Ministers Reflect
Andy Kerr

27 September 2018

Biographical details

Scottish parliamentary history

1999–2011: Labour Party Member of the Scottish Parliament for East Kilbride

Scottish government career

2001–04: Minister for Finance and Public Services

2004–07: Minister for Health and Community Care

Andy Kerr was interviewed by Akash Paun and Tess Kidney Bishop on 27 September 2018 for the Institute for Government's Ministers Reflect project.

Andy Kerr reflects on making tricky spending decisions, trying to reform a "dysfunctional" health system, implementing the smoking ban and warding off pressure from Blair and Brown to follow UK policy in Scotland.

Akash Paun (AP): You were appointed Minister of Finance and Public Services by Jack McConnell [First Minister of Scotland, 2001–2007] in 2001. What are your memories of that day and coming into office for the first time?

Andy Kerr (AK): There was an expectation [that I would be made a minister], because Jack was either becoming the First Minister or had already become the First Minister. I worked quite closely for Jack over his campaign to become First Minister, and then there was a respectful radio silence over what he was going to do with the Cabinet. Nobody in his team had asked for anything and nobody in his team were promised anything in terms of a ministerial role. But you had expectations, and media speculation was rife around who was going to get what.

I arrived at the building to be called up to see him, and I actually rode in the lift up to his office with the person who was going to become my private secretary, though I didn't know who she was from Adam. Then Jack asked me to become Minister of Finance and Public Services, which obviously I was pleased to do. There had been speculation in all sorts of roles, but I was quite happy with that.

I think a lot of the folk in the Scottish Parliament were slightly different because we'd not been in politics that long. I'd only been in politics a couple of years. I'd never been an elected member at local council level or in Westminster or anywhere else so there was a genuine excitement around what you can do with this, as opposed to fitting into somebody else's model of doing it. Whilst I saw other ministers in the Scottish Government in action and I'd watched politics all my days and I'd met people in the past, you have your chance to do it in your own style. I'd thought about that beforehand. Obviously, if you become Finance Minister, it's about the efficiency of public spending, it's about political priorities and putting your money behind those priorities. It very quickly became clear that it was quite a significant political role, because obviously the policy and the money go together, as do spending review processes around the politics of money.

AP: Because you did not know that you were going to get that specific job, you had not planned this beforehand?

AK: No. My background was public and social enterprise. I had ran a number of businesses for a while, I'd done a lot of things so maybe that had interested Jack. Plus, to be brutally honest, I was also a key ally of Jack and if you're going to put somebody in

charge of the money, and therefore the political priorities, then you put somebody in charge that you can trust and that you have a relationship with. I'm under no illusion about that. It reflected my own skillset but there were also political dimensions as we were close allies and that's obviously part of that process of becoming a Finance Minister.

AP: What was it actually like on day one when you were appointed?

AK: It's ironic that you ask this question because I do tell this story quite frequently. I was very quickly ushered into a room where civil servants were looking for a decision. At that time GHA, which is the Glasgow Housing Association, was in a bit of turmoil around its formation and its development. My recollection was going into a room and being told by all these people that I needed to agree to a spend of £250,000 to help bolster an organisation that people were unsure of at that time. I hadn't looked at the organisation because it wasn't something I'd done before and I didn't know that much about it, but I knew from the headlines in the papers it was an organisation in some degree of difficulty. Essentially, it was saying if we don't pay this money over, this thing is going to collapse.

I asked for more information and was handed an A4 sheet of paper, which wasn't even filled down to the bottom of the page. I did use a phrase that I sometimes regret because the civil servants' eyebrows raised quite significantly. I said: "I couldn't order a brush in the cleaning department without justification and now you want me to spend £250,000 with this level of justification?" I could see the size of the concern going around the table, but I really felt as though I'm not going to spend £250,000 without knowing the purpose of it. Was I putting good money after bad? What is the plan? How would this make a difference? All of those things that I think the taxpayer expects you to do as a Finance Minister. What's the value in this? What is the long-term benefit? What is the change it's going to deliver? What is the outcome it's going to achieve? I saw the painful looks and I said: "Come back to me in an hour or so with some more justification and we'll take it from there." I then had a wee chat with my new PS [private secretary], Lindsay, who had been the previous minister's PS, and we had a very good conversation. She was very, very useful in that sense of talking to me about the role and how she perceived it. As we did that, the civil servants came back with a much deeper and more meaningful explanation of why that money should be spent. That was the first 'cheque' I wrote on behalf of the Scottish Government.

AP: So you were confronted with a decision very early on?

AK: Whether it's £250 million or £250,000 or £25, my view was if we're going to work together going forward, I want to know more than half a sheet of A4.

AP: So your first impression of the policy officials was not that positive then?

AK: It wasn't about positivity, it was about understanding why I want to work here, because I ended up changing quite a lot of things. There were systems that they

operated that presumably suited other ministers but it just didn't suit me. So it wasn't a criticism, it was just a 'let's understand each other'. It wasn't about saying that I have a downer on the civil service, I didn't come with any attitudes like that. I just said: "Look, that's how I work, guys, let's understand this from the outset. If we're going to spend the taxpayers' money, I want to know more. And I want to be able to go to bed at night thinking that was the right decision. I don't want to go to bed at night thinking: "Crikey, I'm not sure if I should have done that or not", and that's what it's about.

AP: Was it just about different ministers having different styles? Or was it partly also because devolution was still in its early stages and the Scottish Office had operated for a long time without ministerial involvement at the level that it then had to get used to?

AK: I would put it down to styles. I would speak to other ministers who would not have done what I did and others who might have done more than I did. We all came here as individuals, it was just my way of wanting to do things. I do that in the world of work. When I'm asked to sign off somebody's expenses here [at Sense Scotland, as Chief Executive] or asked to spend money on behalf of Sense Scotland, I want to know more.

AP: How about your private office? You mentioned your Private Secretary as a key appointee?

AK: I have to say there was the initial embarrassment of 'why do I need all these people?', and then realising if I didn't have these people, I'd be dead. I have to say that whilst I have a huge respect and some concerns about the civil service, I never had those concerns about the private office. I ended up going from a backbencher – who was supported by the one Member of Parliament staff as the Chair of the Transport and Environment Committee – to coming into an office with a diary secretary and an assistant diary secretary, a private secretary, an assistant private secretary and a whole other range of people. They just made me incredibly efficient, which is what they should do. You go from thinking ministerial cars were a luxury and that all these people around the minister are all a waste of time and taxpayers' money, to realising how efficient they can make you as an individual. I was really, really impressed. Later on, when I was moved to health, I said to Jack: "Jack, I'm not sure about this but if you want me to do it then so be it, though I have a couple of conditions. One is that I take my private office with me" – and I took Lindsay, Julie, Katie and the team with me. And secondly, I wanted to take my special adviser with me, Jeane Freeman.

AP: So did you have a dedicated special adviser working for you?

AK: Yeah. You had special advisers who would move in and out, but you had one that worked with you more often than not. Whilst Jeane [Freeman] worked for more ministers than me, she was a key person that I had. Health is always a bit of an interesting portfolio, and I wanted to make sure I was not going to have to reset my values and my way of working around a new private office. I wanted to take that team with me. That caused a bit of a "stooshie", as we say in Scotland, there were some

snipey bits in the papers about it from other civil servants saying that, essentially, this is not how we do things, but it allowed me do a better job.

AP: In that first role, there were two sides to the job: finance and public services. On the finance side, as you said, you were responsible for budget process and deciding on spending priorities. Given that it was in the early days of devolution, how did you feel that side of government was working at that point?

AK: I very quickly got the impression that civil servants were interested in their own portfolios. They almost created a sense that if a minister goes to a meeting and agrees as change or a reduced financial outcome, they're a loser, and if they go to a meeting and gain something, they're a winner. My view about this process was that we had to have a political strategy across all the portfolios. I wanted to have a political cabinet and spending review, not a civil-service-driven one, and that caused a bit of concern too. In other words, what I wanted to do was get the top five priorities and the five things that they [cabinet ministers] were least concerned about within their portfolios. We didn't then just deal with individual ministers by saying: "Right, education, here's the top five priorities, we can only afford four." We brought all those ministers together and said: "What is it in our political strategy that we need to do as a team as opposed to as ministers in our portfolio roles?" That seemed to me a very significant change from the way things operated in the past, though I really didn't know how things operated in the past because I wasn't there.

In other words, we tried to create a sense of ownership of all of the decisions so that nobody was walking out of Cabinet saying: "I'm a winner" because they got an extra £50 million or £100 million or whatever on their budget. It was about signing a budget which actually met our political priorities. We tried to make sure that whether X minister loses and Y minister gains was not the message. That also changed behaviours in the civil service, in my view, because they knew that we were discussing how they were acting. In other words, we knew they were telling everybody: "Oh, minister, you don't want to come out of this meeting as a loser." If they were saying that to everybody, that was a strategy on their part, to protect their portfolios because they thought that was what it was about.

AP: So did it feel quite fragmented between departments?

AK: Fragmented is probably too strong a term. It felt as though the purpose of the minister was to achieve the portfolio's objectives, and that sounds quite sensible, but actually the purpose of government is to achieve the Government's objectives. I remember our spending on prisons dropped and our spending on education increased. Our spending on roads flatlined because that's what we wanted to do. We wanted to build more schools than ever had been in the history of Scotland and that costs money, which means you take money from other places, but if everybody aligns themselves to

that policy and strategy, the Government, as a team, is the winner and you'll not get this thing about winners and losers in the budget process.

AP: So were you able to run a comprehensive spending review, whether or not you called it that, even though you were coming in part way through Parliament and, of course, with a coalition agreement?

AK: Yeah.

AP: So how much room for manoeuvre was there?

AK: As ever in government spending, there's not that much room because once you've got assets and salaries dealt with, there's only what I call the peel of the orange. It's not the juicy bit because that's already gone, because there's so much sunk costs in infrastructure: hospitals, schools and teachers and healthcare workers, etc. You're only dealing with that outer layer, but that outer layer is quite big so there was room to make significant decisions. We funded over 350 new schools. We renewed the estate around primary education through local government. We put in extra teachers and concessionary travel for pensioners etc. So there were significant funds in the margins to do what we wanted to do.

AP: And this is when you're suddenly getting a lot more money through [the] Barnett [formula] because of decisions taken at Westminster.

AK: Yeah. Every year, I would adopt a traditional Finance Minister role which was to say: "It's all doom and gloom, guys; there's no money." To be fair, if you go back in the narrative Gordon [Brown] always managed to pull something out of the bag, the stuff around 3G for instance. So I'm conditioning the discussion at Cabinet along the lines of: "Look, it's going to be tight. Don't have any expectations. I'm going to have to come to you and say 'Right, which one of these are we not going to do and which are we going to do?'" And then Gordon would come over the hill with something, I don't know if you remember the 4G or the 3G licence auction, but it just went mad. Loads of money came into the system, so you had to re-orientate peoples' thinking. But the thing I say to government ministers now and at the time is: "No matter how much money you've got, there's still competition for the money. You still want to make sure the money is working in the best way it can." So whether I had £30 billion to spend or £31 billion or £35 billion, there are still choices to be made, and while it's better to have £35 billion as opposed to £31 billion, those have got to be effective choices.

The other thing is Jack [McConnell] felt as though I was making long-term decisions, which we were doing, because you can't invest in the school estate as a short-term investment, it's not [a] quick win. The stuff we did around health and school meals, fresh fruit in schools, school activities – as I called it the wider definition of health – was possible because all this money was coming down via the Barnett consequential. If there was a £100 million increase in departmental spend then Scotland got the agreed

Barnett consequential. So I was saying: "Hang on a minute, we're stuffing money into health, we need a broader definition of what we mean by health." We therefore created resource around school meals, school fresh fruit and school exercise, thereby increasing the health of the nation but not necessarily spending it on doctors, nurses and hospitals.

AP: How did the coalition context affect the way you were taking these decisions? You've talked about your relationship with the First Minister but, presumably, you needed to get the Liberal Democrats' agreement as well?

AK: I may be naive, but I didn't feel as though there was any significant tension. Because, remember, portfolios would have a Labour minister – either the minister or the deputy [minister] – and [usually] vice versa for the Liberal Democrats. So when I was Finance Minister, Tavish Scott, the Liberal Democrat, was Deputy Minister. And, likewise, Jim [Wallace, former Liberal Democrat Deputy First Minister and Minister for Justice] would have had somebody in his portfolio who was from Labour. It wasn't as if it was about "let's stick it to the Liberals by reducing that budget", because it was more about what we tried to achieve through our Programme for Government. As I say, people feel differently about that, but I felt that we had signed up to an agreed Programme for Government. We signed up to a partnership and maybe we should spend some time talking about how that was done, because I think the 2010 people [at Westminster] didn't learn anything about what we did in Scotland or how you effectively run a coalition. I think we did it quite well in Scotland, as did the Liberal Democrats, when it came to actually making it work. I didn't feel as though they'd learned any lessons from the Scottish experience. Long way short, it was a genuine discussion across portfolios and we managed to achieve that.

AP: You've talked about the money coming up through the Barnett formula. Was a big part of your job negotiating with the Treasury and the British Government?

AK: No, the relationship was zero. I didn't feel as though we had any decent relationship with the Treasury. I don't think they treated us with any respect whatsoever. I don't think I had a meaningful conversation with Gordon Brown about money in all the time I was there. When we were looking for help, we didn't really get it. I remember that John Swinney, in his first few weeks of being Finance Secretary in the SNP-led Scottish Government, got all sorts of deals that I could never have dreamt of when I was Finance Minister under Labour. My view is the Treasury peered down their noses at us. When they wanted us to do things that they wanted or to do things that they were doing, I said: "No deal thanks very much, we're doing this differently in Scotland" – foundation hospitals, pensions for nurses, GP fundholding practices – "No, stick it, because we're doing our own thing". There was not a relationship there for them to work on that could actually have influenced my decision making.

AP: Did they apply some degree of pressure on you to follow those kinds of policy decisions?

AK: Absolutely. Not necessarily the Treasury, but the UK Government generally. I had meetings with Tony Blair's advisers around health where they asked: "Why are you not doing this and why are you not doing that?", and I'd say: "Because it doesn't suit us in Scotland, we operate differently. We want to build a cooperative and competitive healthcare system but we're not going to create structures or create a market like you are, so thanks very much but no thanks".

That kind of thing wasn't for us because I feel as though we could build something different around the healthcare in Scotland, and that's where how UK ministers and civil servants tried to influence Scottish policy became more apparent to me. In the finance portfolio, the relationship to Treasury was more of a functional one, nothing with depth to it. Just "you get your share of the money and get on with it".

I remember one instance when Gordon [Brown] had changed something around the nurses' pensions, which had not gone down well. We were in our election campaign; it was in the April or so of the campaign. There was heavy duty pressure on Jack [McConnell] from Gordon and others around maintaining the UK position. I had taken a view that that's a deal with the nurses that Labour had done many years ago, and that you should stick to it and not alter it, because you should not do that.

I was quite literally going to the RCN [Royal College of Nurses] hustings at the Dynamic Earth in Edinburgh, in the car. And Jack's on the phone saying: "What're we going to do? What're we going to do?" And eventually he says: "Look, just do what you have to do. Do what you think is right." And I said: "That's fine, Jack. What I'm going to do is I'll say to the nurses that we in Scotland are going to protect that pension arrangement, unlike the rest of the UK. OK?" And I think Jack obviously communicated that back.

I then had a UK minister, who will remain nameless, on the phone, and I had to simply tell that person that it was none of their business, and that: "We will make our own decisions. Thank you very much, and despite your pressure, it will have no effect on the decision we're going to make." And that's the edited, polite language version...

AP: Another aspect of this was the UK Government's Public Service Agreements [PSAs] and the systems they developed for the Treasury to ensure that they were getting value for money for the extra money they were putting into public services. Did you try to develop anything similar with the UK?

AK: We had significant benchmarking within the UK system and internationally.

AP: Did you have that sort of system of targets and so on that the British Government was using?

AK: Not as overtly as that but I think there's something about size around, in my view, devolved administration. When I did a 'spending review', I would quite literally leave the Chamber, go down to Victoria Quay, which is one of the big [Scottish Government] offices, where there is a big lecture theatre and I had everybody in Scotland who mattered. I don't mean that with any brashness, but you could have all the local authority leaders and chief executives, health board chiefs and chairs, the private sector through CBI [Confederation of British Industry] FSBs [Federation of Small Businesses] etc. You could almost have everybody in the room and you could then talk about what you'd just done, what it meant and what they needed to do to deliver it. We had outcomes from all our programmes, which was different to the UK. It was outcomes-related measures that we put in behind every policy, so if you look at Delivering for Health, which I was involved in latterly, I had at the end of that policy document: "What do we expect to see over the next number of years? Who's going to deliver what?" We had all of that in place to monitor performance.

I think we did things in the same ways as the PSAs but with a slightly different culture. I think that culture was better, which we now know in the aftermath of all sorts of private sector failures such as Carillion and BT, particularly private sector IT failures. We're always getting rammed down us how crap the public sector was, and it's not that crap, it's actually quite good. It does some things better and some things worse. So we had more talking about what we could learn from the public, private and third sectors to make everything good as opposed to just having a shrine to the private sector, which I think sometimes took hold under UK Labour at that time. We would use the private sector when it suited us and we would not use it when it didn't suit us. Again, to go back to health, I was using the private sector, unashamedly, because patients needed that service. But I wasn't creating a marketplace for them, which I would argue was what was happening at a UK level. So we used the private sector when it suited us, when the rates were right and delivery was good, and we would use the public sector as appropriate. It was a mixed economy of delivery with everybody being treated, in my view, equally in that relationship, whereas I felt as though the UK was bowing its head to the private sector and looking sneerily upon the public sector.

AP: And presumably working in partnership with local government was quite crucial?

AK: Yeah, that relationship was tough under devolution. Local government was essentially against the Scottish Parliament. They said they were for it, but they weren't. They saw themselves being squeezed. You've got the UK Government and you've got local government and that's the relationship and then, all of a sudden, there's a bunch of people in the middle. They weren't keen on the Scottish Parliament and we just had to build that relationship over time.

I think what was crucial for me, particularly when I was Finance Minister, was if we created a 'burden' for local government which was a cost to local government, we would fund it. I think that's one of the key differences now in Scotland as well as across the UK. We said there would be five new teachers in every secondary school, there would be a travel scheme for pensioners, there would be free fruit in schools, there would be this, that or the other. We would ask how much that was going to cost and we would say: "Here's your settlement which you would normally get, and here is the money for the burdens or the initiatives of the Scottish Government." That was so that we weren't squeezing out their space in their own local decision making and their own local budget to implement our political priorities, which they weren't necessarily signed up to.

AP: And then you'd give them ring-fenced funds for specific uses?

AK: Correct. And you've used that lovely word, which I think is a legitimate political term – ring-fencing – because part of the problem we find ourselves in at the moment in Scotland at the moment is caused by a lack of ring-fencing of resources. The Scottish Government, in my view, isn't achieving its objectives as well as it could do if it used ring-fencing. At the end of the day, local government was a democratic institution in its own right. For the Scottish Government when I was Finance Minister, it was a delivery vehicle for our policies. I wasn't going to local government and saying: "You really want five new teachers in every school, don't you?" I was saying: "You make your own decision around your education system but we do want this, so here's the money". So they became a delivery agent for the Scottish Government. That's not to demean local government because the other 99% of what they did was done via their own democratic structures and their own democratically agreed political decision-making. But it was very clear, for me, that we weren't going to squeeze local government out, because I'm a believer in local democracy. But they had to understand the relationship: "If we're going to give you money for this, you bloody well make sure that's delivered".

AP: Was there resistance to that?

AK: Yeah. I remember going to a quarterly meeting and it was very frosty and, of course, Labour always treated their own people worse than others, because of relationships. And I just had to say: "Look, we need to stop this conversation. I need to remind you that we are the Scottish Government and you are not." And that's a hard message. But what we have now in Scotland, in my view, is a fudge around no ring-fencing, the local government concordat that, all this lovely language, but local government are getting hammered at the moment. You can have all the lovely language and not do well, or you can have straight talking and say this is what it's about and have a good relationship, backed up by resources.

Tess Kidney Bishop (TKB): What is your recollection of the Scottish parliamentary election of 2003? You mentioned that there was sometimes a bit of short-term pressure, did that ramp up ahead of the election?

AK: Well let's be brutally honest, I was always going to have a kitty. I was always going to make sure that as you move towards an election there was some money to be spent. If I could be making savings and efficiencies elsewhere in the system, then there's a time to roll that out in your four-year cycle. So yeah, there was pressure for short-term spending, but it was short-term spending done, in my view, with analysis, with evidence base to support it, and delivery. What was interesting about that election was the scrutiny around budget and I thought that was good. In other words, political parties just couldn't come out and say [there would be] 1,000 extra police, 10,000 extra teachers and 100,000 new nurses, it actually had to be costed, so I was pretty heavily involved, as you would expect, in the election campaign. But a lot of it was behind the scenes with academics saying: "Here's how we costed the programme and here's how it adds up", so that we could not be accused of making promises we couldn't deliver, and that applied to all the parties. I remember meeting with Dr Jo Armstrong who was working for one of the think tanks [Centre for Public Policy for Regions] – I can't remember what it was called and she'll kill me for that – but she went through a budget with a terribly fine-toothed comb, painfully, just to make sure that she could report on behalf of that think tank that Labour's budget added up. Jack couldn't just walk in and say: "Andy, can we just have a million more of this?", because I'd say: "No, Jack, we cannae because it's got to add up", and that was quite a good discipline to have.

Whether these numerical targets were the right ones or not – and my recollection is that they were not the right targets, 1,000 extra police doesn't actually mean anything in terms of crime – it was retail politics and that was the environment. If the SNP [Scottish National Party] went out with that decision first or that announcement first you'd think 'oh shit' and end up in a cycle of stupidity around numbers as opposed to what we're about here in terms of outcomes, but that's politics, innit?

TKB: And then, after the election, how much were you personally involved in the coalition negotiations?

AK: Massively, because I was the Finance Minister. I was trying to bring two programmes together and make them add up. There were too many pizzas for my diet and not enough curries and Chinese, but I don't know who was making the decisions about food, they'd send you pizza every bloody night. It was long, horrible days of eight in the morning until – I mean, I can hear the violin strings behind me – I was finishing at one and two in the morning, and I'd go back completely knackered. We'd set up a structure around it, which I think is what the reflection for the 2010 experience was. The civil service in Scotland must have looked at how other people do this and come back with a structure, and by sticking to that structure we got through it without one, falling out and, two, anybody walking away in a strop.

TKB: Can you talk a bit more about the structure?

AK: I'm not sure I can... They had all our manifesto commitments, they had costed all the bits where you could blend it together and we just had to work our way through that. I don't know the detail because it's too long ago. But, for instance, their [the Liberal Democrats'] commitment to midwives might be balanced with our commitment to community nursing, and you brought those together to say, "maternity support in the community" and you can actually make something out of that, so we just did all of those things.

AP: So the civil service had done the analysis of the manifestos?

AK: And the spads [special advisers], to be fair, the special advisers from each side had done a substantial bit of that too. It was almost like we came into a menu. Instead of coming in and saying: "What are the ingredients here?" and you've got flour, butter and water – individual policy items – we came into a menu of completed articles or completed products which we then negotiated.

AP: I understand that there were dedicated civil service support teams to each of the two negotiating parties and then there was a civil service secretariat helping to draw up the coalition programme?

AK: Yeah. They were going to make you do homework and we would say: "They're wanting that, how much does that actually cost? Is that actually deliverable? Can we actually recruit so many doctors in the next four years because, actually, it takes seven years to train a doctor?" So they were there to go and do that legwork on those items in the manifestos.

AP: The civil service were prepared and ready to support the 2010 Westminster negotiations in the same way. David Cameron and Nick Clegg decided they did not want civil servants in the room and their two teams of negotiators were left to get on with it alone. What did you think of that?

AK: There must have been some of the Scottish guys saying: "Why are they not learning any lessons here?" The Scottish Lib Dems that I knew around that time were going: "If only they'd bloody listen, we could make this so much better." It riveted us into a four-year partnership, so if one of the rogues like Mike Rumbles [Liberal Democrat MSP] stood up and said: "We want this", we could say: "It's not on the document, Mike, it's not happening."

AP: Did that become a bit too rigid?

AK: No, you could still have innovation. Obviously things were in a constant state of flux, but the core programme was there. We did lots of things during that time, but you could always go back to the Programme for Government and say: "That's in and that's not in". That's very useful, because it stopped the Liberal Democrat and the Labour

groups steering away from the programme. Our guys would be screaming for stuff to deal with something or a political priority, and we'd say: "Look, it's not in the programme and we need to find space somewhere else." Sometimes you did and sometimes you didn't.

TKB: So then in 2004 when you moved to health, to what extent did you bring your own new priorities versus what was in the coalition agreement?

AK: The coalition agreement around Health was around some numerical stuff and some outcome stuff. The previous minister Malcolm [Chisholm, Labour Minister for Health and Community Care] had worked with Professor David Kerr [Professor of Cancer Medicine at the University of Oxford] around what eventually became Delivering for Health. The Health Portfolio was just a crisis when it came to waiting times and treatment times and all these disaster stories of Mrs Smith waiting for 2 million years to get x, y and z done, a bit like what we've got today to be honest. I'll come to that in a minute.

I'll tell you a true story. Jack did this reshuffle in Bute House, so we go across to Bute House, he told me I was the Health Minister, I did my bit and then I went back in the car to my new office, which was at St Andrew's House. And I remember going up to St Andrew's House and I'd been Health Minister for about three hours and it was 'New Health Minister in Crisis'. I'm like: "what fucking crisis?" However, there was a big thing about a hospital in Livingston, I think it was, but it was almost like 'woah, this is a different portfolio' - because Finance, I'm not saying it was leisurely, it was big, strategic, you had a plan, you had a budget, you monitored it, you took things out and put things in – but Health was just like a box of fireworks. Keith the driver went back and got the headline. I've still got the headline: "New Health Minister in Crisis" from the afternoon edition of the Evening News.

Anyway, to go back to my point, the programme for Government [PFG] was really not the issue. The issues were the state of the Health Service and the changes we needed to make, dealing with a crisis. I used to go along to press conferences about waiting times and it was just mobbed with journalists. Sky were there, the BBC and STV and, gradually, as I eroded these concerns down and dealt with them I was saying: "Where are all the journalists when it's bloody good news?" Nine months later when the waiting times were under control, we were more strategically using the private sector to deliver, we had put in special teams in Local Health Boards to bust lists. We'd set new targets in coronary heart disease, strokes, cancer and mental health so, actually, if you're not in that group, we had to say: "Sorry, we'll get to you when we can", which is a big, big challenging issue when you're sitting facing somebody with another condition that's not included. I've had to do that on many occasions. But the things that kill people which we can prevent are my priority, and that was coronary heart disease, strokes, cancer and mental health. All the other things we'd put into a 'long term conditions alliance' group and tried to do our best to work across health specialities to help support them. I'm not

sure if I'm answering your question here. The PFG was not the big issue, the big issue was the state of the Health Service and the political crisis around it. And then putting in the system that would address the concerns that we have, which was delivering for health.

TKB: On the crises, we wanted to ask is there one specific crisis you can remember where you could talk us through how you dealt with it?

AK: I'll go back to that thing about being evidence-led and giving people the benefit of the doubt. We set up a waiting times busting team – I can't remember what we called it, I'm sure we didn't call it that – where we had a group of, I think, very, very good civil servants who were going to do process re-engineering. It wasn't about there not being enough of this or that, it was that the system was pretty dysfunctional.

There's a thing called the CHI number, the Community Health Index, which is your key to the health service and it's in all your patient records. It's your unique identifier in the health service that goes with you all your life. It's on all these pieces of paper that everybody writes down. I'd ask why peoples' files were going missing, to be told: "Oh, they fall down the back of a photocopier or they end up sitting in somebody else's in tray." I'd say: "How can this be happening in the 2000s?" Apparently, this happened because they weren't using their CHI numbers. So why are aren't they using the CHI numbers? They'd say: "We haven't got a barcode reader and a printer." I said: "You're having a fucking laugh. Are we saying people are getting missed out for cancer treatment because they haven't got a barcode reader and scanners?" The actual answer to that was "Yes." I said: "Look, can we just buy everybody a scanner and printer that does barcodes?"

AP: Do you mean GPs?

AK: Everywhere across the health service. This is a very small point but it was the systemic issues that were at stake. Some of the small issues that you had to deal with were around the dysfunctionality of the health service, so things like a CHI number and a label machine and a scanner made a huge difference, believe it or not.

Then you've got your big things. We bought the Golden Jubilee Hospital and turned it into a 'focused health factory', a dedicated centre of excellence for undertaking procedures uninterrupted by A&E. These were the structural changes that I was involved in, because if you learn about international healthcare systems you can have all the great things you want in a district general hospital, you can have all your patients in their gowns ready to go, already sedated, but if someone comes in that door called A&E, ambulance, blue light, they all go there. So you're lying in your gown ready for your scheduled knee operation to be done and there's an orthopaedic trauma at the front door so everything goes that way.

So what we decided to do was create focus around healthcare delivery, which was the Golden Jubilee Hospital. It's going to do knees, hips, hearts and this and that but it's not going to have an A&E because, as soon as you do that, the performance level drops significantly. I can't remember the exact number but cancellations at the Golden Jubilee are less than half a percent or something. Cancellations of operations in district general hospitals which have an A&E at the front door are significantly higher than that. So the evidence was that we need to create environments where you schedule the team to go and do that and nobody gets dragged away. Across Scotland, we started doing weekend working, we started different ways of doing things that would not get these teams interrupted. Design of theatres was a big issue. The way I thought and the way I did things were around what the system changes we needed to make were. The big sadness about the people who quit the health service and how many doctors and nurses we've got and that it's just the wrong way to look at it, as I'm sure you're aware. More nurses and more doctors in an inefficient system isn't going to help, it's just going to make it more inefficient. You need to create, in my view, new forums in healthcare, which we were trying to do and which 2007 [the election defeat to the SNP] stopped us doing, around how you organise the health service.

To go back to your point, the biggest crisis was always cancer waiting times, because nearly every family was experiencing it in some way. Whilst it was a big challenge for us, you just redesign the process, you redesign how things work. You set targets which are reasonable – and I think we've lost it with targets, people are doing daft things with targets which are very dangerous – we tried to create reasonable targets for seeing your doctor for your diagnosis and then your treatment, which I think was 18 weeks plus 18 weeks. But, again, I go back to my point about retail politics. If they said 18 weeks, we'd say 16 weeks and they'd say 12 weeks. It was just daft and somebody needs to give everybody a cold shower to stop doing these things. We felt that 18 weeks was reasonable and the health boards felt that was reasonable, the clinical groups, the Royal College of this, that, and the other so that's what we did.

AP: And how were the targets enforced or monitored?

AK: They were monitored, I don't know how that was done but we set up systems. There was a chap called John, a civil servant in the health department, who was in charge of that team who could tell me where everybody was in the system – where you were [targets-wise]. How many were over this, many were over that, many were looking as though they were going to go over, at 16 weeks what do we do about that?

We set up things like Stracathro. We had a lovely arrangement in Stracathro, which is a hospital up north, where the private sector used it from five o'clock to nine o'clock on a Monday. So the NHS would move out, they'd get the hospital and the facilities and we could batter away at doing knees and hips, and on a Monday morning the health service got it back and the private provider left. It was done at a rate which was either equal to or less than the cost in the health service. So we were using the private sector as and

when it suited the patient, or whoever it happened to be we were helping, and this was the way to go and we did a lot of that. We used the Golden Jubilee, we used Stracathro, we used the private sector when we had to, but it was heavily, heavily scrutinised and that's why my press conferences around the waiting times announcement became tumbleweed. Nobody was there anymore because there wasn't a story, and I used to really complain bitterly about this to them. I asked the few that turned up: "So you don't want to hear about this, the fact that we're meeting our targets and people are getting a good service?" The short answer was "No." They'd rather have crisis and Mrs MacGlumper waiting for 200 weeks for her operation.

AP: You'll never change that, though.

AK: No, I'll never change that, but it doesn't ban me from the high moral ground, does it? Or [from] having a go at the journalists.

So the crisis went away. I actually remember doing an interview with Shona Robison, who was the Shadow Health Minister for the SNP, and Bernard Ponsonby from STV [a television channel] said: "Shona, now that the health service is not in crisis anymore, what are you going to do?" I thought 'fucking great question' because that was all it was. It was all about waiting times and this and that and eventually it became less of an issue.

TKB: So in that role, you also led the introduction of the smoking ban, and we wanted to ask you a few things about how that was implemented.

AK: Yeah, it was fun and games.

TKB: What were the negotiations with the UK Government like around the competence for that in the run up [to the smoking ban]?

AK: A wee bit of prehistory: we had Jack going to Dublin and announcing this unbeknownst to any of us. We had an inclination [something was going to be announced] but nothing like this, that was like "whoa!" I wasn't in health at that time, I was still in finance and Tom McCabe was the Junior Health Minister who picked it up. They started that process off and I inherited it when I became the Health Minister. I don't know what happened in that intervening early period but I know there was a lot of stooshies/disputes and a lot of aggressive and angry exchanges, primarily, I think, around John Reid [former Labour MP, then Secretary of State for Health], to be honest, because we were obviously taking a different position [to that of the UK Government], and it was, in my view, it was the right position to take.

AP: Wasn't there also a question about whether it was part of employment policy, which is not devolved?

AK: We had to jump through hoops to do some stuff around the devolution settlement that allowed us to actually do it, which was just farcical.

AP: You mean the competence actually had to be changed?

AK: No, we didn't change the competence of the Parliament, we just rephrased what we were calling the process. We couldn't call it a health and safety at work issue, because "health and safety at work is reserved, young man!", so we just changed the parameters of the debate around it. I'll go back to the point about evidence-led and what kills people and that's what was driving the whole thing, so I was very happy to pick it up. And, yes, there was interference and noise but there was nothing too big around in my experience, though I don't know whether Jack [McConnell] and Tom [McCabe] got it in the neck so I can't speak for them. John [Reid] was being John and doing all that stuff around "working-class people having the right to smoke themselves to death, how dare you get in their way?"

TKB: But that was relatively settled by the time you became Health Minister?

AK: Yeah. My biggest challenge around the smoking ban was definition. Old folks' homes, prisons and all that sort of stuff. The general principle was pretty well aligned, apart from the likes of FOREST [Freedom Organisation for the Right to Enjoy Smoking Tobacco], who are advocates of all that, as well as a few of the Tories, who saw restricting somebody smoking a pipe as an attack on the individual. But actually, to go back to the point about healthcare, if it's evidence-led, then the evidence is there for everybody to see. That was the secret of the smoking ban because you couldn't deny the evidence, you couldn't deny Richard Doll [British epidemiologist] way back in the 50s and all of that build-up of evidence.

We learned from New York, from Ireland and from other parts of the world, and that's why we put in such a comprehensive post-legislative research programme. The tricky stuff was around individual freedoms, and I think we managed to get through that pretty easily. The impact on the licensed trade – not the off-licence trade but the on trade – I got dog's abuse from miners' welfare clubs, from working men's social clubs, dog's abuse from the Beer and blah blah blah Association and the [Federation of] Licensed Victuallers Association. The political interference was not significant at that point, it was about practical implementation. I picked up a lot of angry pub sector people and I said: "Look, guys, it's going to happen. How can I make it happen as least painfully for you as I can?" "Well, we don't want our staff involved in fights and the pub throwing people out so how do we solve that?" I said: "We will solve that by putting environmental health officers into local government, and we will fund environmental health officers to be on call to deal with these situations. We don't expect your staff to cross the bar and say: 'Right you, out.' Just make a call."

"Okay, what's next?" "The next thing is education, it's all going to be chaotic and nobody will know what they can do and not do." "Right, we'll have a huge education campaign. We'll tell the people it's not you that's doing this, it's us that's doing this." We had a huge mail drop to every household in Scotland about what the smoking ban

is, what it isn't, who's responsible and why it's the law. Promotion posters were bloody everywhere, lots of huge campaigns around it in the build-up to the actual ban implementation date. There was the usual stuff: TV, billboards and radio adverts, just so that nobody could be under any illusion that this was coming in and that we were going to do it. By the time I became involved in the smoking ban, it was more about delivery and making delivery as easy as we could have. We acknowledged that some pubs were going to go out of business and just said "I'm sorry", but also acknowledged that some others were going to grow. The whole offer around food has massively improved because of the smoking ban. Some pubs who didn't have an outside area made one so that they could create a smoking area. Basically, tenement pubs, as we have a lot in Glasgow and elsewhere, were essentially a part of a tenement property. They can't have a smoking area because it's a street or the backyard and there's nothing there. We just had to recognise that and acknowledge that was going to be some of the pain that we had to get to be in the game. But, in my view, the problem with the on-trade, the pub, is not about the smoking ban, it was about the cost of alcohol in an off-licence versus the cost of a pub. The problem for the pubs these days is that people are buying a crate of booze and then drinking it and then going out to the pub for one. It's not about the smoking ban.

The other thing was getting third party voices on board and out there. I was trying not to front this as the lecturing politician. We got sports people, we got involved with Roy Castle's [television presenter] widow. Sadly, he spent his life in basements playing his trumpet. We got a wife of a headteacher who died of lung cancer and had never smoked. He spent his life in staff rooms where others were smoking. The bar workers' voices. They were on ads and big promotional campaigns we did. The last thing I remember about the smoking ban is people thought it was going to be chaos: fights, people deliberately disobeying the law. I remember there was massive media coverage. I was sitting on [BBC] *5 Live* and someone asked: "How are you going to deal with the public disorder?" I said: "I've been to New York, I hadn't been to Ireland but I'd spoken to folk from Ireland, we'd learned all the lessons and it just wasn't going to happen". But folk were just waiting for the first big brawl outside the pub or the landlord of the pub and a smoker having a fight. I said: "it's just not going to happen", and it didn't happen.

AP: A couple of years later, or whenever it came in in England, I remember that. Even though it had already been implemented in Scotland, there was still media coverage along those lines.

AK: Civil disorder, yeah, and how is it going to work, as though we're all going to be battering each other to death. We got "smirting" launched in Scotland, have you heard of that phrase? What I learned in New York was there were all these couples that had met because they were smoking outside so, instead of flirting it was "smirting", smoke/flirting. I still get people going: "Ya bastard, you did the smoking ban", and I get

other people who just love it: “That was the day I gave up and I’ve never smoked since”. That sounds alright to me.

TKB: When it came into force in 2006, no brawls but, apart from that, did it go relatively well?

AK: Absolutely fantastic, no problems at all, and I didn’t expect there would be.

TKB: And then you said you had a research programme before but in the time after what were you doing?

AK: We picked up a huge wealth of information about New York and about the smoking bans around the world. I said: “We need to contribute to this”, and that’s what we did. Occasionally you hear, particularly on the tenth anniversary, about the health conditions of bar workers having improved, that there’s been a reduction in coronary heart disease, so there’s a big longitudinal study which is still going on to evidence the case.

AP: That’s a very interesting case study of a policy innovation that was started in Scotland at the devolved level, that’s ended up, of course, being replicated all across the UK.

AK: As is the health service, he said winking for the tape, because I think there are comparisons to be made about having a co-operative, integrated healthcare system in terms of performance in Scotland. The rest of the UK is fragmented. I think there’s good evidence to support the negative effects of fragmentation of the health service down south and that’s not happening here but, anyway, that’s another debate for another day.

AP: What I was going to ask was to what extent did you feel there was effective learning going on between the four administrations, or did it just happen organically?

AK: I didn’t feel as though there was learning, to be honest, I think we were all just ploughing our own furrows. That’s unfortunate, but I just think it was the nature of the politics of the time. We knew what Tony Blair and others were doing around health and we thought: “No, that’s not for us”. It’s not as if we weren’t aware but it was just “no thanks” and that’s how it really went. There’ll be innovations we copied and stole, there’s no doubt about that, but I can’t think of one. You always remember the ones that are the exception, like foundation hospitals, GP fundholding and the academies system. They were the dividing lines which were created in the media. Tony Blair came to a conference and essentially slagged me off on the rostrum about not having reformed the health service. He came back the next year and apologised. I was on television live and watching this speech and I’m like: “What the fuck is this about?” In my view, we have a better health system than down south and it’s because we didn’t fragment. Anyway, I’m going into different territory.

AP: Thinking about the entirety of your time in government – you were there from the early years and the institutions have now been established for a while – how did you see the devolved settlement and the Scottish Government change in that period?

AK: I felt as though, in the first two years, we were out to please everybody and be nice to each other inside the Parliament and elsewhere. We were very, very highly accessible to everybody in Scotland and I think that's a good thing. I remember doing a radio interview before I was a minister where I said: "Look, there's no need for all these lobbyists, here's my phone number", and I read it out over the radio. What I really objected to was an industry that I'd seen in Westminster getting developed around the Scottish Parliament and Scottish Government, which is unnecessary, in my view. In other words, there's enough public information and enough access not to have to pay some consultancy £10,000 a month to keep you aware of what's happening in Parliament, or indeed to get you in front of a minister or an MSP [Member of the Scottish Parliament] because if you have a good idea, folk will listen. You don't need all that paraphernalia around it. So I saw that happening in the early days, we were being too open but also this industry developing around the Government which I didn't think was particularly useful.

It then got a bit more divisive around the political dividing lines, obviously, because you're running into an election. From a citizen's point of view, people were disagreeing for no reason at all, trying to out-politicise, and that's how politics works but it's actually dysfunctional in terms of what the delivery of the result is. I saw a lot of that happening. I saw a lot of people in the chamber supporting general broad principles of policy, and this applies to Labour MPs, Labour MSPs and SNP as well, but as soon as it impacts a constituency: "Oh, this is not very good". That's pretty disappointing to see as well, because it should be about the legacy you leave as a politician and about the wellbeing of the country, not the fact that you've been elected again or indeed your popularity in your constituency. You need to do the right thing. I saw a lot of that, and that got me a bit hacked off with the whole process, to be honest.

AP: Right. And had the Coalition begun to feel a bit more strained towards the end?

AK: I don't think so, again he said naively. We only lost that [2007] election by one seat, therefore we couldn't form a majority [government] or create the [Labour-Liberal Democrat] partnership. That was after eight years in government and that's quite a long time to be making hard decisions. I actually thought we had another term and I said this to Jack at the time. I thought we had another four years in us and then we'd get annihilated at the polls.

AP: Another four years in coalition?

AK: Probably.

AP: Because when we spoke to Lord McConnell, he said that he was thinking about whether it would have been better to go it alone had Labour been the largest party.

AK: The SNP were clearly gearing themselves up for that and that was something we started to look at, so I wouldn't like to say that we'd have been going it alone or in a coalition. We would have made a choice around that at the time based on what was happening, but it wasn't to be.

The Parliament itself has changed a lot. The committees have denuded themselves of any degree of making government accountable, I think; they're too submissive, and I think the ministerial portfolios are very driven by the political timeline which is the independence referendum, Brexit referendum, local elections, parliamentary elections, Scottish parliamentary elections, and nobody is making strategic decisions. Hence, I think there's a general corrosion of our public policy in Scotland. It's not delivering on long-term change, which is what it requires.

AP: Since 2007 there has been a focus on independence and further devolution of various powers. Were you thinking prior to 2007 about the next phase of devolution, or did you feel what you had then as a settlement was good and sufficient?

AK: I was in the good and sufficient and tinker camp. Jack had the other view. I have to say he was right and I was wrong. I think what we hadn't done was closely enough reflect where Scottish people were going in terms of their ambition for the Parliament. I was like: "This is enough, Jack." Being Finance Minister in Scotland now, with tax-raising powers – income tax and now social security – that's very interesting. We had quite a tight remit and package to deliver public services based upon the money we got in. I didn't buy this thing of it's not a real Parliament unless you raise taxes. I just think that's bollocks but other people didn't have that argument. I was of the view that it was roughly about right but, actually, I think Jack was right in this: we should have gone for more in terms of powers. What they would have looked like and what there would have been would have needed to be discussed at the time.

I used to remember having conversations with [Scottish] MPs, who mostly hated the Scottish Parliament because it affected their profile and affected their position, which they got really het up about. What I closely followed was the Scottish Social Attitudes Survey and that was telling us that people wanted more. They thought more of the Scottish Parliament, they thought more of the institution, [and] they thought more of the Government in Scotland than they did of the UK Government. And whilst I used that in a debate with MPs and around the whole Tony Blair thing, I didn't actually extend that argument philosophically to what more should we want to get out of devolution. I should have done that and that's where Jack was right. I don't want that to be my last words on this tape, that Jack was right [laughter].

TKB: What's your advice to a new minister on how to be effective in the Scottish Government?

AK: The first thing is make sure you're happy with your private office, because that delivers all. Secondly, I've always said go to bed at night making sure you made the right decision for the country and not for the party, though I know that's a hard message to hear. And if you don't take on reforms, you're just stirring up problems for yourself and others later on. Because retail has to change, business has to change, the third sector has to change; everything is changing just now, yet we're working off institutions like schools and hospitals which haven't changed in years. So if you want to leave a legacy for your own party and for self-interest, or indeed for the country, you need to get stuck into reform and change the way we do things.

AP: That *is* a good place to end!

AK: Yes.

AP: But Jack was right…

AK: [laughs]

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