the lowest tier of government. This creates a more diverse and accountable system along with a greater sense of community ownership.

3. Education

This paper focuses on school education. There are a number of other elements to education including further and higher education, as well as outside influences which affect educational outcomes. These areas will be examined in future Reform Scotland reports.

3.1 Overview of the Scottish education system

Even before devolution, the Scottish state education system was entirely autonomous from the English system with its own curriculum, examinations and legislative framework. School is split into primary (age 5-12) and secondary (age 12-16/18) with the main examinations generally being sat in 4th year of high school (Standard Grades), 5th year (Highers), and 6th year (Highers and Advance Highers). Pupils can leave school at the end of 4th year provided they have turned 16. There are currently no proposals in Scotland to extend the school leaving age to 18, as proposed in England.

Central government supports state education through the Revenue Support Grant paid annually to Scottish local authorities. The local authorities pay for education provision using this resource as well as revenue raised through local council tax. Each local authority determines its own education budget, regardless of the amount provided by central government. Teachers are employed and paid by the local authority.

Children are allocated a state primary and secondary school on the basis of the catchment area in which they live. However, parents can lodge a placing request asking for their child to be allocated a place in a different school, though such requests are not always successful. In 2006/7, 13% of families with children starting secondary school put in placing requests to a school outside their catchment. For those with children starting primary, the proportion increased to 22%.⁴² 88.1% of requests for primary schools and 79.6% for secondary schools were granted. Although there are large variations between local authority areas, the figures indicate a significant number of parents wanting more choice and say in the education of their children.

⁴² Placing Requests in Schools in Scotland 2006/07, Scottish Government, March 2008

At the end of 2007, the OECD published a “Review of the quality and equity of education outcomes in Scotland”. The report praised a number of areas of Scottish education stating it was one of the

“... best performing education systems in OECD countries.”

where

*“... many children prove to be a year or two in advance of expected levels and a larger proportion of children than previously reported pass at the highest level in examinations in the final year of compulsory education.”*⁴³

The OECD report also pointed to a number of growing problems in the Scottish system including gaps in achievement and an increasing number of young people leaving school with minimal qualifications. As in health and crime, there are a number of non-education related factors that have an impact on educational attainment, including home life and culture. Those issues are not examined in this report but will be studied in future Reform Scotland reports.

In terms of measuring the success of the Scottish education system, there are two broad levels – how children perform whilst in school, and the educational attainment with which they leave school.

Education performance in schools

- The number of teachers has increased from 47,761 in 1997 to 51,893 in 2007 while the ratio of teachers to pupils has fallen from 15.7 to 13.3.⁴⁴
- In 2006/7, 54% of S2 pupils have not achieved the expected level E in numeracy, 47% had not reached the expected level E in writing and 57% had not reached the expected level E in reading.⁴⁵
- In 2006/7, just 39.2% of pupils achieved the benchmark of five good standard grade passes including English and Maths, down from 43.8% in 2005/6. In England the equivalent GCSE figure rose from 45.3% to 45.7%.⁴⁶

⁴³ OECD Press release, “OECD gives good marks to Scottish schools, recommends further improvements”, 11 December 2006

⁴⁴ Teachers in Scotland 2007, Scottish Government, March 2008

⁴⁵ Scottish Survey of Achievement, Scottish Government December 2007. Level E is the level which most pupils should be able to reach by the end of S2, although some pupils may be able to reach Level F.

⁴⁶ Meirs, T, How good are Scotland’s Schools, Policy Institute, October 2007. Good grades are classed as Standard grades 1-3, Intermediate-2 A-C or Intermediate-1 A in Scotland and GCSE grades A*-C in England.

- Due to the difference in education systems and examination systems around the world, it is harder to assess the performance of Scotland against other countries. However, there are a number of different international studies that measure education performance in key areas such as maths, reading and science. Unfortunately, Scotland is not always included in all of these. However, where Scotland has been included, the performance was mixed:
 - Scotland was ranked 26th with a score of 527 in the Progress in International Reading Literacy Study (PIRLS) 2006, compared to England which ranked 19th with a score of 539;⁴⁷
 - Scotland was ranked 18th with a score of 498 in the Trends in International Maths and Science Study (TIMSS) 2003;⁴⁸
 - Scotland scored 515 for science, 506 for maths and 499 for reading in the Programme for International Student Assessment (PISA) 2006. All the figures were higher than the OECD average and the maths and reading figures were higher than the UK as a whole. However, Scotland's results have fallen when compared to previous years.⁴⁹

End of schooling

- Although still at a high level, the percentage of pupils leaving school and not entering education, employment or training has fallen from 16% (9,661) in 1996/7 to 14% (7,825) in 2006/7.⁵⁰
- In 2006/7, 4.1% (2,369) of pupils left school with no qualifications at access 3 cluster or Standard Grade 5-6 or better (level 3),⁵¹ down from 5.4% (3,150) in 1997/98.⁵²
- In 2006/7 the percentage of school leavers with at least five standard grades at grade 4+(level 4) was 80.1% (46,276)⁵³ up from 75.2% (43,875) in 1997/98.⁵⁴

⁴⁷ Progress in International Reading Literacy Study 2006, TIMSS & PIRLS International Study Center, Boston College. 2007

⁴⁸ Trends in International Maths and Science Study 2003, TIMSS & PIRLS International Study Center, Boston College. 2004. England scored 498, equalling Scotland, however did not meet participation guidelines.

⁴⁹ Scottish Government, *PISA 2006: Highlights from the Scottish results*, December 2007

⁵⁰ Scottish Government, *Destination of leavers from Scottish Schools 2006/07*, December 2007

⁵¹ S3W-11055.

⁵² S3W-11055.

⁵³ S3W-11055.

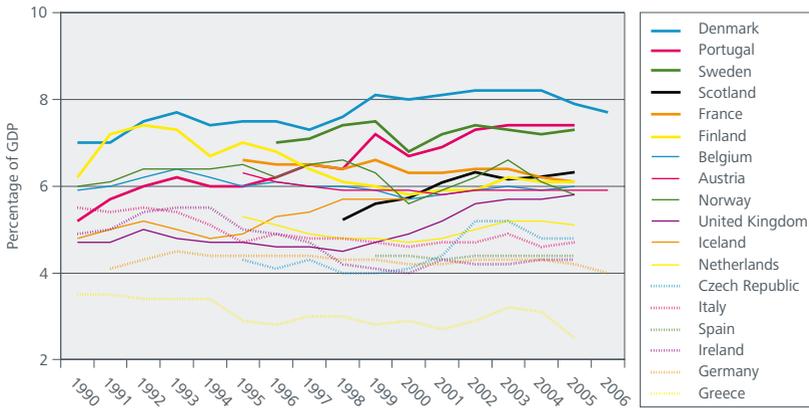
⁵⁴ S3W-11055.

- The number of pupils leaving school with at least one higher (level six) has fallen from 43.1% (25,146) in 1997/98 to 42.1% (24,323) in 2006/07.⁵⁵

These results in education are mixed. Whilst school exam results are improving, as the OECD report noted, too many pupils leave school and don't enter further/higher education, training or work. Where Scotland was once a leading light in education, our performance in international studies is becoming mediocre.

Other countries are performing better, despite the fact that Scotland's education and lifelong learning budget has increased by 87% in real terms over the past decade. Indeed, government expenditure on education and training as a percentage of GDP in Scotland is higher than England⁵⁶ and amongst the highest in Europe, as illustrated by **Figure 6**.

Figure 6: Government spending on Education as a percentage of GDP⁵⁷



Source: Eurostat, PESA

⁵⁵ S3W-11055.

⁵⁶ PESA 2007. In 2007 spending per head on education and training was £1,194 for the UK as a whole and £1,319 in Scotland.

⁵⁷ Figures for Scotland are estimated using the spending per head index in PESA 2004 & 2007. For example in 2001-02 Education & Training spending in Scotland was 117 to the UK's 100. Eurostat states that Government Education spending as a percent of GDP for the UK was 5.2% in 2001. $1.17 \times 5.2 = 6.1$. Therefore we can estimate Government education spending in Scotland in 2001 was 6.1% GDP. Whilst it should be noted that the PESA figures are for education and training, while Eurostat's figures are just for Education, this still gives us a best guess of education spending as a share of GDP compared to other European countries.

Given Scotland's level of investment, the education system could be performing so much better. In order to find out why the education system in Scotland isn't performing as well as it could, and what lessons could be learnt to improve educational attainment in Scotland, two other examples of education systems have been examined.

Sweden spends more as a percentage of GDP than Scotland, whilst the Netherlands spends less, though both operate similar education systems and generally outperform Scotland in international league tables.

3. 2 Case studies - Sweden & the Netherlands

Sweden

Key statistics

- As illustrated in **Figure 4**, government spending on education and training is amongst the highest in Europe.
- In PIRLS 2006, Sweden was rated 10th for reading and literacy in primary school with a score of 549, well above the average of 500. (Scotland scored 527.)⁵⁸
- Ranked 12th best performing country in maths in PISA 2006, with a score of 502 significantly above the OECD average⁵⁹ though slightly below Scotland.

How education is organised

- Voucher based system introduced in 1992 where 100% of the average cost per student in state schools can be used to send a child to any school of the parents' choice, both within the state and independent sectors.
- About 10% of pupils are educated in independent, publicly funded schools.⁶⁰
- Schools are not allowed to charge top-up fees or select pupils on the basis of ability.

⁵⁸ Progress in International Reading Literacy Study 2006, TIMSS & PIRLS International Study Center, Boston College. 2007

⁵⁹ The Programme for International Student Assessment 2006, OECD, 2006.

⁶⁰ Cowen. N., School Choice in the UK & overseas, Civitas

Prior to education reforms in the early 1990s, funding of state schools in Sweden came from central government though the schools were operated by the local municipalities the lowest tier of local government. State funded schools also had to operate under strict national rules and regulations issued by central government. As in Scotland, children were allocated a school on the basis of the catchment areas they lived in.

Following reforms to Sweden's education system in 1992, independent schools were given the right to receive funding from municipalities. A voucher system was introduced which allowed parents to take 85% of the average cost of educating a child in their municipality and send their child to an independent school, or to choose to send their child to another state school. In 1997, the voucher was increased to 100%.

Central government approves potential schools through the National Agency for Education. If the Agency judges that a school fulfils basic requirements, such as meeting academic standards and adhering to the national curriculum, the school is entitled to the voucher funding, regardless of whether it is religious, charitable or for-profit. However, once a school is established, it is not allowed to charge top-up fees, and must allow entry to all children regardless of ability or religion.

Parents play a very powerful role in the Swedish system. As well as being able to choose the school they feel is best for their child, they are also able to change their child's school and therefore take their money elsewhere. As a result, unpopular schools will lose pupils and close. This makes schools responsive to the demands of parents and the needs of children, as they determine funding, rather than central or local government. This applies both to schools run by the local municipal governments and the independent sector, and has increased competition between schools which has coincided with improved results in both the state and independent sectors.

From 90 independent schools in 1992, the figure increased to 565 in 2004/5, accounting for 11% of all schools.⁶¹ A research study conducted by Mikael Sandstrom and Fredrik Bergstrom for the Research Institute of Industrial

⁶¹ Green, G and Cackett, B, School choice and equality – learning from overseas experience, Civitas

Economics found that school results in public schools in Sweden had improved due to the introduction of competition.⁶²

Netherlands

Key statistics

- Government spending on education and training is below the EU average.
- Fourth best performing country on the science scale in PISA 2006 with a score of 525, which is significantly above the OECD average.⁶³
- In TIMSS 2003, the Netherlands was ranked 7th in maths performance of 13/14 year olds, scoring 536, well above the international average of 467. (Scotland scored 498.)⁶⁴
- In PIRLS 2006, the Netherlands was rated 12th for reading and literacy in primary school with a score of 547, well above the average of 500. (Scotland scored 527.)⁶⁵

How education is organised

- Parental freedom of choice of schools is enshrined in the Constitution of 1917 with the per capita cost of state education paid direct to the school of the parents' choosing.
- Any group of parents or other party can set up a school as long as they are approved by the Ministry of Education.
- Government controls all staff levels and pay rates, while municipalities have to provide the finance for all school buildings, whether in the state or independent sector.
- 70% of children attend independent schools.⁶⁶

⁶² Sandstrom. M & Bergstrom, F, "School Vouchers in Practice: competition won't hurt you!", Research Institute of Industrial Economics, Working Paper No. 578, 2002

⁶³ The Programme for International Student Assessment 2006, OECD, 2006

⁶⁴ Trends in International Maths and Science Study 2003, TIMSS & PIRLS International Study Center, Boston College. 2004

⁶⁵ Progress in International Reading Literacy Study 2006, TIMSS & PIRLS International Study Center, Boston College. 2007

⁶⁶ Cowen. N, School Choice in the UK & overseas, Civitas

Parental choice of school education in the Netherlands has been enshrined in the Dutch Constitution since 1917. This allows for the average per-pupil cost of state education to follow a pupil to the school of the parents' choosing. The money goes directly to the school from the Ministry of Education. The amount that follows each pupil is weighted to take account of their socio-economic background. As a result, children coming from lower income families can receive up to 190% of the standard level.

As in Sweden, it is relatively easy for any group of parents, or organisation, to set up a school. Only 50 parents are needed in towns of fewer than 25,000 people, or 125 parents in towns of more than 100,000. It is perhaps unsurprising, therefore, that 65% of schools in the Netherlands are privately run.⁶⁷ A number of vocational and specialist schools have also emerged in the independent sector.

Once a school receives state funding, it must teach the national curriculum, face regular inspections and ensure that pupils sit national exams. Every pupil is also given a number, which enables their educational achievement to be monitored throughout their education.

Again, as in Sweden, parents have a powerful role in education, both in the state and independent sectors as it is easy for public school students to transfer to a private school if they become dissatisfied with the education they are receiving.

⁶⁷ www.reform.co.uk/website/reformaroundtheworld/netherlands.aspx

3. 3 Education lessons for Scotland

Although spending varies quite considerably between Sweden and the Netherlands, both systems are built on choice and giving parents a greater say in the education of their child. A number of features are evident in both systems:

- It is not necessary for government to be both the funder and deliverer of education.
- Parents play a powerful role in both public and independent sectors as it is easy for them to remove their children and transfer to a different school if they become dissatisfied with the education on offer. This means that headteachers and governing bodies, whether in the state or independent sectors, are more accountable to parents than to government officials.
- The competition between schools for pupils has driven up standards across all schools, including those in the public sector.
- The fact that it is easy to set up independent schools, which can then receive state funding, has resulted in an increase in the number of schools as well as greater diversity of provision.
- Parents, rather than the state, choose the school a child will attend.

4. Policing

The Scottish criminal justice system covers a wide range of areas from policing, prosecution and prisons to victim support, children’s hearings and rehabilitation. This paper will focus purely on the policing service because it is the foundation on which the enforcement of law and order is built. However, future Reform Scotland reports will examine the full scope of the Scottish criminal justice system.

4.1 Overview of policing in Scotland

There are eight territorial police forces in Scotland. Two forces, Dumfries & Galloway and Fife, are governed by unitary police boards made up of councillors from only one council as they each cover only one local authority area.⁶⁸ The remaining six forces, Central, Grampian, Lothian & Borders, Northern and Strathclyde each cover many local authority areas. As a result, their respective police boards are comprised of councillors from each of the local authorities the force covers.

The Police (Scotland) Act 1967 provides for the ‘tripartite’ sharing of legal responsibility for policing by Chief Constables, Scottish Ministers and Police Boards. Generally, Scottish Ministers have policy responsibility for law and order; Police Boards are responsible for determining the budgets available to the police force, determining officer numbers and appointing senior officers; whilst Chief Constables are responsible for operational matters including police deployment. This separation of powers in the Scottish structure is designed to ensure that operational matters do not become politicised.

Of all public services in Scotland, crime is the easiest area in which to measure success or failure because the outcome is less subjective. Unfortunately, it is also the easiest area in which to demonstrate that the Scottish tax payer has not received value for money over the past decade. Whilst politicians point to the fact that overall crime is falling, violent crime has increased, as has antisocial behaviour, as illustrated in **Table 1**. There are also a growing number of

⁶⁸ Fife Police Board and Dumfries & Galloway Police Board also cover the same health board areas.

persistent young offenders, who, without effective early intervention, will simply continue these habits into adulthood.

When compared to other countries, Scotland also performs poorly. In the UN's Crime & Justice Research Institute study in 2005, Scotland was found to be the most violent country in the developed world.⁶⁹ Similarly, the Centre for Social Justice recently reported that there are more gangs in Glasgow than there are in London⁷⁰, despite London's population being far greater than that of Glasgow.

Table 1: How crime has changed over the past 10 years

	1996/97	2006/07	Difference
Justice & COPFS budget (real terms) ⁷¹	£1.116billion	£1.603billion	+44%
Total crimes	439,571	419,257	-5%
Total crime & offences	899,987	1,024,857	+14%
Crimes & offences clear up rate	66.6%	74.4%	+12%
Non sexual crimes of violence	13,542	14,099	+4%
Handling an offensive weapon	6,513	10,110	+55%
Drug crime	25,754	42,422	+65%
Vandalism/fire raising	86,025	129,734	+51%
Murder victims	110	119	+8%
Drug related deaths	244	421	+73%
Children referred to children's reporters on offence grounds ⁷²	16,252(2003/04)	16,490	+1%
Persistent child offenders ⁷³	1,201(2003/04)	1,429	+19%
Percent of convicted offenders re-convicted within 2 years ⁷⁴	44%	45% (2003/04)	+2%
Police numbers ⁷⁵	14,788	16,368	+11%

Despite this backdrop, Scottish spending on public order and safety as a percentage of GDP is still amongst the highest in Europe, as illustrated by **Figure 7**.

⁶⁹ Tweedie, K, Scotland tops list of world's most violent countries, The Times, 19/9/05

⁷⁰ Centre for Social Justice, Breakthrough Glasgow, 2008

⁷¹ S2W-24534

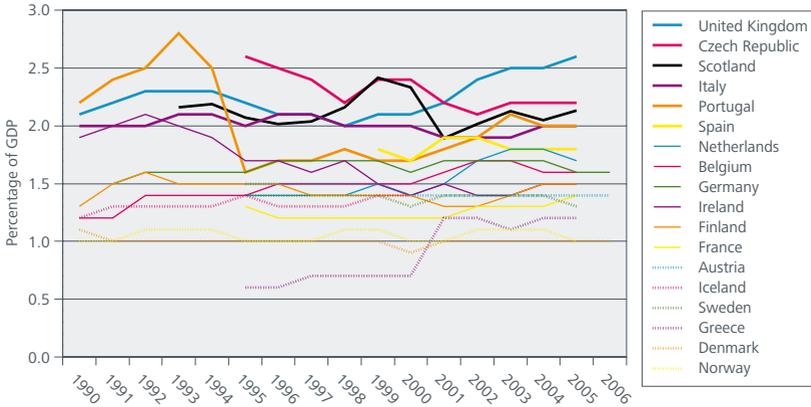
⁷² Scottish Children's Reporter Administration, Youth Justice Data

⁷³ Scottish Children's Reporter Administration

⁷⁴ Scottish Government, Reconviction rates of offenders discharged from custody or given non-custodial sentences in 2003-04, October 2007

⁷⁵ Scottish Government Website, Police Statistics

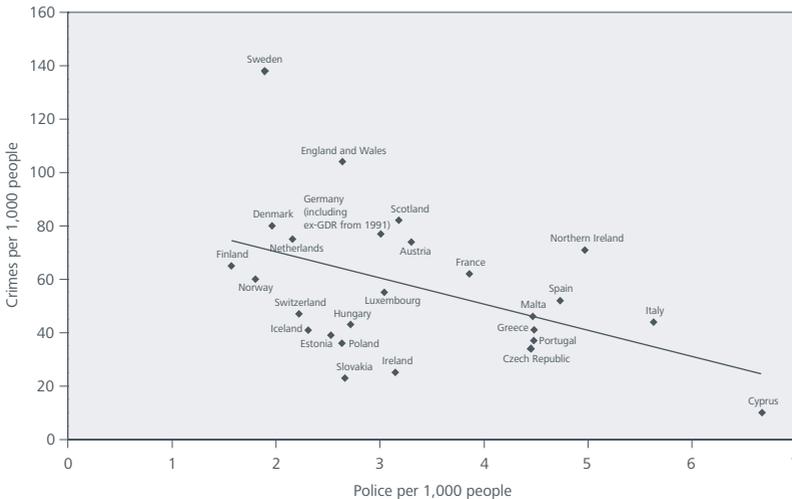
Figure 7: Government spending on public order and safety as a percentage of GDP⁷⁶



Source: Eurostat, PESA

A key debate in recent years in relation to crime has centred around police numbers. **Figure 8** illustrates a correlation across European countries between police numbers and crimes committed.

Figure 8: Relationship between police numbers and crime, 2005



Source: Eurostat, Scottish Government

⁷⁶ Figures for Scotland are estimated using the spending per head index in PESA 2004 & 2007. For example in 2001-02 public order & safety spending in Scotland was 86 to the UK's 100. Eurostat states that Government public order and safety spending as a percentage of GDP for the UK was 2.2% in 2001. $0.86 \times 2.2 = 1.89$. Therefore we can estimate Government public order and safety spending in Scotland in 2001 was 1.89% of GDP.

In **Figure 8** Scotland's crime rate is higher than it should be given the police numbers, whereas other countries have a lower crime rate with fewer police officers, for example Ireland.

A study in Kansas City, Missouri in 1972 examined the impact of the presence of police in patrol cars.⁷⁷ One area was given the standard volume of car patrols, another area double, and a third area had very little patrol car presence at all. The results indicated that the volume of police patrols in cars had very little impact on crime.

This shows that it is not just the number of police officers that is important, but how they are deployed.

In December 2002, Her Majesty's Inspectorate of Constabulary in Scotland published 'Narrowing the gap: police visibility and public reassurance – measuring public expectation and demand'. One of the findings of the study was that only 22.6% of the total number of police officers are available for patrol or to attend incidents at a given time. Of this figure, only 4% are allocated to foot patrol. On this basis, it would mean that there were only 148 police officers on the beat at any one time in Scotland.⁷⁸

So although police numbers have increased in recent years a call for more 'bobbies on the beat', has remained a top priority for voters at election time.⁷⁹

The separation of powers within the governance structure of policing means that politicians can only increase resources to allow more police officers to be recruited. They cannot interfere in operational matters. So how can the public demand for more 'bobbies on the beat' be met?

The best example of a change in policing structures leading to a dramatic fall in crime is the experience of New York City over the past 20 years. New York City proves that an increasing crime rate isn't inevitable and the tide can be turned.

⁷⁷ Sparrow. M, et al, Beyond 911: A new era for policing, 1990

⁷⁸ Her Majesty's Inspectorate of Constabulary, Narrowing the Gap: Police visibility and public reassurance- Managing public expectation and demand, Scottish Executive, December 2002. In 2006/7 there were 16,368 police officers. $16368 \times 0.226 \times 0.04 = 148$

⁷⁹ In an ICM poll commissioned by the BBC ahead of the Scottish elections in 2007, respondents ranked "more bobbies on the beat" as their second top priority. In the same poll commissioned ahead of the 2003 elections, it was the top priority.

4. 2 Case study - New York City

New York City's achievement in reducing crime is well documented and has been replicated in other areas within the United States and the rest of the world. In the 1970s and 80s, New York City was seen as a dangerous crime ridden city, an image that it has managed to cast off thanks to innovative policing policies introduced by former Mayor Rudolph Giuliani and his Police Commissioner, William Bratton. As well as overseeing a big increase in police numbers, Giuliani and Bratton introduced a far more accountable and transparent police service combined with a zero-tolerance approach to policing based on the 'broken windows' theory.

The 'broken windows' approach to policing is centred on the idea that no minor crimes are overlooked and the police pay attention to areas such as prostitution, vandalism and reducing begging. In order to do so, more police officers have to be on the beat in neighbourhoods, not simply driving around in cars. Together these policies can reduce fear, strengthen communities and therefore help to prevent serious crime.

As Bratton says in an article in the National Review⁸⁰:

"Citizen fear, created by disorder, leads to weakened social controls, thus creating the conditions in which crime can flourish."

Most people are not the victims of serious crime, rather their lives are blighted by lower level crime and anti-social behaviour. By addressing this low level crime, people can see crime being tackled and, as a result, have greater confidence in the police. This helps regain the trust of local communities and in turn means that individuals are far more willing to come forward to the police with information which can help solve more serious crime. Such a strategy also sends out a deterrent message to potential law breakers that if they commit a crime it is far more likely that they will get caught.

Alongside 'broken windows' policing, reforms to the structure of New York City's police department were introduced making policing far more decentralised and accountable. As well as handing down more responsibilities

⁸⁰ Bratton, W & Kelling, G, There Are No Cracks in the Broken Windows, National Review, 28/2/06

to precinct commanders, precinct commanders were also made more accountable for the decisions they took.

The NYPD published localised weekly crime statistics which were followed up with 'Compstat' meetings at borough headquarters. As well as having to answer for any failings on their patch and being questioned on what action was being taken to correct problem areas, precinct commanders were also able to learn from good practice from other precincts. This system meant that there was a clear line of accountability from the precinct to the electorate; precinct commanders were accountable to the police commissioner - and the commissioner was accountable to the Mayor who was, in turn, accountable to the electorate.

The results of the changes in the policing regime were staggering⁸¹:

- Total crime fell by over 67% between 1993 and 2004.
- Burglaries fell from over 275 a day in 1993 to less than 90 a day in 2004.
- Public spaces, such as Times Square, were reclaimed for the law abiding majority.

4. 3 Policing lessons for Scotland

Comparing the changes in crime rates in New York City with Scotland's largest city, Glasgow, over the past 10 years identifies an alarming trend. There is now more violent crime per head in Glasgow than in New York. 10 years ago, violent crime per capita in New York was almost twice the rate in Glasgow, today Glasgow is 16% higher. Even allowing for minor differences in definition, this paints a worrying picture for the law abiding majority who live in the city. In addition, with Glasgow hosting the Commonwealth Games in 2014 it does not send out a very positive message to the rest of the world.

⁸¹ www.reform.co.uk/website/crime/abetterway/newyork.aspx

Table 2: New York City vs Glasgow⁸²

Total	Murder		Robbery		Violent crime ⁸³	
	Glasgow	NYC	Glasgow	NYC	Glasgow	NYC
1997 (08) ⁸⁴	30	769	1,914	44,718	4,117	92,866
1998 (09)	29	633	2,219	39,378	4,856	85,915
1999 (00)	39	671	1,950	36,108	4,965	78,971
2000 (01)	30	667	1,677	32,601	4,456	75,739
2001 (02)	34	649	1,618	28,206	4,919	68,737
2002 (03)	40	587	1,766	27,229	5,077	63,840
2003 (04)	33	597	1,486	25,989	4,975	59,448
2004 (05)	39	570	1,431	24,373	4,701	55,688
2005 (06)	32	539	1,200	24,722	4,182	54,623
2006 (07)	33	596	1,275	23,511	4,225	52,086
Crimes per 100,000	Murder		Robbery		Violent crime	
	Glasgow	NYC	Glasgow	NYC	Glasgow	NYC
1997 (08)	5.08	10.15	324.04	590.34	697.02	1225.95
1998 (09)	4.94	8.32	377.99	517.51	827.19	1129.09
1999 (00)	6.69	8.78	334.51	472.38	851.70	1033.14
2000 (01)	5.20	8.33	290.63	407.09	772.24	945.76
2001 (02)	5.88	8.04	279.99	349.27	851.23	851.17
2002 (03)	6.93	7.24	305.88	335.85	879.36	787.43
2003 (04)	5.72	7.34	257.50	319.67	862.08	731.22
2004 (05)	6.75	6.98	247.72	298.52	813.79	682.06
2005 (06)	5.54	6.62	207.73	303.59	723.94	670.78
2006 (07)	5.71	7.22	220.71	284.96	731.39	631.30

Source: NY Division of Criminal Justice Services, US Census Bureau, Scottish Recorded Crime Statistics, GROS.

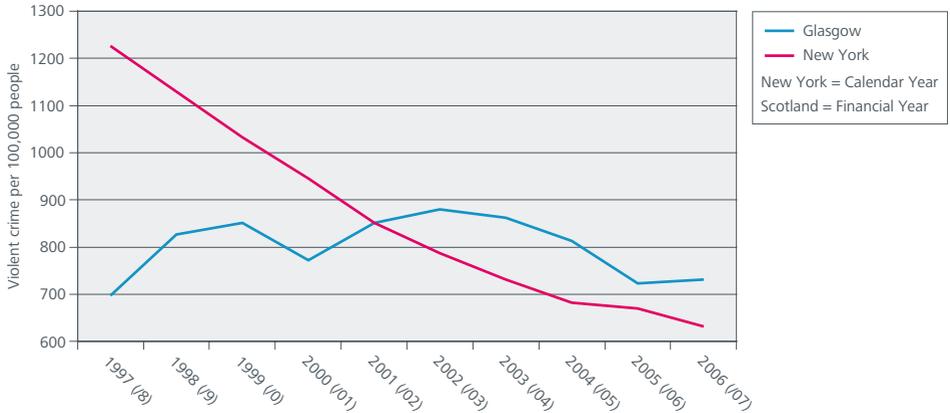
⁸² Total crimes are not included in the table due to different definitions of crime used in New York City and Scotland.

⁸³ Scottish figures derived from non sexual crimes of violence + rape & attempted rape

⁸⁴ New York City's crimes are calculated on a calendar year basis, while Glasgow's are on a financial year basis.

The change in the rate of violent crime over the past decade is more clearly illustrated in **Figure 9**:

Figure 9: Number of violent crimes per 100,000 people 1997(/8) to 2006(/7)



Whilst there are undoubtedly a number of other factors which can have an impact on crime rates, such as prison policy and family breakdown, the broad principles behind the reforms in New York City still offer a number of lessons for Scotland:

- Policing as a whole is devolved down to a city-wide level, whilst operational policing responsibilities are decentralised further to very local areas, with a clear line of accountability that ultimately leads back to the electorate.
- Regularly publishing very localised crime statistics ensures greater transparency and accountability.
- Increasing the police presence on foot within communities breeds trust and helps build relationships between communities and the police.
- Zero tolerance of all crimes means that all crime is dealt with and no crime is overlooked. The law abiding majority therefore see the problems that they face in their everyday lives being addressed, whilst potential law breakers are deterred because it is more likely they will be caught.

5. Conclusions

The purpose of this paper was to examine whether public services in Scotland have produced value for money for all the extra millions of pounds that have been spent on them over the past decade and, if not, what can be done to improve this situation.

The findings show that whilst there have been many areas of improvement in health and education over the past decade, when compared to other countries, there is room for improvement. In crime, the findings are much starker as crimes and offences have risen and Scotland has been described as the most violent country in the developed world by the UN. Given that expenditure as a percentage of GDP is on a par with many other European countries, there is no reason why Scotland cannot do better.

There are clearly a number of other factors that can affect public service outcomes such as lifestyle and cultural choices including those for which individuals, not government, must take responsibility and which have not been examined in this report. Further Reform Scotland papers will examine in greater detail the mechanics of each public service in turn along with potential externalities.

However, the lessons from the case studies examined point to a number of broad principles of policy that should underpin reform of our health, education and justice systems. How such policy principles can be adopted will be the focus of individual Reform Scotland reports on health, education and crime.

Direct local accountability

We would recommend that public services are more directly accountable to the people and communities they serve. In other countries, public services are far more responsive to local needs because there are clearer lines of accountability to the public, not just to central or local government.

In healthcare and education, this means adopting ways of empowering patients and parents so that these services develop to suit their needs and wishes, whilst in policing it requires new methods of ensuring direct, democratic accountability to local communities.

Devolved decision making

Following on from the first recommendation, we recommend that decentralising public services to a far more local level would improve the lines of accountability and help make public services far more responsive to the demands of the user, rather than the state. This empowers those that are directly managing and providing the service, so that they can respond to the needs and wishes of individuals, families and local communities. It also helps management to quickly implement changes that can make the service more effective both in terms of quality and cost. Devolving control of public services to a more local level, would allow services to respond far better to the needs of local communities as well as ensuring greater accountability to the electorate rather than to central government.

Diversity of provision

We would recommend a more diverse approach to the provision of public services. Diversity can come from having different approaches in different areas as well as different providers and therefore applies to policing as well as to health and education. In policing, local communities should be able to adopt different approaches to tackling crime based on the specific needs and problems in their area. Just as different precincts in New York City adopted different methods, this allows new ideas to be tested as well as leading to policing policies that best serve the local community, rather than a one size fits all approach.

In health and education, whilst the state provides funding for public services, government doesn't need to run them, and there would be a benefit from a more diverse range of service providers, supplementing public sector provision by making full use of the experience and innovation of the voluntary sector as well as the private sector. In other countries there is a balance between the state funding and regulating services and a whole plethora of organisations from local authorities and charities to churches and profit-making companies providing the service. This in turn provides a better choice to patients and pupils who are able to capitalise on the experience and innovation available across all sectors.

As well as regulating the system, the government would have a key role in collating and publishing information on the outcomes of all providers. This will ensure that the public are fully empowered, driving innovation and leading to higher standards across the country.

A charge often thrown at diversity is that it creates a postcode lottery with standards varying across the country. In fact, the centralised system has not achieved consistent high standards, with a wide variation in performance between the best and the worst.

The centralised system of targets and controls stops services catering for local needs, despite the fact that the needs of urban and rural communities are very different. At the same time, it prevents the innovation necessary to raise standards for everyone.

Diversity of provision across the country does not necessarily mean that services are 'better' or 'worse', merely that they reflect local priorities. However, if there are differences in quality, the dynamism associated with decentralised systems is more likely to lead to higher standards so that the average is better than the best achieved within a centralised, uniform system.

*"It is time to complete the post-war journey - from Attleeism through Thatcherism to Blairism – from the state being in charge to the state empowering the citizen to be in charge – from "they control" to "we control."*⁸⁵

Alan Milburn MP, Secretary of State for Health 1999-2003

⁸⁵ Milburn, A, "Be bold Gordon, trust the people", Sunday Times, 16/3/08

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