

An Leas-phrìomh Mhinistear agus Ath-shlànachadh  
Cobhid  
Deputy First Minister and Cabinet Secretary for  
Covid Recovery  
John Swinney MSP



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Kenneth Gibson MSP  
Convener  
Finance and Public Administration Committee  
The Scottish Parliament  
Edinburgh  
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20 March 2023

Dear Kenneth,

Thank you for your letter dated 23 February 2023 regarding three areas of work, I will address each in turn:

- Public Service Reform
- Session 5 Harassment Reviews
- Fiscal Transparency

### **Public Service Reform**

I note that the Committee has commenced an Inquiry into public service reform which will inform the pre-budget scrutiny process later this year. We approach reform very much in a spirit of openness and collective working and welcome the Committee's insights, views and the evidence offered from across the public service landscape.

You asked for details of the Scottish Government's aims and objectives for public service reform for the remainder of this parliamentary session. You have also asked us to provide updates every six months setting out the progress made.

We will be pleased to support the work of the Committee, and later in this letter I highlight issues the Committee and my successor may find helpful in terms of considering how that is undertaken.

Importantly, this Government's ambitions for public service reform include, but also go beyond the five areas of focus around efficiencies and the public bodies landscape that were set out in the Resource Spending Review (RSR). Our aim, as set out in the 2023-24 Scottish Budget, is to achieve fiscally sustainable person-centred public

services, which also support improved outcomes and reduce inequalities of outcome across communities in Scotland.

You will recall my letter to you of 3 February included two main elements, discussed in more detail below:

- a programme of public bodies reform, which captures the five areas of focus in the RSR but goes further still; and
- wider public service reform programmes.

This is necessarily still work in progress.

### Public Bodies Reform

#### Five areas of focus in the RSR

The remit for the Committee's inquiry points out that the RSR identified five key areas of focus for reform over the lifetime of this Parliament (i.e. digitalisation; maximising revenue through public sector innovation; reform of the public sector estate; reform of the public body landscape, and improving public procurement).

My letter of 3 February explained that work to pursue these themes has been absorbed within the wider public bodies reform programme. That will identify where there are valuable opportunities to reform the public bodies landscape and strengthen efficiencies in line these areas of focus. I also set out in that letter how the Scottish Government is currently supporting activity on four of these five areas of focus. We continue our consideration of how best to support activity on the fifth area – reform of the public sector estate – as needed in response to evolving proposals.

Annex A provides an update to that letter regarding recent progress on Digital.

You are aware of the letters that were sent earlier this year to public body chief executives. I attach, for your information, a template on which those letters were closely based - Annex B.

The letters detail our twin-track approach to reform. Public bodies are asked to identify opportunities for further efficiencies and joined-up service delivery and which *reduce cost and direct collective resources towards shared priorities*. I note that the questions that your Committee has asked public bodies are similar to those we set out in that letter. My officials are working through an analysis of returns and would, of course, be happy to discuss this with you in the interests of ensuring consistency wherever possible.

We expect the analysis of returns will set out a mixed picture of progress and ambition. SG analysts are currently examining the responses to understand the work being led by each public body to achieve some 'quick wins', as well as work to support ambitions for wider, deeper and longer-term reform. We also expect this analysis to help us to frame and shape a sequence of reviews across the public bodies landscape on how to make best use of collective resources. The emphasis here is on both financial sustainability and on how bodies collaborate in the interests of shared outcomes. We

expect to see bodies focus on efficiency but also on effectiveness, addressing prevention and taking person centred approaches which respond to what our people, communities and places need to thrive.

Scottish Government officials are also engaged in ongoing dialogue with public bodies chief executives to set out further detail on the development of transformation plans which cover the rest of the RSR period (to 2026/27). Our intention remains that these plans should be submitted later in 2023, so they can inform the 2024-25 Scottish Budget.

The proportionate appraisal and evaluation of transformation plans will include consideration of the financial case, alongside other elements. The plans will both demonstrate how improved outcomes will be delivered for less and how this will be monitored and evaluated. We recognise that, particularly for preventative measures, some savings will sit with other public sector bodies or services and it is expected that these savings will also be identified within business cases. Our goal is to achieve improved outcomes for people including , reconfiguring services and approaches wherever necessary. This will take time.

The fiscal context and drivers for reform are clear, and while effective public service reform is a cornerstone of fiscal sustainability, there is no pre-determined savings target for the overall programme of reform. This allows each case to be considered on its own merit and aligns accountability for delivery with the relevant service owner(s).

### Wider public service reform

The Scottish Government is not new to reform and the Committee will be aware of a wealth of work over the past decade that has made successful inroads into service transformation.

Reform is a long-term endeavour and a significant range of wider activity is also underway. This includes, for example, education reform, tackling poverty through “Best Start, Bright Futures”, our work to deliver on The Promise, our National Strategy for Economic Transformation, and extensive work in Health and Social Care seeking greater coherence across the health and social care system.

Aligned to this is the intention to build further on *person-centred “No Wrong Door” approaches*, which place a strong emphasis on holistic, person-centred support – typically with a preventative focus - and enable people more easily to access the services and support that they need. We know from experience that such approaches work. For instance, reformed Youth Justice services, built on a whole-system approach underpinned by GIRFEC, helping to contribute to an 85% reduction in the number of 12-17 year olds proceeded against in Scotland’s courts between 2008-09 and 2019-20. This approach was also applied in Developing the Young Workforce (Scotland’s preventative youth employment programme), which met its headline target of reducing youth unemployment in Scotland, excluding those in full-time education, by 40% by 2021, in 2017 – four years ahead of schedule.

These types of activities along with the work with public bodies should be viewed as integral parts of a 10-year PSR transformation programme.

## How Scottish Government supports the Committee's inquiry and scrutiny

I recognise the importance of scrutiny and the need for parliamentary colleagues to have the opportunity to interrogate the effectiveness of our approach in order to ensure that the needs of Scotland's people are well met and that publicly funded resources are allocated effectively.

I note that you would like the Scottish Government to come back with updates on progress every 6 months. This will, of course, be for my successor, but I would anticipate Government updating you regularly on progress on the various elements that constitute this drive to reform.

In reflecting on what these updates cover and their frequency, I offer the following observations to your Committee and my successor, as Cabinet Secretary with responsibility for public service reform.

First, I am sure the Government will want to ensure the updates it provides cover the the issues of most interest to the Committee, and that its contents are reasonably straight-forward for the Committee to digest (and for SG officials to collate). An update which captures the breadth of public bodies reform activity, for example, will look very different to one which focuses only on the five areas of focus in the RSR. This is something I suggest your Committee might wish to reflect on.

Our commitment to reform is not a single programme of activity. Achieving results in full will require concerted deep-rooted action through a whole system approach that we know will take time. The scale of success we seek will depend on combinations of organisations committing and contributing to a vision of effective, sustainable person-centred services that is both ambitious and achievable.

My other observation is that, given the evolving nature of our approach, our reform activity will inevitably involve work which emerges or adapts over time. As a result, I suggest it will be challenging for the Scottish Government to pre-define from the outset what the end products of the work we undertake will be. However, we will very much value the input of the Committee as we move forward and would want to set out the main blocks of activity to the end of this Parliament as part of the 2024-25 budget process.

### Pay and workforce

While not specifically raised in your letter, I note the remit for the Committee's inquiry includes a focus on pay and workforce. The RSR included commitments to hold the total public-sector pay bill (excluding Local Government) at around 2022-23 levels, whilst returning the overall size of the public sector broadly to pre-COVID-19 levels. Following further analysis and engagement, our proposal on how we achieve sustainable public bodies developed. In the 2023-24 Budget, we set out that it is for individual public bodies to determine locally the target operating model for their workforces and to ensure workforce plans and projections are affordable in 2023-24 and in the medium term. This recognises that the 2023-24 budget allocations reflect our priorities as well the accountability of public bodies to deliver efficiently and

effectively within their budget, noting that *efficiencies alone will not make a service or an organisation sustainable in the longer term*. Pay and workforce, for example, must more than ever be explicitly linked to both fiscal sustainability and reform to secure the delivery of effective public services over the medium term, while supporting wellbeing and following our Fair Work principles. This is key to one of the core Christie principles: “the need to *improve performance and reduce costs*”.

## **Session 5 Harassment Reviews**

I am grateful to the Committee for considering the final update on the Continuous Improvement Programme for culture and behaviours and the transparency and reporting updates to the procedure for handling complaints by civil servants about current or former Ministers.

I note that in future you seek an annual written update on these matters and that you intend to ask any questions from this update during the Permanent Secretary’s annual evidence session with the Committee.

In addition to this, the Committee of course has the right to invite a Government Minister to give evidence should matters arise where members feel that their questions would be more appropriately directed to them.

## **Fiscal Transparency**

I welcome the Committee’s ongoing interest in enhancing fiscal transparency and its support for the aims of our Fiscal Transparency Discovery Report<sup>[1]</sup>. We are committed to improving the understanding of the public finances, and for the public, their representatives and other interested parties to be better able to ‘follow the money’ from revenue raised to the outcomes it achieves. I am pleased that the Committee has welcomed the additional information provided to support scrutiny of the Budget, including the publication of information by the OECD’s Classification of Functions of Government.

Acting on the Discovery Report’s findings, in Q1 2022, we established a Fiscal Transparency Programme to look at ways to improve the accessibility of our current fiscal data and information - by using more data visualisations, infographics and open data, with clear explanations of the context. Specifically, this work is progressing the recommendation in the Report of an online fiscal portal as a way to bring together current fiscal information in a more comprehensive and integrated way.

Using an agile approach to development, the Programme identified existing infrastructure investment data as the subject for an Alpha prototype in Q4 2022. The aim of this work has been to identify a technical solution to structuring, standardising and visualising the data, showing how it flows through the system from end-to-end and over time. This is to test the concept and the technological, operational and data requirements to achieve this, providing the necessary elements to develop at scale across government. As scheduled, a prototype portal has been delivered in Q1 2023. Following this officials are planning the next phase of work based on learning from the

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[1] [Scottish Exchequer: fiscal transparency discovery report - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultations-petitions/consultations/fiscal-transparency-discovery-report/)

prototype development, as well as judgement about the scope and scale of the next phase of work which will be feasible and affordable. This Beta phase will result in the development a Minimum Viable Product solution by Q4 2023.

We will continue to involve a range of Scottish Government areas, parliament and civil society partners in the development of this work. As part of ongoing engagement, my officials will be inviting stakeholders who were involved in our discovery research to a demonstration of the Alpha prototype - this will include the Parliament's Information Centre and Committee Clerks. If members of the Committee would find it useful my officials would be happy to provide a demonstration of the prototype for them.

The Fiscal Transparency Programme is at the heart of our wider commitment to improve fiscal openness and transparency, co-created with civil society partners, in Scotland's third Open Government Action (2021-25)<sup>[2]</sup>. It commits to improving the accessibility and usability of our data and information about the public finances, benchmarking our fiscal openness and transparency against international best practice, as well as improving engagement and participation on the public finances. We intend to make significant progress as part of this commitment and regularly provide progress updates through Scotland's Open Government Steering Group, which are published on the Scottish Government website<sup>[3]</sup>.

Finally, I recognise that this is hard and complex work and that much of the critical change we want to see takes time. But the critical ongoing relevance of the Christie Commission's work and our own response to that remains at the heart of what we need to achieve here in order to deliver better and deliver sustainably for the people of Scotland. I wish you all the best in your ongoing Inquiry and thank you for the thought provoking and robust scrutiny you have offered thus far in the interests of achieving public value.

**JOHN SWINNEY**

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<sup>[2]</sup> [Open Government Action Plan published - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/open-government-action-plan-2021-25/pages/introduction.aspx)

<sup>[3]</sup> [Open Government action plan 2021 to 2025 - commitment 1: fiscal openness and transparency - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/open-government-action-plan-2021-25/pages/commitment-1-fiscal-openness-and-transparency.aspx)

## Annex A

### **Digital**

Since the Committee was previously updated we have made progress with the Digital Programme. The programme will be delivered iteratively across three workstreams:

#### Portfolio Management:

- to deliver Scottish Government level control of digital investments through a prioritisation process, based on business need and contribution to digital public services.
- the immediate 2023 action towards this will focus on improving the data held by Scottish Government on digital initiatives across the system to enable improved transparency, reporting and decision-making.

#### Transformation Support:

- will deliver a digital framework covering data, architecture, design, capability, commercial and programme and project management, which sets out how to plan and run successful transformation, including mandatory requirements to improve overall system coherence and value for money, as well as the utilisation of common components and infrastructure.
- The immediate 2023 work towards this will focus on the development of the transformation framework, and testing support requirements with a partner programme to develop a scalable service model for transformation support, and to identify efficiency opportunities within the partner organisations ecosystem.

#### Programme Management:

- is in the process of establishing appropriate governance to deliver the programme of work.
- Current activity includes the formal transition of the Digital Board to the programme Board to oversee this delivery, as well as developing the appropriate governance structure for the portfolio management processes.

**PUBLIC BODIES REFORM  
TEMPLATE FOR LETTER FROM DIRECTORS-GENERAL TO CHIEF  
EXECUTIVES OF PUBLIC BODIES**

**SUSTAINABLE AND IMPACTFUL SERVICES: PUBLIC SERVICE REFORM**

Dear [*name*]

The Scottish Government published its draft Budget for 2023-24 on 15 December. I am writing to set out what this means for your organisation and other public bodies in Scotland. I am also asking you to work with your SG sponsor team or Senior Lead Officer as we gather baseline information in January, as part of the approach we will take forward together in the coming months. I and my fellow Directors-General are writing in common terms to Chief Executives of other public bodies in Scotland.

Our public services have faced intense pressures during the Pandemic and many are still dealing with the consequences in terms of backlogs. They must work within the constraints of a difficult economic and fiscal outlook. That outlook, already apparent when we published our Resource Spending Review (RSR) in May, has been exacerbated by additional pressures on public services which resulted in November's Emergency Budget Review. We anticipate that the scale of the resource challenge is likely to deepen further in future, especially from 2025-26.

Our shared challenge is to ensure our collective resources improve outcomes, reduce inequalities and prevent harm, in sustainable ways. The draft Budget highlights as key priorities, eradicating child poverty and transforming the economy to deliver a just transition to net zero; alongside achieving sustainable public services.

We know that many public bodies are committed to reforming how they work, building on significant reforms that have already taken place, including through mergers, estate rationalisation and enhanced use of technology.

**What We Want to Achieve**

Work to ensure public services remain sustainable and are best placed to deliver improved outcomes needs to be intensified as part of a longer-term transformation programme through the RSR period and beyond. Experience from 11 years of Christie tells us that it takes leadership, change capacity and time for intended shifts in fiscal sustainability and improved outcomes to bear fruit.

The key aims of this transformation programme are to ensure public services remain fiscally sustainable; support improved outcomes; and support reduced inequalities of outcome among communities in Scotland. Each public body will be required to work within their allocated budget and should engage with SG sponsor team or Senior Lead Officers to agree how that will be achieved. For all public bodies, making that happen will require working with a relentless focus on ensuring available resources are deployed as efficiently as possible towards priorities. It will require a critical eye



on whether existing organisational structures and service models for public services best support these ambitions. For some bodies, it will require further reductions in costs, in order to prioritise growth where it is most needed elsewhere in public services.

Over the course of this year, we will work with you to pursue these aims through a whole-of-government approach. This has two key elements, which should be taken forward concurrently.

The first element is to identify opportunities for “quick wins”. The most significant scope for these lies through collaborative working, which can identify opportunities for more efficient joint operations and joined-up service delivery that directs collective resources towards shared priorities.

The Scottish Government recognises that public bodies are positive about working together on common ambitions. We encourage you to self-organise around key themes and consider where savings, improved performance and improved service delivery can be achieved by working together. Explore any, and all possibilities for public bodies to make progress and offer ideas for change quickly. This could, for instance, cover shared approaches to making savings on estates, audit, HR and finance and procurement. It could consider opportunities for revenue raising. And a Discovery approach could be used to identify methods for working around barriers to holistic, person-centred, place-based public service delivery – including to prevent people falling into crisis and moderate the future cost to public services of failure demand.

The second element is a more rigorous and concerted series of reviews of the public bodies landscape and how resources are used to improve outcomes. These will be taken forward jointly between the Scottish Government and public bodies.

These landscape reviews will examine wherever public services can operate and be delivered in more impactful and efficient ways. So for instance, they will consider all options for enhancing efficiency and revenue raising; options for changes to the structural landscape (e.g. amalgamation of public bodies or moving functions to or from the Scottish Government); options for service model transformation (including how services best holistically support improved outcomes and vibrant communities; the merits of a digital business model); and ensuring a fiscally sustainable pay bill. They will build on the experience of organisations and sectors that have already led on significant transformation.

We anticipate these landscape reviews will be taken forward on a phased basis, implemented over a multi-year timeframe, and built around “clusters” of public bodies sharing common interest.

### **How We Want to Develop This**

In taking forward this action, we will need to be open to bold and decisive change. In keeping with the ‘whole of government’ nature of this transformation programme, our collective approach should ensure that public bodies’ resources now and in future make as much impact as possible in driving progress on key Ministerial priorities. This includes through how resources are aligned across the Scottish Government

and public bodies to secure strong collective impact. It also includes taking necessary measures to address barriers to progress.

My Scottish Government colleagues will develop these approaches further with you and other public bodies over the coming period. We will integrate these ambitions within high quality and consistent sponsorship and oversight of public bodies, in line with the findings and spirit of the Ryan Review.

### **Initial Commission and Next Steps**

In the course of January we want to build a clear baseline picture of reform that is currently underway across the whole of public service, together with the implications of this for improved outcomes and fiscal sustainability.

The Annex includes the initial commission for completion by 30 January. Your sponsor team or Senior Lead Officer will work with you on this commission, drawing on input from your organisation and from our own management information. I would be grateful if this could receive your personal attention. Its completion will enable us to capture a clear understanding of the totality of reform work underway and the anticipated impact of this in terms of outcomes and fiscal sustainability.

We are not asking you to develop new plans or add new details to existing plans as part of this baseline commission. We will write to you and other public body chief executives in February with a request for transformation plans which cover the rest of the Resource Spending Review period, to be submitted by late summer to inform the draft Budget for 2024-25; and to set out an approach through which Scottish Government works alongside public bodies to support planning activity.

I and Scottish Government colleagues look forward to working with you on this important transformation work as, collectively, we pursue the priority outcomes that have been agreed by Ministers.

### **How This Programme Connects with Need for Efficiency Savings**

Public bodies will need to deliver all possible efficiency savings as part of their reform plans, in order to sustain the delivery of public services within budget allocations for both 2023-24, and into future years. The need for annual efficiency savings, expressed as a target in previous years, was confirmed in the RSR alongside a range of new measures, designed to drive efficiency savings across Scotland's public sector.

Recognising the significant resource challenges now facing our public services, and the efforts public bodies have made in previous years to secure efficiencies, we expect efficiency measures to align with each public body's reform agenda. Public bodies are still expected to test and exhaust all options for efficiency savings, and to focus on making savings as soon as possible.

Signed  
**Director-General**

## PUBLIC SERVICE REFORM: BASELINE INFORMATION ON PUBLIC BODIES

*Please complete this template and return it to your Director General by Monday 30 January 2023.*

<b>Section 1: Body and Purpose</b>	
Name of public body:	
Summary of body's contribution to Ministerial priorities in Draft Budget 2023-24 [1]	

<b>Section 2: Budget and Staffing [2]</b>			
	<b>Total SG Funding [3]</b>	<b>Staffing [4]</b>	<b>Staffing as % of total spend [5]</b>
2020-21			
2021-22			
2022-23			
2023-24 (projected)			
2024-25 (projected)			
2025-26 (projected)			

<b>Section 3: Snapshot of Reform Activity (Current and Already Planned)</b>	
Description of reform activity currently underway or already planned [6] [7]	
Intended results from this current and planned activity [8]	
Actual and anticipated costs of this reform activity	
Current status and future milestones for this reform activity	

### **Section 4: Key Partners**

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)



Please list here public sector bodies your organisation works most closely with and/or could valuably work in partnership with [9]	
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**Section 5: Other Feedback (including Barriers to Progress)**

Please feel free to use this box to highlight any other points you consider important at this stage (e.g. any barriers your body is facing in progressing this work; where there may be opportunities for “quick wins” in overcoming these).	
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**Notes**

- [1] These Ministerial priorities are: (i) eradicating child poverty; (ii) transforming the economy to deliver a just transition to net zero; (iii) achieving sustainable public services.
- [2] Your body’s sponsor or Senior Lead Officer may be able to populate this information on your behalf, if you have previously provided this information. Please liaise with them where appropriate.
- [3] The total funding your body receives from the Scottish Government. This should include any grant funding on top of your body’s allocated budget.
- [4] Your body’s staffing total expressed as Full-Time Equivalent.
- [5] Your body’s staffing spend as a % of the total spend of your public body.
- [6] “Planned” activity is action your organisation is already preparing for or anticipating. **For the purposes of this baseline exercise, we do not expect public bodies to produce new detailed plans.**
- [7] Please include wherever appropriate reform activity within your organisation; in partnership with other public bodies, and/or in collaboration with communities, businesses and/or third sector organisations.
- [8] Please include wherever appropriate results in terms of strengthened fiscal sustainability, improved outcomes, reduced inequalities, and/or more empowered communities. Fiscal sustainability might for instance be strengthened by reducing costs, raising revenue and/or reducing need for expensive crisis intervention services
- [9] Value in working in partnership could, for instance, arise by having overlapping ambitions for improving outcome, and/or having similar presence and footprints in local areas.

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