

Written submission from the Auditor General for Scotland, 28 February 2025

SPCB Supported Bodies Landscape Review Committee

Background

1. This paper provides a written response to the SPCB Supported Bodies Landscape Review Committee by Audit Scotland, on behalf of the Auditor General for Scotland (AGS) in advance of giving evidence to the Committee, on the 13 March 2025.
2. In compiling this response, we have considered the Committee's remit, to review and develop a framework for SPCB supported bodies including:
 - defining how these bodies can be held to account and scrutinised
 - setting stronger criteria for creating new supported bodies
 - identifying how services and offices can be shared between these bodies

Holding to account and scrutiny

3. It would not be appropriate for the AGS to recommend specific approaches or arrangements for parliamentary scrutiny of the SPCB supported bodies. The Committee may wish to consider the recommendations of the 2007 Crerar review which amongst many relevant points, states 'The unique role of external scrutiny is to provide independent assurance that services are well-managed, safe and fit-for-purpose, and that public money is being used properly. The five guiding principles for external scrutiny should be public focus, independence, proportionality, transparency and accountability. These should be adopted by Ministers, the Parliament and other stakeholders'.
4. The AGS currently contributes to the scrutiny of these supported bodies through public reporting of annual audits. The core of the work for the AGS is the annual audit process that appointed auditors undertake on his behalf. The audits are of single bodies' finances and wider audit issues reflecting the legislative responsibilities of the AGS under the Scotland Act 1998 and the Public Finance and Accountability (Scotland) Act 2000.
5. An annual audit report is published about each SPCB supported body. The audits of these bodies are carried out under the same auditing standards as any other public sector body, with a focus on governance and financial statements, particularly compliance with relevant regulations and standards. The current SPSO supported bodies are all categorised as 'less complex bodies' and the scope of the wider audit work for these may focus on review of the Annual Governance Statement, the financial sustainability of the body and the services that it delivers over the medium to longer term. Annual audit reports may also offer high-level commentary on, for example, financial management; financial

sustainability; vision, leadership and governance; and use of resources to improve outcomes.

6. Where the AGS identifies there is an issue highlighted in the audit - for any public body within his remit - which he considers significant enough to bring it to Parliament's attention, he can also publish a report under s22 of the Public Finance and Accountability (Scotland) Act 2000. For example, the 2021/22 s22 audit report on [the Commissioner for ethical standards in public life in Scotland](#)). Section 22 reports on SPCB bodies are rare, with this being the only example in the past 10 years.
7. We understand as part of the Committee's considerations there has been discussion about whether there could be efficiencies in terms of the auditing of the bodies, for example by undertaking a single audit of all the bodies, through a merging of finance functions or by tightening the scope of the audit work. Annual audits are of an organisation as an entity, its financial management, governance and compliance with statutory and regulatory requirements - the audits are not of individual functions. Although the audits of the SPCB supported bodies are relatively small, there is a minimum requirement for audit, regardless of the size of the body.
8. To undertake annual audit processes differently, for example to audit a group of SPCB supported bodies collectively, would require changes to primary legislation. It would also require detailed consideration of how to ensure clarity and transparency about responsibility and accountability for public finances within such an arrangement.
9. In relation to the Committee's consideration of outcomes, where new bodies are created, including any SPCB supported bodies, it is important that intended outcomes are considered both at point of creation and by the bodies themselves once operational. All public bodies should be clear about their role in planning, contributing to, measuring, and reporting outcomes.
10. We would highlight to the Committee the AGS' 2019 briefing [Planning for Outcomes](#) which sets out a range of factors in setting and measuring outcomes including for example, that in establishing outcome measures, a clear assessment of gaps in evidence is needed. It also sets out that financial reporting should show the link between financial decisions and outcomes and, scrutiny must consider how service and financial pressures affect outcomes. In the AGS' 2021 blog: [Christie 10-years on, he emphasised the importance of driving a move to more meaningful outcome measures](#): 'Christie challenged us to make a shift towards prevention and deliver improved long-term outcomes for individuals and communities...Changing how we report and assess performance and how we help the Parliament and the public hold leaders to account won't, on its own, deliver the transformational change that Christie highlighted – but it would certainly help'.

Criteria for creating new supported bodies

11. It would not be appropriate for the AGS to comment on the specific rationale for establishing or changing the remit or powers of SPCB supported Commissioners,

or to comment on the detail of criteria to make these decisions. These are for the Scottish Parliament and Scottish Government to determine.

12. Any such process should begin with detailed consideration of the need for a new body, its purpose and what gap in arrangements it would meet, the intended impact and outcomes and what the other options to achieve these objectives might be. The criteria should reflect how best to meet public need and balance this with value for money. Another important consideration is how a body will operate in practice, ensuring arrangements that will support good governance. This includes clear measurable and achievable goals; transparency and accountability; and good quality data to support this. In this regard, the AGS supports the use of a clear, transparent framework that includes well-defined criteria, that can be used to support a consistent approach and fully considered decisions about bodies.

Sharing services and offices

13. The AGS has long commented on the need for better cross-organisational working to find ways to work more efficiently and effectively. This includes sharing services, functions, and colocation, where this supports cost efficiency, improved collaborative working, learning and innovation. However, there can be challenges to overcome with these arrangements. For example:

- Different funding streams can make collaborative planning around such arrangements difficult.
- Different organisational cultures and priorities can bring friction to shared arrangements.
- Data sharing, privacy and security can be a risk that needs careful management

14. The Committee may wish to consider the lessons learned from examples of where sharing services and colocation have been part of reform in the public sector. For example, in local government examples of shared services and colocation with other services, the reform of police and fire services and college mergers.

15. Instilling a culture of collaborative leadership to take forward collective aims and outcome objectives is not straightforward. Points of reorganisation and reform are an important opportunity to consider how the arrangements can be best aligned to support this. The detailed considerations of the Committee are a valuable opportunity to reinforce this with this sector of bodies but also contribute to the wider discussion and learning for wider reform and transformation.