

Scottish Government Response to the Progress Review of Scottish Government's Relationship with Public Bodies

Foreword

One of the most important aspects in the effective delivery of public bodies is the relationship between the Public Body and the Scottish Government. These are cultures and behaviours which are essential to the effective delivery of public services.

In March 2021 the Scottish Government commissioned Glen Shuraig Consulting to conduct a short life review of the Scottish Government's relationships with public bodies. This involved interviewing a range of internal and external stakeholders to make informed recommendations for improvements on the ways in which Scottish Government manages its relationships with public bodies.

I want to take this opportunity to thank the reviewer Eleanor Ryan of Glen Shuraig Consulting for her hard work and dedication on bringing the final report together.

The recommendations emphasise the importance of relationships, governance and performance in delivering outcomes. The Scottish Government considers these to be important not only in operational but in service improvement and reform. Whilst the report has highlighted risks and challenges it also offers real opportunities to improve performance and delivery of outcomes across the landscape. I would like to take this opportunity to express my thanks to all those who met with Eleanor or who contributed to the report.

The Scottish Government welcomes the review final report and its recommendations. The report provides a good basis for joined up working that can bring improvements to the way relationships are maintained.

It should be noted that Health bodies fell outwith the scope of this report. The report was restricted to sponsorship of, and relationships with, public bodies and it did not look at the public sector landscape of Scotland more broadly.

Scottish Government Response to the Progress Review of Scottish Government's Relationship with Public Bodies

This paper represents a formal Scottish Government response to the review, and should be read in conjunction with the final report of the review. The work done by Glen Shuraig Consulting to understand and describe the ways in which the Scottish Government manages its relationships with public bodies in both normal operation and more challenging situations makes its findings and recommendations invaluable. The review highlights clear practical areas for improvement and specific areas for cultural and behavioural change whilst identifying where delivery can be developed and improved.

The Scottish Government is clear that this report is not a reversal from the direction we are going in with the work that took place from the "Smarter Sponsorship" review from 2016. This represents the next phase and drive for improvements on this system.

Next steps

We are committed to addressing the issues raised in this report and wish to do so in a way that is collaborative and inclusive, working with a range of partners to take forward these recommendations

The review sets out 14 recommendations. These recommendations represent challenging and complex issues that won't be instantly resolved overnight. This report will form the basis of work that Scottish Government will take forward to deliver improvements to the system.

The Scottish Government has detailed its response to each recommendation and what the next steps will be, including who in Scottish Government will be responsible for delivery as well as an indication of the timing when work will commence in taking the recommendation forward. This can be found at Table 1 in Annex A.

Table 1: Response to report recommendations					
	Theme	Recommendation	Owner & Resource	Owner	Commencement
1	Governance & accountability	Portfolio Accountable Officers should ensure that sponsor teams work with public bodies and the public body Accountable Officers to make roles and responsibilities as clear as possible, discussing the wording in the framework document to ensure a shared understanding.			
1		<p>Scottish Government response</p> <p>The Scottish Government agrees that Portfolio Accountable Officers should ensure that roles and responsibilities are made as clear as possible at all parts of the accountability chain and that these are regularly reviewed. When lines of accountability are unclear this makes the relationship less effective in terms of alignment and delivery of outcomes. Addressing this recommendation will not only support improvements in this context, it will also support Scottish Government to collaborate more effectively with public bodies, in line with the aims of “In the service of Scotland”. The benefits of this clarity will also flow into every other recommendation in the report. The aim should be to ensure that roles and responsibilities are clearly, continuously understood and framework documents are kept visible.</p>	<p>Portfolio Accountable Officer.</p> <p>Support from the Public Bodies Unit (PBU).</p>	Directorates.	Q1 (2022).

Table 1: Response to report recommendations					
	Theme	Recommendation	Owner & Resource	Owner	Commencement
2	Creation of new public bodies	Portfolio Accountable Officers should ensure that a full business case and evaluation of different governance options is carried out, drawing on advice from Public Bodies Unit and other central teams including Finance and SG Legal Directorate, before any new public body is created, that advice reflects a presumption against the creation of further small public bodies, and that all of the analysis and eventual decision are retained to inform future sponsorship of the body.			
2		Scottish Government response We accept the recommendations made on the creation of new public bodies especially in regard to small public bodies. We consider that this issue is one that forms a wider discussion on the creation of new public bodies in the public service landscape and therefore should be looked at in greater detail in terms of the points made around shared services for example. We will develop a further plan to consider the whole issue of creation of new public bodies in the current context.	PBU.	PBU.	Q3 (2022).
3	Creation of new public bodies	If there is a decision that the creation of a small public body is essential, the relevant Portfolio Accountable Officer should ensure that arrangements are made for the body to access corporate functions through shared services or collaborative contracts, to increase the resilience of the body.			
3		Scottish Government response See response to recommendation 2.	PBU.	PBU.	Q3 (2022).

Table 1: Response to report recommendations					
	Theme	Recommendation	Owner & Resource	Owner	Commencement
4	Outcomes	Public Bodies Unit should coordinate work with senior sponsors and sponsor teams to seek views from Chairs and Board members on how SG manages its relationship with the Board.			
4		<p>Scottish Government response</p> <p>The Scottish Government agrees that work is required to seek views of Chairs and Board members on how Scottish Government manages its relationship with the Board. The review's recommendations are made entirely on the current role and accountability of Boards. There is a risk that in implementing the recommendations in the report that the Board perspective is not fully recognised in further work to improve relationships with public bodies and Boards' key role in public body governance is undermined. We will work with Chairs and Board members to take this forward.</p>	PBU.	PBU.	Q1 (2022).

Table 1: Response to report recommendations					
	Theme	Recommendation	Owner & Resource	Owner	Commencement
5	Outcomes	Portfolio Accountable Officers should ensure that each NDPB and agency in their area of responsibility has in place a well-developed performance framework that sets out Ministers' priorities within the overall National Performance Framework outcomes, defines as clearly as possible how success will be measured and ideally covers expectations over several years. This performance framework would usually be a central feature of the body's Corporate Plan and should be aligned with a medium-term financial plan and the projected budget for the public body.			
5		<p>Scottish Government response</p> <p>The recommendations on outcomes are key and represent a real opportunity to push on with the drive to deliver better outcomes more effectively between Scottish Government and public bodies through a clearer understanding of what is required to be delivered and by whom. The challenge is to move from a largely transactional process to a more collaborative and inclusive relationship which fully recognises and harnesses public bodies' contribution to achieving challenging outcomes on covid recovery, climate change and child poverty for example.</p> <p>Focussing on the collaborative development of a performance framework with each public body that sets out what is expected of it, how it aligns to the National Performance Framework and how progress is achieved is one of the recommendations that can have the greatest impact.</p>	<p>Portfolio Accountable Officer.</p> <p>There will be support and challenge from the Public Bodies Unit to develop an outline of what format the performance framework would look like.</p>	Directorates.	Q1 (2022).

Table 1: Response to report recommendations					
	Theme	Recommendation	Owner & Resource	Owner	Commencement
6	Governance & accountability	Portfolio Accountable Officers should require that sponsor teams and senior sponsors who report to them are using the templates and following the guidance, and require that any decisions not to follow the guidance or template are clearly documented for the corporate record.			
6		Scottish Government response The Scottish Government agrees with this recommendation. This is an action for Portfolio Accountable Officers to take forward.	Portfolio Accountable Officer.	Directorates.	Q1 (2022).
7	Governance & accountability	Portfolio Accountable Officers should ensure that there is regular contact between NDPB Boards and both Ministers and SG officials, particularly senior officials. This is likely to include attendance at Board meetings for discussion of relevant topics, to ensure a good understanding of strategic priorities and issues. Routine attendance of SG officials at all NDPB Board meetings as observers can undermine the proper accountabilities within the system so should only be approved by Portfolio Accountable Officers where this is justified as an escalation beyond normal governance arrangements.			
7		Scottish Government response The Scottish Government agrees with this recommendation. This forms a part of recommendation 5 i.e. having a clear performance framework, regular, relevant contact, sharing information. Portfolio Accountable Officers will be required to ensure that systems are in place to make sure that appropriate regular contact is being made in particular by senior SG officials.	Portfolio Accountable Officer.	Directorates.	Q2 (2022).

Table 1: Response to report recommendations					
	Theme	Recommendation	Owner & Resource	Owner	Commencement
8	Capacity	Portfolio Accountable Officers and senior sponsors should review the capacity and capability needed in their teams to ensure that relationships are being managed well with all public bodies, and consider how best to organise that – through policy teams or sponsorship hubs, for instance – to ensure that there is a proper focus on sponsorship activity and a strong link with policy development. In reviewing the capacity and capability, it will be important to have nominated people who can provide support to Portfolio Accountable Officers and senior sponsors in managing relationships with NMOs and agencies as well as NDPBs.			
8		<p>Scottish Government response</p> <p>Given that more than 200 people below Senior Civil Service are involved in public body sponsorship/relationship work this clearly underlines the challenge of consistency of approach in terms of effective relationships with public bodies. The Scottish Government agrees that capacity and capability should be reviewed to ensure that relationships are being managed well. This will help the sponsoring directorate, help remove ambiguity around how directorates organise sponsorship functions, support development for those in these roles and its prioritisation amongst other competing pressures. In terms of the challenge, our organisational vision “In the service of Scotland”, sets out that we wish to be an organisation that learns and improves and so this recommendation will support the achievement of that element of our vision for the future of the organisation, building professional capability.</p>	<p>Portfolio Accountable Officer.</p> <p>Initial support from PBU.</p>	Directorates.	Q2 (2022).

Table 1: Response to report recommendations					
	Theme	Recommendation	Owner & Resource	Owner	Commencement
9	Assurance & Risk	Portfolio Accountable Officers should work with Internal Audit to draw on their advisory support on the management of public body relationships and to build self-assessment reviews of public body relationships in their areas, using the toolkit which Internal Audit and Public Bodies Unit plan to develop, into their overall assurance planning. Specific internal audits of relationships with an individual body should be built into audit planning where risk assessment suggests this is necessary.			
9		<p>Scottish Government response</p> <p>We welcome the recommendations made on the themes of assurance and risk. Whilst there are practical recommendations made there are also systemic procedural actions for Scottish Government. Existing systems and processes are in place through the Scottish Public Finance Manual on these themes but there is a clear direction on revisiting the systems that need to be developed to ensure that risks are being identified clearly and early and that there is an embedded system in Scottish Government to understand and mitigate these risks.</p> <p>The Scottish Government supports this recommendation. The toolkit will provide an important “health check” function which will help sponsor teams and public bodies to review how relationships are going and which will provide an important link to assurance oversight by the Portfolio Accountable Officer. We will take this work forward as a priority involving internal and external stakeholders.</p>	<p>Portfolio Accountable Officer.</p> <p>Internal Audit and PBU to develop the toolkit.</p> <p>Support from PBU.</p>	Directorates.	Q2 (2022).

Table 1: Response to report recommendations					
	Theme	Recommendation	Owner & Resource	Owner	Commencement
10	Assurance & Risk	Portfolio Accountable Officers should ensure that all public bodies within their area of responsibility are aware that formal escalation of a risk or issue is an accepted part of good governance, and that they are clear on the process for escalation when this is required.			
10		Scottish Government response The Scottish Government supports this recommendation. Clarity on risk and risk ownership is a key issue as well as effective communication channels to escalate risks. This is a recommendation which Portfolio Accountable Officers will take forward recognising existing and developing risk management arrangements in Scottish Government.	Portfolio Accountable Officer.	Directorates.	Q2 (2022).
11	Assurance & Risk	When public bodies or their sponsors escalate a risk or issue, this should be done through established DG assurance and risk management arrangements taking account of the urgency of the risk or issue. Where time pressure means that decisions relating to a risk or issue cannot wait an appropriate meeting, DG business management teams should ensure that any decision made is documented for the corporate record. In either case, the decision and the reasons for it, plus any further follow up action proposed, should be communicated in writing to the public body and/or the sponsor team.			
11		Scottish Government response The Scottish Government supports this recommendation which links to recommendation 9.	Portfolio Accountable Officer.	Directorates.	Q2 (2022).

Table 1: Response to report recommendations					
	Theme	Recommendation	Owner & Resource	Owner	Commencement
12	Assurance & Risk	Portfolio Accountable Officers should take a formal decision, based on advice from sponsor teams and/or senior sponsors in consultation with the Public Bodies Unit, if a situation has arisen in which SG needs to intervene in the operation of a public body in a way that cuts across established lines of accountability. Any such decision should be communicated in writing to the public body. Interventions in the governance or operation of NMOs should not be made without legal advice.			
12		<p>Scottish Government response</p> <p>The Scottish Government agrees with this recommendation. The area around how challenging situations are handled between public bodies and sponsor teams/senior sponsors and Portfolio Accountable Officers is a ripe area that requires closer development and it is welcome to see this mentioned in the review. Experience from some Section 22 reports on governance and accountability brings this subject into clear focus. Action on this recommendation will develop a clear structure on where and when Scottish Government needs to intervene in the operation of a public body.</p>	<p>Portfolio Accountable Officer.</p> <p>Support from PBU.</p>	Directorates.	Q2 (2022).

Table 1: Response to report recommendations					
	Theme	Recommendation	Owner & Resource	Owner	Commencement
13	Assurance & Risk	Public Bodies Unit should ensure that coaching and/or mentoring support is offered to the chief executive of every public body, particularly newly-appointed chief executives and those facing challenging situations or intense scrutiny.			
13		Scottish Government response The Scottish Government supports this recommendation. This is an area that will be developed and fits into recommendation 12. Currently Scottish Government provides an annual half day workshop for Accountable Officers. However work will be taken forward to increase the support that is provided to Chief Executives as accountable officers which will include developing a system/network of coaching and mentoring for Chief Executives.	PBU.	PBU.	Q2 (2022).
14	Capacity	Identify two experienced team leaders with a good understanding of public body governance issues to take up post in the Public Bodies Unit to provide additional capacity for development, support and challenge, and review what additional staffing would be required to create a Public Bodies Hub to coordinate improvement work on sponsorship and Ministerial appointments and provide a first point of contact to sponsor teams on all public body issues.			
14		Scottish Government response The Scottish Government recognises the need to resource the delivery of the recommendations in this report and will decide how best to address this given the current challenging fiscal environment.	DG Communities.	Directorate for Local Government & Communities	Q1 (2022).