OFFICIAL REPORT
AITHISG OIFIGEIL

Finance and Public Administration Committee

Tuesday 25 April 2023

Session 6

The Scottish Parliament
Pàrlamaid na h-Alba

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FINANCE AND PUBLIC ADMINISTRATION COMMITTEE
11th Meeting 2023, Session 6

CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

DEPUTY CONVENER

*Daniel Johnson (Edinburgh Southern) (Lab)

COMMITTEE MEMBERS

*Ross Greer (West Scotland) (Green)
*Douglas Lumsden (North East Scotland) (Con)
*John Mason (Glasgow Shettleston) (SNP)
Liz Smith (Mid Scotland and Fife) (Con)
Michelle Thomson (Falkirk East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Sandy Begbie CBE (Scottish Financial Enterprise)
Dr Helen Foster (Ulster University)
Jamie Halcro Johnston (Highlands and Islands) (Con) (Committee Substitute)
Paul Sheerin (Scottish Engineering)
Alex Thomas (Institute for Government)

CLERK TO THE COMMITTEE

Joanne McNaughton

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Finance and Public Administration Committee

Tuesday 25 April 2023

[The Convener opened the meeting at 09:30]

Interests

The Convener (Kenneth Gibson): Good morning, and welcome to the 11th meeting in 2023 of the Finance and Public Administration Committee.

We have received apologies from Liz Smith and Michelle Thomson, who cannot attend today's meeting. Jamie Halcro Johnston is attending as Liz Smith's substitute. I welcome him to the meeting and invite him to declare any relevant interests.

Jamie Halcro Johnston (Highlands and Islands) (Con): I do not think that there is anything particularly relevant that I need to declare. I am a partner in a farming business and I own shares in Tetragen and Standard Life, but I am not sure that they are relevant to the committee's discussions.

The Convener: Thank you very much.

Effective Scottish Government Decision Making

09:30

The Convener: Under our second item, we are continuing our inquiry into effective Scottish Government decision making. Today, we will take evidence from two panels of witnesses.

For the first evidence session, we will hear from Alex Thomas, programme director at the Institute for Government, and Dr Helen Foster of Ulster University. I welcome both of them to the meeting.

I intend to allow up to 75 minutes for this evidence session. We will move straight to questions. I will open with some questions; committee colleagues will then contribute.

In relation to the Tolley inquiry into the former Prime Minister, *The Sunday Times* editorial two days ago said:

> "The civil service ... is one of the great institutions of state. Its effectiveness rests on its neutrality. That this is now in question reflects badly on ministers as well as officials. Civil servants must provide candid advice without fear of reprisal. But ministers must be able to demand professionalism and results from their officials without fear of a grievance claim."

Obviously, that referred to Westminster, but is it the same here?

Alex Thomas (Institute for Government): If that is directed at me, the honest answer is that I do not know. That is not the best opening answer to a committee such as this.

My expertise is in Westminster and the United Kingdom-level civil service, so I am happy to speak about the Tolley inquiry and the Raab affair.

The editorial that you quoted is absolutely right that an impartial civil service that is able to speak without fear or favour to ministers is necessary to good government. Also, ministers should be able to demand high standards of their officials. It is unfortunate that the debate around the fallout from the Raab affair has turned into a debate about the impartiality of the civil service.

If you read the Tolley report, you will find that it is a thorough piece of work. It was definitely written by a lawyer. It goes through in clear and, to my mind, fair detail the circumstances in the Ministry of Justice, the Foreign Office and the Department for Exiting the European Union. It found a couple of specific occasions when Mr Raab was, in Mr Tolley's view, intimidating. Because of the test that Mr Raab had set himself, he resigned.

That does not speak to a wider problem in the UK civil service or the part of the civil service that

serves ministers in Scotland. Clearly, as in any large institution, there are officials who are not as good at their jobs as they might be. There is a need across all the different parts of the civil service to improve skills, to improve the project management, perhaps, occasionally, to tackle a culture of risk aversion and to improve policy making, and for civil servants to have more background in data and deeper expertise. We might get into some of those points over this evidence session, but I do not think that there is some sort of conspiracy to thwart ministers in the UK civil service or the civil service in Scotland.

The Convener: Thank you for that. I should have said "Deputy Prime Minister" instead of "Prime Minister".

Dr Foster, do you want to add anything on that question?

Dr Helen Foster (Ulster University): No. My research looks principally at the Public Accounts Committee and public accountability. From the interviews that I have done, it is obvious that the personalities of officials and politicians play a big part. As Alex Thomas said, the situation is a reflection of a particular set of circumstances. It is not an indicator of wider problems.

The Convener: One of the things that you mentioned in your submission was churn. You said:

> "Churn among civil servants is an issue across the civil service in both Whitehall and across the devolved administrations, which is encouraged for the development of generalist civil servants ... Researchers have also commented adversely about churn among politicians".

I had a wee look. Apparently, in the year to September 2022, the UK Government had five education secretaries and, from 2000 to 2022, it had 22 housing ministers. Here at Holyrood, we have had four transport ministers in two years. How much does the churn in ministers, as well as in civil servants, militate against good decision making?

Dr Foster: It absolutely does. Each minister who comes in will have their own set of priorities. They may be looking at a wider framework that has been set out by the Cabinet, but everyone has their own little emphasis.

The minister is as important as the official. It is a two-way street—it is about the minister and the official working together. If a large number of ministers look after a portfolio over a short period, they, too, have to get to grips with their briefs. It is not only the officials; it is the ministers, as well. They are not building up that expertise.

I have looked at senior positions in the civil service but, from interviews that I have done, I would say that the churn below that higher level is worse than it is at that level. There is a lot of churn at the middle-ranking level of the civil service.

Alex Thomas: I entirely agree with that. That is a problem in the civil service and among ministers. A few years ago, we did some research and released a graphic, which I am happy to share with the committee, that compared the tenure of UK Government ministers fairly unfavourably with that of football managers. There is a real problem there.

I would always argue that Prime Ministers and First Ministers should do what they can to maintain ministers in post for as long as possible. Such a turnover of ministers is definitely not a good thing for the delivery and execution of Government priorities.

I highlight that the problem is perhaps particularly acute in the civil service if civil servants are spinning around too much, because we rely on the civil service to provide continuity. One of the benefits of an impartial civil service that stays in office across Administrations is that it develops deep expertise. The legitimacy of the civil service relies on its expertise and its ability to serve successive Governments and ministers. Therefore, although I absolutely think that there is a problem with ministers moving around too rapidly, I would say that there is something particular to focus on in the civil service around making sure that officials stay in place so that they can support whichever minister is in office to take the best decisions.

The Convener: The structure of civil servants at Whitehall—much of the civil service structure that we have here is more or less based on that—has been in place since 1854, when generalism was seen as the be-all and end-all. We are now in a much more sophisticated, high-tech society, and we have a lot of differences from previous generations. For example, contracts and procurement are complex and need specialist skills. Are we in a situation now in which we cannot deliver government without an increase in specialism and the generalism idea will just not cut it any more?

Alex Thomas: I think that we need both. If you look back to the 19th century and the foundation of "the modern civil service", you will see that there was an assumption about generalism but, even then, that was mostly about rooting out the second and third sons of minor gentry who were looking for an easy life in the civil service. Even then, it was about recruitment on merit and getting people with the right skills. To some extent, the context changes, but the desire and need to get the people with the best possible skills into those jobs are retained.

When you work on civil service and Government reform, one of the slightly depressing things is that you look at the Northcote-Trevelyan report from the 19th century and then the Fulton report, which was done in the 1960s, and you look at some of the debates in the 1990s and at Blair and then Francis Maude, and the same themes around skills keep coming up time after time.

You have hit on an important point. The civil service at the UK level—I think that the same is true in Scotland—has made fairly strong efforts over the past 10 to 15 years or so to professionalise what it calls its functions: the commercial and procurement function, the finance function, audit and, importantly, digital and data. Those functions still do not have high enough status in the civil service, but they are getting there. They are at what is slightly euphemistically referred to as different levels of maturity, which basically relates to how good and well established they are. Some are more mature than others, and some—such as digital between 2010 and 2015—became more mature and then slightly fell back a bit. Those functions exist. Things have got better than they were in 2010 or 2005, but there is still quite a long way to go.

I will speak briefly in favour of the generalist. It is important in government that ministers have people who can synthesise advice, fix things and act as translators of their policy objectives into the department. However, of all the things to worry about in the civil service, it is not the fixers and the generalists that I would worry about, although they have important roles; it is the people with the deeper technical skills, as your question implied.

The Convener: I do not think that anyone would want to replace generalists entirely. It is about the balance, is it not, Dr Foster? There is a concern about that. There is also a concern that people develop a level of expertise but, in order to get promoted, they get transferred into other areas of the civil service, and the skill is kind of lost.

There is also an issue about how some specialisms are valued. I read in *The Economist* a few weeks ago that the head of cybersecurity job at Westminster was advertised with a salary of less than £56,000 a year. That will not attract top-notch recruits in that kind of area—no offence to whoever gets the job in the end. If we are to get optimum decision making, where should the balance be struck between specialists and generalists?

Dr Foster: It is hard to know exactly where the balance should be, but I agree that there is always room for the generalist. From the reading and so on that I have done, I think that the skill that is lacking is project management. That seems to be an area that is particularly important. I know from being a member of staff at a business school that even trying to get somebody to deliver a course on project management is very difficult. Project management skills are very much in demand and, as you have said, universities and Governments are sometimes hindered in who they can attract, because they are competing with the likes of the major professional services companies that can offer X times what they can offer in salaries. That will be an issue.

The specialism of finance has improved over the years, and there are far more fully qualified accountants in the civil service now than would have been the case a number of years ago. However, there are other areas in which specialisms have not been developed to the extent that they should have been.

The Convener: One of the things that were mentioned by former senior civil servants to whom we spoke was that they were of the view that there should be a separation between policy development and implementation. Incidentally, that view was not shared by former ministers, which is quite interesting. Where do you think that kind of boundary should lie?

Dr Foster: You cannot look at policy development and then at policy implementation. When I looked at failures that had happened before—by which I mean failures that the National Audit Office had reported on—I invariably found that it was a case of people saying, “This is policy. This is implementation. We don’t look at policy; we look at implementation.” However, it is a blurred line.

Sometimes, things are very easy and defined but, usually, things are messier. One of the other written submissions used the word “messy”. It is a very messy business; it does not follow the nice little diagrams that academics draw. You need some people who are there from the beginning and right through the process, but you also need people coming in and out of it. You need to add value as you go through the whole process.

I hope that that answers the question.

09:45

Alex Thomas: I am pretty sceptical about too much separation between policy and delivery, not least because I think that, for the past 20 years or so—or even longer, actually—there has been a sense that policy and delivery are separate, and all Governments have been struggling to bind them back together.

The civil service needs to get better at building genuine multidisciplinary teams that see projects all the way through from policy development to implementation. That does not mean, as Dr Foster said, that the cast cannot change a little bit. A lot

more project management and implementation skills might be needed towards the end of a project than at the start of it, but it is really important to have continuity in terms of the civil servants involved in those projects.

There is often an assumption that those teams need to be led by the policy wonk or the generalist. Sometimes that is correct, but that goes to Mr Gibson's point that, in order to rise up through the civil service, people tend to develop generalist and leadership skills. A person is much more likely to hit a career buffer if they are a project management specialist and they want to stay in that area. That is a bit less the case now than it was 10 or 15 years ago, but I still think that that is a problem. The people who get to the top of the civil service are those people who can work well with ministers and who have generalist, courtier-style skills. We need to be much better at having multidisciplinary teams that are led by the person who genuinely has the right skills to implement the policy.

The Convener: There should also be ownership of policy right through from conception to delivery and post-legislative scrutiny. Of course, that relies on the ministers being in post, as we touched on earlier.

One of the things that I have been very curious about in terms of the evidence that we have taken from former ministers, former senior civil servants, current civil servants and academics is that there has been absolutely no mention whatsoever from anyone of special advisers, whose role is ill-defined; they appear to have no specific job description.

Special advisers have been around for 45 to 50 years, and of course they are endemic both in Whitehall and here in the Scottish Parliament. Boris Johnson had 126 of them, on an average salary of £102,000. At Holyrood, there were 17 of them last autumn—on an average salary of £92,000, incidentally—and now there are 12, I understand. What is their relationship like with civil servants and how do they fit into ministerial decision making?

Dr Foster: The growth in the number of special advisers has been a particular problem for accountability, because they do not fit neatly into the paradigm that ministers are responsible to the Parliament and that, at the end of the day, politicians are responsible to the electorate. There are procedures in place for the civil service—civil servants can be called before an audit committee and they are answerable for what they do. It is much more blurred whenever a special adviser is involved. Also, special advisers are political appointees, so, unlike civil servants, their role is not impartial.

That whole area needs to be looked at in much more detail. I do not know whether this committee can look at that. It is a problem throughout the devolved Administrations—it is not just about Whitehall or here. If we had a Government in Northern Ireland, we would have the same problems, because we still have SPADs.

Alex Thomas: I agree on the accountability point. There have been high-profile examples of special advisers who, rather than exceeding their remit, have been allowed by their ministerial principal to exceed their remit. For example, some of the things that Dominic Cummings said along the lines of, "I appointed a cabinet secretary," "I dismissed a cabinet secretary," or "I forced out a chancellor," pose quite profound problems in relation to accountability, as Dr Foster has said. Why did Dominic Cummings do that, though? It was because the Prime Minister at the time let him do it. Therefore, it comes back to ministers and Prime Ministers—it is about how far they allow the writ of special advisers to run—and, in the end, accountability sits with ministers.

However, we can get distracted a little bit by those high-profile examples. In my experience—we see the same in our research—the vast majority of relationships between civil servants and special advisers are actually very good. I would have no problem with more special advisers being appointed—if Prime Ministers or First Ministers were willing to take the heat—first, because a good special adviser and a good civil servant get on well and recognise their complementary roles and, secondly, because a good special adviser can amplify the voice and views of a minister in a way that a very time-poor minister can never do.

Therefore, very close working relationships between a special adviser and civil servants in the private office and those senior civil servants in the department who are trying to get stuff done can be really good. A good special adviser who can synthesise the politics, the policy and the media is absolutely worth their weight in gold.

The Convener: That is interesting. They often share the fate of their ministers, so, if the minister does well, they will do well and, if the minister does not do well, they will not do particularly well, although they are not always tied to the minister in that way. They try to help ministers to formulate and deliver policy, so I can understand your view, but the role benefits the governing party and it is politicised, so I wonder whether special advisers have an impact on the access of civil servants to ministers. Are they a kind of Martin Bormann-type character who stands at the door and prevents others, even senior civil servants, from getting to the minister when they might need to?

Dr Foster: I suppose that, as Alex Thomas has said, that is down to the politician. Is the politician prepared to tell the SPAD, "You're stepping out of line here"? That might be the case in some circumstances, but both the civil servant and the politician—all parties—have a part to play. They must all take responsibility. As Alex has said, if the special adviser exceeds their power and holds people back from having access, that needs to be addressed by the politician.

Alex Thomas: A brief—

The Convener: Before you come in, I note that you touched on workload earlier. Obviously, ministers can have a dozen meetings a day. They have to respond to questions in the chamber, formulate policy and speak in debates. They are often pressed to deliver—or indeed are proactive in delivering—statements. They might have a constituency, and they probably have a home and family life. How do they manage to balance effective decision making with those pressures?

Alex Thomas: It is really hard for ministers, and one of the problems of the system is that we put too much pressure on ministers to take those decisions.

On the point about special advisers and access, it can be a problem, but it is fairly rare because, in most Westminster Government departments, there are only two special advisers. There are sometimes three or four, but that is still a very small number in relation to the number of civil servants. It is quite rare for SPADs to block access. They might pick favourites—they might work out who in the department they think is good and who they think is not so good—and use that to regulate access.

There was an experiment in Westminster called extended ministerial offices, which was about giving ministers more personal support and more people who they could personally appoint, although those were not necessarily political appointments. However, I was a little worried that that might mean that the minister would float off a bit, if you like, and be in a bit of a bubble, insulated from what was going on in the department and what civil servants were doing to deliver it. Too much insulation around a minister can become a problem.

On your workload point, you are right, and, in Westminster certainly, secretaries of state can be entirely overwhelmed by the workload because they are trying to run these huge Government departments, while some junior ministers can sometimes feel a bit underemployed. Some of it comes back to whether a secretary of state is prepared to delegate and set clear priorities, but there is also a role for ministers being a bit clearer with civil servants about where their powers of delegation lie so that they can clear some of the clutter off ministers' desks and focus on what is really important.

The Convener: Dr Foster, does the workload of ministers mean that they cannot keep their eye constantly on the ball? Does that have an impact on the quality of decisions, and does it mean that some of the decisions are, in effect, outsourced because they have to rely on other people to have a full grasp of the detail?

Dr Foster: I suppose that the politicians whom I have interviewed down the years would all have said that they were very busy people. I have interviewed members of this committee, too, and I know that members who sit on a few committees and whose constituencies are a couple of hundred miles away and so on have lots and lots of commitments. I am sure that the situation is even more exaggerated for ministers, who have additional responsibilities.

However, it is, as Alex Thomas has said, a matter of prioritising what is important. I suppose that there is sometimes a tendency to try to do too much or even to focus on too many different policies; ministers feel that they have to do lots and lots of things, particularly if they think that they might be in office for only a short time. They feel that they need to get everything through, without thinking them through or by taking a very short-term approach. Again, it is down to prioritisation and asking yourself, "What can I do?". When you go in each morning, you will be faced with X, Y and Z, but the question is: which is the most important? What does the Government want to focus on?

At the end of the day, the minister makes the decision, and the civil servants advise. Consultants are sometimes used; indeed, the National Audit Office and the devolved audit offices did a big piece of work on that issue a number of years ago. I am not convinced that consultants were giving necessarily the best advice—and they were giving it at enormous expense. In one particular case, a report came in from consultants and they had not even changed its name. They had just reused something, and it had not been proofread properly.

The Convener: Of course, consultants are often hired because the Parliament does not have the specialist capacity.

Dr Foster: Yes, but the use of the consultants needs to be weighed up very carefully. Are we using them just as a way of passing the buck? The civil servants and the politicians have to own the decisions that are made—they cannot really be outsourced.

The Convener: Finally, there is the 24-hour news cycle and pressure from ministers to make

announcements. They want to be seen to be successful by their own political party as well as the wider public; given that they have the life expectancy of a Hibs or Chelsea manager, you can understand why they want to make an impact right away.

If we are thinking about how we achieve significant long-term outcomes, it all comes back to the same issue of churn and stability in the relationship between the civil service and ministers. Ministers often come up with wonderful ideas that might not be wonderful when it comes to implementation, and they might well long since have moved on by the time that the ideas are actually implemented.

Dr Foster: Yes. The other issue is that, although you can fairly quickly measure outputs—whether more people were employed, for example, or whatever—the longer-term outcomes are not likely to be seen until five or 10 years down the line. There is no emphasis on that. You measure what you can measure easily and not necessarily what you should be measuring—and, as you have said, people move on.

I suppose that the press, in particular, and ministers want the sexy bit of announcing policy instead of the drudgery of thinking the whole thing through. Again, thinking of the failures that have come before audit and public accounts committees, I would say that it seemed to be the second bit that was missing, because they just wanted to do the sexy bit.

Alex Thomas: I agree with what Emma Foster has just said, and I do not want this to be too much of a counsel of despair. I stand by everything that we said earlier about the churn of ministers and civil servants, but I think—and this goes back to the Dominic Raab debate—that there is a danger of assuming that these are two antagonistic tribes, with the civil servants saying, "Go slow—this is very risky" and ministers saying, "I don't have much time, because I need to respond to the demands of the media." Both pressures are true: civil servants tend to be more risk averse and point out the financial, legal and practical obstacles, but that can lead to creative tension.

One of the things that an incoming Government, a Government that wants to refresh itself or an incoming minister should think about is how they can work really constructively with civil servants without either taking everything that they say at face value or just dismissing it. They need to think about how to get under the bonnet of the advice that the civil servants provide so that they can form their own view about whether the civil servants are being too risk averse and whether the Government should take a financial risk or what the risk is of something getting gummed up in the courts. The really good ministers give civil servants a hearing but are very active in forming their own view about whether they believe civil service advice. Some of the best ministers I have worked with, regardless of political party, were very open to that—they had their own strong views, but recognised the different roles that people play in the process. The best civil servants do exactly the same.

The Convener: Yes, that has come through strongly in evidence. I am now going to open up the session.

10:00

Daniel Johnson (Edinburgh Southern) (Lab): In a sense, I want to carry on the convener's line of questioning regarding generalism. However, before I do, I thank you both for giving the Fulton report a namecheck—I have also done that in the past because it is interesting how frequently these themes come around—and also for mentioning project management.

Dr Foster, you set out the key stages of decision making as problem identification, agenda setting, consideration of potential actions, implementation and evaluation. That is a really good framework. However, it struck me that, when we are discussing the issue—whether that is with former ministers, civil servants, or others outside the Government—the tendency is always to dwell on policy, whereas our inquiry is about decision making in the round, without being prescriptive. If we push, people might talk about implementation, and if we push a bit further, they might talk about finance, but really only after prodding, and only if we ask about very specific things, such as commercial considerations. That is odd, given the number of external contracts and relationships that the Government has—the state does not do everything; it contracts out a lot. In private sector organisations, that commercial function is key.

When we are talking about generalism, is it that we overemphasise policy—those first two bullet points in Dr Foster's list—almost to the exclusion of anything else? The issue is not so much about generalism as an area as it is about the need for a bit more focus on those different stages of the life cycle of a project and having specialist skills within those. Would that be a fair summary?

Dr Foster: Yes, that is fair enough. The stages are identification of the problem, then the agenda setting, and then consideration of all the potential actions. Also, I think that I noted—I certainly read about it—that there is the question of non-action. There is always an option not to do anything, and we have to consider the consequences of that. Perhaps everybody wants to do something, rather than just considering that the status quo might be

okay. The other stages are implementation and evaluation.

It should be a loop. I tried to upload an image of a little circle, but I was not very good at it—I should have done it as a PDF and attached it. It should be a virtuous circle. When you implement, you look at what has happened before and the implementation issues, such as something that did not work out, and that should inform the agenda setting and the policy. There should be learning as we go through, and I am not convinced that that happens. The lessons are not learned, so we reinvent the policy and we make the same mistakes again.

Daniel Johnson: Alex Thomas, you were discussing at some length why we should not throw out generalism, but perhaps the question is about how that generalism is acquired. If we look at other organisations, typically someone would be drawn into a particular function when they hit a certain level and, having developed expertise early in their career, they will then start hopping. People come up through a finance function, an engineering function or a sales function, and it is only once they hit their mid to senior career that they start to broaden their skills. Rather than thinking about generalism throughout, is there a need to think about when we seek civil servants to acquire that generalism?

Alex Thomas: Yes. There are specific skills that you need in order to do a finance job, a commercial job or a digital data job. I would make something of a distinction between those "policy" skills and others—we quite often elide the policy civil servant and the generalist civil servant. One of the gaps that the civil service has is in deeper specialist expertise.

I do not think that civil servants should stay in the same job or in the same narrow field for the whole of their careers as they move up, but I think that there should be more of what I would describe as a career policy anchor. There are commercial or financial functional experts, who are part of a multidisciplinary team, but within each broad policy area, such as education policy or social policy, there are people who are much more consciously anchored to a particular policy specialism, so that, although their career is not very narrow and they develop a broad understanding of how government works in their sphere, they are more anchored to something than might have been the case otherwise.

I worked in the Department for Environment, Food and Rural Affairs for a bit and in other Government departments, but I always felt anchored to the how a Government worked. I worked on constitution, on electoral systems and in private offices: I was a sort of boiler-room, mechanics-of-government type of person, and I felt that to be my career anchor. I think that the civil service should be thinking in that way, so that civil servants can bring that to the party as part of the multidisciplinary teams that I was discussing earlier.

Daniel Johnson: Another point that has been made by separate groups of people is that there is a lack of consistency in the approach to policy making and implementation across different portfolios. We should bear in mind that we do not have multiple departments in the Scottish Government, which is essentially a single Government department. We might expect such a lack of consistency in Whitehall but not in the Scottish Government. Would you both agree that therein lines the problem? Without consistent approaches to both policy development and implementation, people will always struggle.

Dr Foster: It is not a case of one size fits all, as I think I have said somewhere else. Sometimes there can be a framework, but it needs to be moulded for the particular circumstances of a particular function or area. To an extent, that framework is also moulded to reflect the particular personalities involved. It is a matter of how to interpret the framework, and that is very much dependent on the people involved.

Alex Thomas: As you will probably be aware, in Westminster we often looked with envy at the coherence and consistency that the Scottish Government has because it was one department. It might not feel like that here, but it felt more coherent to those of us looking from London.

I will make two quick points. This is a difficult, complicated, balanced subject, but who should be accountable, or how should civil servants be accountable for consistency of application and skill? I have come to the view that we do not get the accountability arrangements quite right. Civil servants should be more directly accountable, whether to Parliament or through some other means, for the consistency of certain functions of government. I would include contingency planning and some aspects of project management and commercial skills. That is really hard, however, as it butts up against ministerial accountability. It is a very delicate balance, but there is an important and interesting question here about how we hold the civil service more directly to account for the skills that it develops and the consistency of those skills.

There is a second point about the public scrutiny of that—and we may come on to that later. Having looked through some of the evidence that you have received, including wiring diagrams and so on, I think that, while we are focusing a lot on the process or on the policy and implementation cycle, the civil service and ministers also need to think about having the right people with the right skills in

the right place. Government is always going to be messy, as Dr Foster has said. There will always be incoherent things, and people will always have to react to the demands of a media cycle.

It does happen, but it is pretty rare in government that people get the opportunity to sit down, map out a policy cycle and discuss how they are going to deliver something over five years, say. It is much more common to have the right people reacting in the right way in developing and implementing a policy.

Daniel Johnson: I have just one slight counterpoint here. That sort of assumes that everything in the private sector is neat, orderly and predictable, and it is not. Successful large organisations will have a lot more consistency and standardised methodologies—and I agree that they need to be adapted. We need to be careful, however, about the notion of exceptionalism for decision making in government.

Alex Thomas: I entirely acknowledge that. I sometimes get twitchy about too much reading across between the private sector and the public sector, because the pressures are different, but particularly in the areas that we are talking about—commercial, finance and data—there is nothing magic about government, which is why I question how the civil service can be held more directly to account for the consistency of standards. Another thing that the IFG writes about quite often is how the centre of government sets those standards in a way that does not undermine an individual minister who is delivering their policy while being accountable to Parliament for doing so but does set some kind of basic standard of how government should work.

In Westminster, the Cabinet Office is far too weak in doing that, and it has become a very strange department. There is much more space for a smaller, and in some respects, more contained but much stronger and authoritative centre precisely to set the standards that you mentioned. You have got me on a hobby-horse now—and I should get off it.

Daniel Johnson: It is an interesting one. Michael Barber's book "Instruction to Deliver" sits on my bookshelf.

I am interested in the IFG's proposal that there should be a new civil service bill that clarifies the role. We need to think about more than just function; we also need to think about structure. One of the things that strike me about the Scottish Government is that there is no direct mapping at director general level and cabinet secretary level, and below that, at director level, some directors feed into multiple ministers and cabinet secretaries. I am not arguing that a direct one-to-one system is needed, but it relates to what was said about wiring diagrams; we do not want too many connections.

Critically, there is an issue if there is not a clear line of accountability and delivery at Cabinet level. Does the Scottish Government need to think about that, and are there examples of good and bad practice from Whitehall? I guess that different departments manage relationships between civil service roles and ministerial roles quite differently.

Alex Thomas: I am happy to pick that up. I am conscious that I have given quite long answers, so I will try to be brief.

I like the way in which Lord Francis Maude talked about things being held tightly and loosely in his reflections from his time doing civil service reform. Whitehall suffers from—and also benefits from—the acute tension between the vertical, which means the departmental structures, and the horizontal, which means the functions and the cross-cutting of skills and support teams.

Francis Maude's view, with which I agree, is that there are certain things that the centre of government should hold tightly—finance standards, for example—and those should be applied consistently across government, and that there are other things that it should hold loosely, such as policy development and, to some extent, implementation, which should be held in the vertical hierarchies of the department, for which secretaries of state should be accountable to Parliament for delivering. However, it has to be recognised that there are tensions about accountability and budgets, in particular, and with who sits with the money and what the role of the Treasury is in all of it. There is something in the model of having clear, vertical hierarchies but everybody also being clear on what the horizontals are.

On the question about examples of better or worse practice, it is hard to disentangle the overall complexities and problems of the departments in Whitehall that might not be in a particularly good way at the moment—such as the Home Office. It faces challenges with its policy agenda and broader cultural questions that relate to those wiring diagrams.

The Cabinet Office is pretty messy at the moment. There are a lot of very senior people all trying to carve out their roles. There has been a profusion of second permanent secretaries in Whitehall, which to some extent relieves the burden on permanent secretaries, who have a difficult and overloaded job, but also confuses accountabilities and so on. I definitely lean toward having clearer lines of accountability.

I do not know whether that fully answered your question.

Daniel Johnson: That was very helpful. Dr Foster, do you have anything to add?

Dr Foster: No, I do not have anything to add. In Northern Ireland, we do not have an Assembly at the moment, but we are very much the functional, traditional department; we do not have the structure that you have here.

John Mason (Glasgow Shettleston) (SNP): Dr Foster, I was interested in a couple of points in your paper, one of which is about public engagement and consultation. You seem to suggest that, actually, the Scottish Parliament and Government consult quite a lot, but you then quote somebody else making the comment that

"media attention may be a stronger driver in Scotland than the majority of government agendas in other countries."

Dr Foster: It was a quotation from someone else, yes, and it was an observation.

John Mason: Well, you can tell me whether you agree or disagree.

Dr Foster: Maybe the media are particularly strong in Scotland. I looked at public accounts committees and audit committees that try to ensure that there is accountability, and I did a paper on that. We looked at media coverage across the devolved Administrations, and the media seem to be quite strong in Scotland. For instance, one of the quotations that I got was that the media in Wales are quite weak.

Speaking more generally, I note that in Northern Ireland we have a morning phone-in programme called "The Nolan Show", and ministers and officials do not want to appear or be quoted on Nolan. In some cases, when something is picked up by the media, it is difficult for the Government. It must react to it because, otherwise, it will just snowball. Nolan's first comment will be, "Well, I spoke to the department and nobody was available." The next morning, he will say, "We still have not received anything from anybody," and that will go on for a week. It can have an adverse effect.

I will get back to the question about the media. You do consult; you carry out lots of consultation. Sometimes, you have open calls for evidence, but that results in the same people responding all the time. Do you consult people who are favourites? Do you consult people who will give you a particular answer? I am not talking about Scotland in particular but just generally. Even when it comes to appointing consultants, do you appoint consultants who will give you a particular answer because that is what you want? We need to be very aware of that.

The other issue is whether you are consulting people for the purposes of ticking a box to say that you have consulted them or whether you are consulting them because they are really going to be a driver of the policy. The literature suggests that that is something that Scotland has done very well on. It has maybe taken consultations more to heart than has been the case elsewhere.

John Mason: Would it be fair to say that we are making better decisions because of that consultation, or does that not necessarily follow?

Dr Foster: No, it does not necessarily follow, because the other issue is that you might then end up with parochialism. In the Northern Ireland context, for example, I know about the health service. People do not want their local hospital to be closed, but the bigger picture is that we do not have the specialisms there, and we need to close hospitals and reconfigure the service. However, if you consult people in the local constituency, they are not going to say, "Close my local hospital." I know that you are all politicians. A member of the Northern Island Assembly—when it was sitting—was met on the steps of Stormont one day after sitting on a committee, and he said, "I am away off to the constituency. There are no votes here," so you have to remember that aspect. Although he performed very well in the committee, that was not what was going to get him elected again.

John Mason: Mr Thomas, do you want to come in on that?

Alex Thomas: Yes, but only to say that I find it depressingly hard to link improved processes of consultation and engagement with better outcomes, as Dr Foster has just said. I reflect exactly the same experience from the Westminster world.

The more reactive a Government gets, the worse its decisions tend to be. That is not always the case by any means, and clearly decisions need to be made in a crisis. However, when I look across my experience and our research, it appears that the mistakes that are made and the legislation that is botched tends to have been introduced in a hurry and often in response to a specific kind of crisis—"Something must be done; this is something"—rather than being thought through.

The value of consultation and the process in getting to better decisions is often less about the engagement with individual communities and getting to the sharp edge of better decision making, and more about the how of the process, letting some air in, giving more time to reflect and allowing people to be more bound into a process that they can sign up to.

John Mason: Following on from that, there is the whole question of short-term decision making against long-term decision making. We took evidence from New Zealand where the suggestion was that the civil servants have a requirement—it

may be a statutory requirement—to produce some long-term options, rather than advice, to try and get a more long-term view. Dr Foster mentioned short-termism in her paper. Should we be more long term in our thinking? How do we make better long-term decisions?

Dr Foster: It is a perpetual problem; it has gone on for ever. Politicians are here until the next mandate, so they want to achieve things in that timeframe. There needs to be a more overarching and longer-term view. Sometimes, decisions are taken, or policies are developed, that hinder improvement in the future; they answer a particular problem at a particular point in time but they will impede something else happening in the future. It has to be joined up, so that you can take the short-term decisions that are part of a longer-term strategy.

It is difficult and I do not have the answer. I would be in a different job if I had the answer!

John Mason: To clarify, would that be like putting more money into accident and emergency instead of into preventative healthcare or anything like that?

Dr Foster: Yes. It is always the reactive versus the proactive—prevention.

Alex Thomas: We are covering the two great problems of decision making in government: short-term versus long-term decision making, and cross-departmental, cross-boundary decision making.

Long-term decision making is very difficult and, ultimately, democracy is the least worst system out of all the others—the failures of the political cycle are outweighed by its many other benefits in terms of accountability and responsiveness and so on.

My answer, which is not perfect, relates to what I was talking about in response to Mr Johnson's questions about accountability and some of the responsibilities that should rest with the civil service. I strongly believe that the civil service must remain under ministerial control and that policy decisions need to rest with ministers. However, I think that there is scope for Parliament, whether it is Westminster, the Scottish Parliament or any other Parliament, to more explicitly give the civil service responsibility for certain things such as contingency planning. That would help permanent secretaries and other senior civil servants feel the heat a bit more on those kind of capacity or capability of the state-type questions. That should not prohibit Parliament from taking that away again or changing it—it always needs to remain under democratic control. I think that saying, "Permanent secretary, you have a responsibility for maintaining a capability in your department, up to this particular level on these particular issues," would help public administration and would help ministers to know that there is a base level of competence and capability in their department as they go about pursuing other policy priorities. However, that is not a perfect answer by any means.

John Mason: Does that need legislation?

Alex Thomas: You could set out the aspiration but, given the tendency of the system to revert to the norm, it would need legislation to underpin that. I am defensive when I talk about this and am acutely alive to the anti-democratic argument of a perma-state, so if any such role were to be taken on by a bureaucracy, it would be important for that to be under a parliamentary mandate and under parliamentary control.

John Mason: I also want to touch on the question of transparency. In general, we think of transparency as a good thing. However, former civil servants have suggested to the committee that too much transparency means that civil servants and ministers cannot be as frank with each other as might be beneficial. How do we get the balance right there?

Dr Foster: As I highlighted in my submission, when we held full inquiries into the awarding of the Randox contract at Westminster and the renewable heat issue in Northern Ireland, it came to light that meetings had been held for which there were no minutes, which was an issue. Meetings need to be recorded. That would not necessarily include all the detail—there does not need to be a verbatim account of what has happened—but it should record who was there and what decisions were made.

To go back to the views that you highlighted from civil servants on transparency, I could say, "They would say that, wouldn't they?" I know that the Freedom of Information Act 2000 has, in some cases, been used as a reason for not recording meetings; that came out of the renewable heat inquiry in Northern Ireland. It had been suggested that, if the detail was not recorded at the time, it could not be reported.

Alex Thomas: It is a truism that transparency seems like a good thing when you are out of government and not such a good thing when you are in it. We should absolutely preserve a private space for ministers, officials and others to take decisions, and perhaps to say silly things and then realise that they are silly, although maybe that is why I am now out of government. I think that we need to shift the dial more towards making at least the underpinning evidence more publicly available. Impact assessments, certainly in Westminster, are often pretty shoddy, and I think that a more thorough public presentation of underpinning evidence would work.

Again, I would shift the dial a little on the provision of advice to ministers. I absolutely would not release submissions that go direct to ministers in public within a few days, weeks or months. However, to come back to the accountability theme once again, it would be good, in order for civil servants to feel that bit more accountable than they currently do for the advice that they give to ministers—because that advice can sometimes disappear into a black hole—if something more could be published after a reasonable period. Rather than getting into specific conversations between civil servants and ministers, it would be more about setting out the basis on which a decision was taken. That would be a good thing.

Ross Greer (West Scotland) (Green): Alex Thomas, I am particularly interested in the suggestion by the Institute for Government of a new statutory duty for the civil service to serve the public interest as well as the Government of the time.

That goes back to the exact point that you just made about countering the anti-democratic, deep-state argument in that regard. You said that the key would be parliamentary accountability. It sounds like you are essentially saying that the civil service should serve both the Government and the public through the Parliament. That leads to the question of what the civil service would be doing for and at the behest of the Parliament that the Government would not be asking of it.

Alex Thomas: My answer relies on taking a slightly narrower view of the civil service working to the public interest. It goes back to the "impartial but not independent" idea that is currently going around, partly following the Raab controversy. I do not think that the civil service, or civil servants, should be saying, "I have some duty to the public interest, therefore you, minister, can't do X, Y or Z." Civil servants should be saying, "I've got a duty to good financial management, to the law and to ministers."

That is why I would frame it as a duty to Government capability. One can say that the Parliament can and should hold civil servants more directly to account than it currently does around the capability of the state. The areas in which I would give the civil service such responsibility are absolutely not policy areas—they are under the bonnet, if you like.

For example, I mentioned contingency planning, but I also think, as we touched on earlier, that when it comes to capability around financial management, project management, procurement and contract letting—those areas in which we could reasonably expect the civil service to have the professional skills to support ministers—we should open the box a little. The link to the Parliament would be through a public accounts committee, a committee such as this one or whatever.

Ross Greer: I come back to one of John Mason's latter points, on transparency. I will set the scene with an example. You might have seen that, a couple of months ago, there was a leak from a private conversation in which a senior NHS official suggested that in order to ease pressure on the health service we needed a two-tier service, with the wealthiest people paying for it, so that for some people it would no longer be free at the point of use.

10:30

The then health secretary, who is now the First Minister, had to immediately come out and say that there was no chance of that happening under this Government. However, there is a strong enough argument there to say that, given the pressure on the health service, senior officials should feel free—at least in a private space—to come up with whichever ideas they want, as long as there is sufficient accountability, and that, ultimately, it is for ministers to decide on them. In that case, that idea should never have flown.

My understanding of the argument on transparency that both of you propose is that whatever decision has been made needs to be correctly minuted and documented—the evidence base for it needs to be presented—but that we should not necessarily compel the civil service or our Government to publish what the alternative options were in each particular case. Every idea that is floated should not necessarily make its way into the public domain, because that would have a chilling effect. Is that a correct paraphrasing of your positions, or is a level of transparency required around proposals alternative to whichever one the Government eventually lands on?

Alex Thomas: Yes. A reasonable position to end up in would be that the course that is settled on is more fully justified and evidenced, and that all the different options have been considered. For precisely the reasons that you have given, we are all realistic enough to know that the media, campaigners and others will take controversial issues in controversial directions. That is fine—it is what it is—but there is a balance, is there not? That is a long way of saying yes.

Ross Greer: I again go back to one of John Mason's earlier points. Dr Foster, in your written evidence you said that the Scottish Parliament is generally well regarded on public engagement. The flip side of that—and a point of criticism that is often levied both at members here and at the Scottish Government—is the length of time that it takes to make any particular decision or to deliver any particular policy in Scotland. Any piece of

legislation will go through multiple consultations at Government level. It will then go through parliamentary consultation before it is considered by committees. That is not to mention co-design processes, which, for very good reason, are becoming more popular. However, in all sorts of areas of public policy those approaches are cumulatively leading to a lot of frustration about the length of time that it takes to deliver on issues that are not even vaguely politically contentious. There might be complete consensus in the Parliament on them, but it still takes us years longer to deliver on than either the public or we ourselves would want. That is in part—although not entirely—because of what has been referred to as "consultationitis".

How do we wrestle with the tension between having thorough public engagement, which, by necessity, takes time, and delivering policies in the timescales that the public would expect of us and within which we would want to deliver?

Dr Foster: I suppose that there is always a tension there. However, just because it takes a long time to develop a policy does not necessarily mean that it is right.

I am not totally familiar with the amount of consultation that the Scottish Parliament carries out, except that I know that there is a lot of it. Perhaps the consultation could happen within shorter time spans. You could put a call out and say, "Right, if you are going to comment there is a very short period of time for doing so."

I am sorry; I really do not have the answer. However, something must be done if you are saying that, in general, politicians and the public are not happy that everything is taking so long to develop, particularly where it is not contentious. There must be some way of addressing that.

I do not know whether Alex Thomas has anything to add.

Alex Thomas: Only that I suppose that part of the answer is about showing people what the consultation is doing, but keeping things rapid and pacey. I am sure that the committee will have heard evidence on that previously. I also agree with all that Dr Foster said.

Polly Mackenzie, who used to work at Demos, has written—interestingly, I think—about the value of the process in highly contested areas or those where there is no perfect outcome. One of the values that Government or parliamentary debate can offer is bringing people into a process. If people are properly engaged in a process, they will be less frustrated by the time that it takes to get there.

Ross Greer: Thank you very much. That is all from me, convener.

Douglas Lumsden (North East Scotland) (Con): I have a question about the recording of ministerial decisions. This is perhaps a question for you, Alex, given your experience. Is there a robust process or system in place so that when ministers approve something, a record of that decision is kept and could perhaps be looked at later to check who approved a certain thing?

Alex Thomas: There should be, in theory. Speaking from my Westminster and Whitehall experience, I know that there are times when things have broken down in practice. There is a long-term trend around data recording, emails, WhatsApp messages and so on, which means that, when we get to the 20-year, 25-year or 30-year rule, we are about to hit a period when the records get much patchier and much less coherent and comprehensive, because of technology.

There were periods at moments of deep crisis, notably the pandemic, when the recording of decisions around contract awards broke down. It is distressingly common for me, at my current perch at the Institute for Government, to get a phone call from a journalist telling me that they have been asking the relevant department about X, Y or Z, but it has said that there is no record of that, and asking whether that should have been recorded. My answer is normally yes: the department probably should have recorded that, at least through an email from a private secretary saying that the minister had considered the matter and that it had happened.

The biggest, most profound, central decisions tend to be properly recorded. The evidence from the Grenfell inquiry and the evidence that is likely to come out of the Covid inquiry will illustrate those bigger or longer-term things. For instance, a submission went up, a minister considered it, a decision came out and it was properly recorded. There is a whole miasma of other things, however, that are not so well recorded. There should be more discipline and more clarity of decision points. It is not that absolutely everything in government should be recorded, and some of the debate around WhatsApps has gone a little bit over the top, but clarity about points of decision—who was involved, and how that goes into the official record—is definitely something to be improved.

Douglas Lumsden: That is something that we have experienced in the Scottish Parliament in relation to ferries, as you might have seen. A decision was made about what was £90 million of spend at the time, although it is up to about £250 million now, and emails were frantically being searched for to find out exactly who gave the approval. I think it is wrong that we are trying to hunt about in email archives to find out who made a decision. Surely, there must be a better way of

recording that. Perhaps there is, but it has just not been followed. I am trying to work out which it is.

Dr Foster: I suppose that that is always the difference between policy and what happens on the ground. In all the devolved Administrations we could come up with examples of what should happen, what actually happened and what was recorded. Famously, there was the matter of renewable heat in Northern Ireland: there were meetings happening with no minutes.

Alex Thomas: Government by WhatsApp is not likely to be good government, because key people who should be involved in decisions are likely to be missed out. Those decisions will not necessarily be recorded and people will not necessarily have all the evidence in front of them. There is a value in this. Why do we look at COBRA and the contingency planning architecture? There is no magic to that; it is just about getting the right people in the room, putting in a bit of thought in advance, having a proper agenda, working through things, recording a decision and transmitting it. There is value in those slightly pompous, old-fashioned things, with meetings, minuting, submission writing and decision making on that basis. All Governments need to keep an eye on the WhatsApps and not go too far down that road.

Douglas Lumsden: Yes, government by WhatsApp is something that the committee has discussed before.

Is there a proper review process for looking back on policy decisions in years to come—on whether a decision was the right one or on what we could have done differently—and trying to learn for the future?

Dr Foster: Yes. I said earlier that I tried to upload an image of a little circle—a diagram. The institutional learning is fairly poor, I would say, throughout all the Administrations in the UK. We do not learn from the mistakes that we make. The auditors will tell you that when they go back 10 years after examining a particular area, they will see the same issues coming up again and again. I am sorry. I lost my train of thought there. When I start talking about audit, I get very excited. What was your question again?

Douglas Lumsden: It was about the problem of due process.

Dr Foster: Oh, yes. How a policy is going to be evaluated needs to be built in when the policy is developed in the first place. We do not want to look at it five years down the line and then discover that we do not have the data to do that evaluation. Evaluation is something that we are fairly poor at, generally, but it needs to be built in right from the start. It is better to collect the data and not use it. If the data is available to you, you can mould it in whatever way is appropriate. However, evaluation needs to and can be improved on.

Alex Thomas: I completely agree on that. Lack of evaluation is a huge problem. It is often claimed that that is because ministers are not interested in evaluation or that it is politically embarrassing or whatever, and I am sure that there is an element of that but, in my experience, it is more often because the caravan has moved on, there is no resource and everybody is now focused on the next shiny thing. We think quite a lot about how on earth to build in evaluation at the start of the process. Do you demand that 2 per cent of the budget must be allocated to evaluation and you try and build it in at the start so that you have to spend it towards the end of the evaluation? Do you tee it up with parliamentary select committees to keep hammering away at it? We do that already, and it does not really work.

I do not think that there is an easy answer other than hammering away at the accountability lines, whether those be through parliamentary select committees, ministers holding officials to account or, through every financial, procedural and potentially legal means possible, building evaluation in at the very beginning.

Douglas Lumsden: We have the national performance framework in Scotland. Are the decisions that the Government is taking aligned properly with the NPF right at the start?

Dr Foster: I am sorry, but I cannot really speak to that.

Alex Thomas: Yes, that is a bit beyond my knowledge. I was a civil servant in the coalition UK Government of 2010 to 2015. Whatever you might think about the decisions that that Government took, it really helped it that it had a clear and politically entrenched programme that was agreed to right at the start and everyone knew what was what. In my view, any incoming Government needs to invest political capital and time early doors to agree a programme and make sure that it is well known across Government. That leads to more effective outcomes even if, occasionally, it is politically presentationally awkward.

The Convener: In theory, everyone agrees with the national performance framework and the outcomes that it seeks to achieve, but sometimes it contradicts some of the things that people want to make public announcements on. For example, it might contradict numbers. Someone might say that, for example, we want to achieve a certain health outcome by reducing the number of beds, but when it comes to reducing the number of beds, it causes political kickback. That was touched on earlier.

I want to finish off with a couple of questions, but before I do that, I will let Jamie Halcro Johnston in because I think that he has a couple of things he wants to ask.

Jamie Halcro Johnston: I will be brief because I am conscious of the time, so I will put my two questions into one.

You talked about people taking a generalised rather than specialised approach, and about the churn of civil servants and politicians. Is there a concern that individuals can be stuck in the same position for too long and are therefore not able to come up with new approaches, even if they are implementing other people's ideas, certainly from the civil service side? It is also about longevity of Governments. We have two parties that have been in government for a very long time, so how might that impact on civil servants who are asked to deliver? Do they start to take an institutionalised approach and does that have an impact on whether they are able to take and respond to decisions?

10:45

Alex Thomas: On the jaded or institutionalised point, I recognise that there are civil servants who, whether through a huge passion for a subject area or through other kinds of career incentives, end up staying in one post, or a very narrow range of posts, for a long time. That can lead to stale thinking or, more often, their saying, "That isn't going to work, because we tried it 10 years ago," whereby sometimes they are right and sometimes they are wrong, because the circumstances have changed.

Helen Foster and I were talking beforehand about the contrast between the civil service in Whitehall and the civil service in Northern Ireland, which are polar opposites. Although some people develop expertise, the Whitehall civil service is spinning like a top. Various kinds of demographic, cycles of cuts and growth and Brexit and Covid have led to a UK Whitehall civil service in relation to which the problem that I would worry about is very much not one of stale civil servants being stuck in a rut. Helen can speak to this much more authoritatively, but Northern Ireland has the opposite problem.

There is a Goldilocks moment; whether Scotland has got that Goldilocks moment quite right, I do not know. I sense, including from talking to people, that Scotland suffers neither from being stuck in a rut nor from quite the churn that there is in Whitehall. There is therefore hope.

Dr Foster: Obviously, the civil service here is part of the whole civil service, whereas Northern Ireland, because of its history, has a completely separate civil service. At the foundation of the state, civil servants left Dublin and came to Belfast. We are all part of our history, and our history is very different. What Alex Thomas said is true.

The Convener: I will wind up with a couple of questions. We touched on consultation when Ross Greer asked his questions, but I think that the issue is not about consultation; I think that people want to feel that they are involved at the start, and that it is really about participation.

For example, the first major consultation that I was involved in was 25 years ago when I was a councillor in Glasgow. The local authority announced that it was gonnae close nine of the 38 secondary schools in the city. It named the nine and there was then gonnae be a consultation on whether each one should close. Remarkably, six months later, the nine that they had announced were the nine that they actually voted to close. There was a huge feeling that it had been a cynical manoeuvre and a box-ticking exercise. Twenty-five years later, that is still a real concern.

Surely, we should not be talking too much about consultation but rather about people participating in policy development at an early stage. People should be consulted on what Government is going to do but also allowed to participate in the development of that policy, rather than having put to them, "This is the policy. What do you think about it?" Most of the time, Governments are gonnae come back and say, "Well, we're still gonnae plough ahead with perhaps only minor changes."

Dr Foster: Whether people are involved and participating, or being consulted regardless of their involvement, you need to justify it to them. You cannot keep all of the people happy all of the time, but it is important that people who have participated get some feedback, especially if they have participated in policy making rather than simply been consulted as part of a tick-box exercise, as the convener said. If the particular view that they expressed is not seen to be taken on board, it is important that it is explained to them and that it is not simply a case of, "We just missed what you said."

Alex Thomas: The really cynical approach would have been to have announced a different nine or 12 schools, knowing that they were not the ones that they were going to settle on.

The political art of consultation and participation is more the convener's area of expertise than ours, but I agree that it is about participation. As Helen Foster said, although not everybody is going to be happy the whole time, it is about the leadership skills of explaining to people why decisions have been taken in the way that they have.

In the context of this inquiry, the aim should be to take better decisions. Ministers and civil servants do not have a monopoly of wisdom, so the objective needs to be to hoover in the information that enables you to take a better decision and then—as Helen Foster said—to play that back to those who participated.

The Convener: That phrase "monopoly of wisdom" is interesting. We have talked about generalism versus specialism in the civil service but, of course, ministers are almost all generalists. Some of them are appointed to portfolios that they have no understanding of and in which they had no real interest before they were appointed. Indeed, they might rather have been offered a completely different portfolio. That means that they are even more reliant on special advisers and their civil servants.

Given that that situation is unlikely to change and that all Governments will continue to promote generalists, how can we enhance decision making in that context?

Alex Thomas: That is a great question. It is a huge subject—we could discuss it for the next two hours.

For me, there is an issue here about the craft of government. Michael Gove is often held up as a Government minister who has, broadly, made a success of the ministerial jobs that he has taken. Michael Gove is not an expert in the environment or agriculture—I worked with him a bit at DEFRA—and he is not an expert in the justice system, but because he understood the levers of power and how to run a department, and because he had the political authority to win fights with the chancellor over budgets et cetera, he was able to come into a department and assert himself on it, albeit I am sure that not every decision that he took was the right one. He would take some time to work out what he thought his policy objectives would be and was then able to properly use the civil service to prosecute those objectives, whether you agreed with them or disagreed with them. That was not always a comfortable process—for example, he might sometimes have appointed people whom permanent secretaries were not happy with—but that discomfort is part of the grit of government.

Therefore, for me, there is an issue about the craft of government, which comes back to what we said earlier about the role in that of ministers, of civil servants and of civil society and the public.

The Convener: Perhaps there is also an issue about not always feeling the need to hit the ground running.

Alex Thomas: Yes.

Dr Foster: The same would apply to the members of the audit and public accounts committees whom I have interviewed. They said that they were not specialists in finance and that they had been put on the committee. I spoke to someone else, who said that what we needed—this goes back to Alex Thomas's comment about statecraft—was not necessarily members who are experts in finance, but people who are good at scrutiny and asking questions, without necessarily knowing the answers.

The same applies to ministers. As Alex Thomas said, it is a case of knowing the architecture and the work around it, rather than the specifics.

The Convener: Do our witnesses have any further points that they would like to make before we wind up the session? Is there anything that you think that we should have touched on but did not?

Dr Foster: No.

Alex Thomas: No. Thank you for having us.

Dr Foster: Exactly. Thank you. It is great to be back in this lovely city.

The Convener: Thank you very much for your contributions—they have been extremely helpful. I also thank you for travelling to Scotland, which makes a huge difference to the quality of the evidence that we take. I say that as someone who is quite averse to virtual meetings in the first place; on top of that, the committee has recently faced some difficult situations, involving all sorts of snarl-ups, in virtual meetings. Your attendance in person is much appreciated.

We will have a five-minute break while we change witnesses.

10:53

Meeting suspended.

11:01

On resuming—

The Convener: We will continue with our evidence taking on effective Scottish Government decision making. I am delighted to welcome to the meeting Paul Sheerin, chief executive officer, and Rebecca Rigg, commercial director, at Scottish Engineering; and Sandy Begbie CBE, chief executive officer at Scottish Financial Enterprise.

As members may recall, this evidence session is intended to focus not only on the witnesses' experience of Scottish Government decision making, but also provide an opportunity to explore how their sectors approach effective decision making.

With that in mind, we will move straight to questions and I will begin by asking Paul Sheerin, how do you approach effective decision making?

Paul Sheerin (Scottish Engineering): In our sector?

The Convener: Yes.

Paul Sheerin: Wow. That is a question that I did not expect to start with.

The Convener: Exactly. Take as much time as you need.

Paul Sheerin: We are the engineering and manufacturing sector so, as you would expect, there is fair chunk of logic to it. A spreadsheet or two usually sits behind it. That underlines that it is a methodical and logical process.

It is also generally rapid, which I am sure will come up as a theme. There are reasons why decision making will have constraints at times, particularly where the company is part of a larger group, including perhaps part of an international group. For example, a company might get to a point where the decision is, "We want to do this," but it will need to be approved, perhaps because there are treasury or finance considerations that come with it.

In general, the direction for our industry—the best examples in our industry show this—is towards decision making that genuinely comes from across the entire company. Any company that has adopted lean principles will understand that although the top of the company sets the direction or ultimate destination for the bus, the people on the bus are those who decide how the bus will get there. That applies across the board. There are times within that where a process has to kick in and there will be management decisions; for example, if there is a logical process in relation to financing or return on investment and so on. Nonetheless, when it comes to best practice in our industry, decision making on the road that is chosen to get to the destination comes from the team upwards.

The Convener: That was an excellent answer in a very short time; you covered it in a nutshell. The them-and-us approach that we had several decades ago has dissipated, at least in companies that want to be successful. All levels of a company have to push in the same direction, and it helps when people are involved in that direction.

I worked at a pharmaceutical company that had a staff suggestion scheme through which it asked us all to come up with ideas about how to improve how the company delivered, but nobody submitted any ideas. I suggested to my manager, who passed it up the line, that if the company gave people an incentive, it might find that things would be different. It was then decided that members of staff could get up to 10 per cent of any savings that were made through implementation of a policy that they had suggested, and the company was overwhelmed with suggestions about improvements that it could make.

You probably heard me talk about participation versus consultation in the public sector in our session with the first panel. Staff being able to participate in their company and to suggest ideas that would be directly beneficial to them, as well as to the long-term delivery of the company's objectives, is obviously helpful.

Paul Sheerin: I can give a good example of that. Yesterday, I visited a company that is owned by its employees. I must be honest and say that employee ownership companies are still a minority, but it is a group that is growing. That brings a whole different dynamic, because everyone in the company literally has a stake in it. That means that they have a stronger voice in the decision making and the direction. To an extent, there still needs to be a command and control structure because, otherwise, chaos would ensue. That is a direction of travel.

Even where privately owned or family owned companies have adopted the lean principles in order to thrive and survive, those do not work unless there is genuine consultation. I was listening to the end of the committee's conversation with the first panel and I remembered a very old-fashioned definition: "Consultation is not negotiation." I think that when people embrace consultation in its truest sense—which, as I see it, is before the decision is made—it is effective.

Another point was made in the session with your previous guests about the consequences of a lack of diversity of thought. Organisations that get this right say that the diversity of thought that they get from listening to everyone, at every level of the organisation, is what makes for effective policy when it comes to what companies need to do to survive and thrive.

The Convener: Yes, you say in your submission that open-mindedness is one of the behaviours or criteria that are necessary in relation to decision making. Auchrannie in my constituency is owned by its employees and it has 170 workers, so it is not always small companies that are owned by their employees. People sometimes think that employee ownership is very small scale, but it can be much larger and can even encompass sectors that people do not automatically think of.

Sandy Begbie CBE (Scottish Financial Enterprise): I will build on some of the points that Paul Sheerin made.

In my experience, strategy is key to effective decision making. A lot can go wrong in the absence of a well-developed, tight strategy that

articulates what a business's priorities are. As Paul and I know from the businesses that we have been in, there needs to be a balance between the operational plan that underpins the strategy and long-term investment. It is necessary to be able to make long-term investments in the business in line with that strategy. It is a concern if those longer-term decisions are never made and it is simply a case of maintaining the operational cycle.

The other thing that is important around decision making is understanding what will be measured in relation to the outcomes that will be achieved. Overmeasurement can also be an issue. Organisations can end up spiralling around trying to measure everything when, strategically, they should probably be focusing on only a small number of things.

If you have a strategic framework, the decision making will align behind it. To echo one of Paul's points, once you have a strategic framework, you can empower people to make decisions down the organisation and you can engage them around its implementation. What underpins all that happening is effective and appropriate governance. That ranges from the normal things that people would associate with governance, such as board committees, board structures, divisional structures and so on, if required, but there also needs to be diversity of thought and the right culture—including the right challenge—needs to be created. Governance should enable, support, challenge and oversee the delivery of a strategy.

I will add a couple of points, one of which is that leadership and tone from the top are hugely important, because people are empowered when they feel that the tone from the top aligns with what they are being told. Inconsistency of leadership behaviour can often disempower people, and the culture in the organisation needs to understand that if you are going to empower people, not everything will go right all the time, so you need to be able to accept that mistakes will be made.

A strategy is about articulating the end point and recognising that different people in different teams in different areas will move from where they are to where they need to get to in slightly different directions. It is more about the outcomes than being directional about how to get there. It is important to empower people; if they agree with the outcomes, leave them to it.

The Convener: Leadership is important there. In the private sector, people tend to have a strong knowledge of their company that they have perhaps built over many years. One of the differences in the public sector if you are a minister, for example, is that you can be minister for justice one week and minister for health the next week, if that is what the First Minister, or down south, the Prime Minister, decides to do. Ministers have to rely on the advice of civil servants, special advisers and so on. Companies come in all different shapes and sizes and sectors, but what kind of structure would a small to medium-sized company—that is, the majority of companies in Scotland—expect to have, if any?

Sandy Begbie: Just to clarify, if the question is about leadership, the movement of leadership and the transferability of leadership, that is not necessarily uncommon in the private sector. I have worked in organisations, which, granted, are larger, where we would naturally move people into areas in which they may not have had any great technical expertise for the purposes of development. In that case, it is important to make sure that they have a team around them who can provide that—it is all about balance and setting people up for success.

One of the most important behavioural traits of leaders in that position is—it sounds a bit clichéd—knowing what they do not know and having the ability to ask questions. I will be honest: some of the best politicians who I deal with—MSPs—understand what questions to ask, because they will not necessarily know the answers. When I engage with them on financial services, that level of engagement and two-way communication is important. That is a good trait in leaders. It is about being able to recognise that, even though you are in the most senior position, you are not necessarily the most technically capable, and that in some ways you should not be, because you are not there because of that; you are there because of your leadership capability. Therefore, it is about empowering people to make those decisions on your behalf.

The Convener: In politics, when the challenge function goes, that is when you know that a politician's time is up. They get to a stage when they want to surround themselves with people who agree with them and they eventually hit the buffers. What you emphasise in relation to the challenge function is important.

Paul Sheerin, what about the dichotomy between the long term and the short term? The emphasis in politics is on five-year cycles or perhaps even shorter ones if you are a new minister who wants to make an impact. When I studied economics at university, a lot of people thought that companies were there only to make a profit, but one of the first things that we studied was the theory of the firm, which is about long-term survivability and growth rather than just making a quick buck this year and possibly next. Generally speaking, how do companies see that? Again, we know that they are different across a huge range of sectors. For example, if the

economy is buoyant, how do companies decide on short-term versus long-term decision making?

Paul Sheerin: I will come to that question, but I will add a comment on the transferability of skills. Again, I agree with Sandy Begbie. In the example of a minister who is going from justice to education, the political framework is the same. I would compare that with someone in our sector from an engineering and manufacturing background who has gone from electronics to sheet metal manufacturing or fabrication.

We are seeing, increasingly, that it is important to have an understanding of preserving and maintaining or building a good culture. That is about behaviours and leadership behaviours—having the ability to analyse whether you know the subject or not, so asking a lot of questions. The last point is something that you touched on, convener, which is the leadership in lifelong learning: leadership has to come with aptitude and a consistent desire for every day to be a school day. You do not know what you do not know, but if you are interested enough in it, you can get into it quickly enough that your leadership skills can then allow you to differentiate and lead in that way from those behaviours, culture and analysis.

11:15

On your question on short and long-term decision making in companies, you are right to say that managing and leading a company is not something that people do just to make a profit. Making a profit is important, because if the company is not making a profit, it will not stay in business. Fundamentally, however, the best companies are those where people are building a community that can morph and change, but has longevity.

If we think about that, at a time of crisis, the challenge for such a company is that the leadership has to make extremely rapid decisions that are less considered, because there simply is not the time to give them the consideration that they would normally be given.

Sandy Begbie rightly talked about the fundamental thing being to have a good strategy. It is the responsibility of the company's leadership to ensure that it has clear medium and long-term strategies. That is fundamental. Good leadership is recognising when things have to be adapted and changed rapidly to the situations at hand. Unfortunately, we have seen so many of those situations in the last decade and a bit.

Covid has been a great example of a situation that has meant adapting. There was also the impact on energy prices of Russia's invasion of Ukraine and the need to adapt to that. Some of those situations have meant that companies have had to say, "Do you know what? We have some long-term strategies that are still extremely relevant, but if we do not do this today, we will not survive." Those companies have had to pivot very quickly to ensure that they preserve the company. At the heart of that, it is about not just a company's profitability, but a company as a community that has to be preserved at all costs.

The Convener: You were very straightforward about behaviours and you talked about keeping an open mind, genuine listening and a rational approach.

Sandy Begbie: Paul Sheerin made the point about finding the balance between short term and long term and that has been tested to destruction in the past two or three years. Likewise, many other businesses—those that have a business environment where there is that clear, long-term strategy—will still have faith, and although their strategy will probably have gone through some refinement or at least a good thorough review at the board level, a lot of that will remain consistent.

There are huge differences between sectors that should not be underestimated. Businesses on the retail side are hugely impacted by the economic cycle and massively impacted by things like Covid, whereas in the energy sector, where I spent part of my career, businesses are making 40 to 50-year investment decisions. That is a much longer-term business. I grant you that the Russia-Ukraine situation means that the sector is probably experiencing a challenge that it has not had before, but in many ways it is still making those long-term investment decisions and therefore its business cycle is less volatile than it is for the retail sector. I am using those sectors as examples of two ends of the spectrum, but different sectors have different cycles and will sit in the middle of all that.

A company's strategy will provide consistent direction, but the company will always need to be alert to what is going on in the outside world and respond to it. The ability to do that is partly down to the leadership and culture in the organisation and its ability to react, take on board and get the organisation to pivot or change in the short term in order to deal with the challenges. However, often the strategy will provide a constant.

The Convener: Because the discussion is so fascinating, I am in danger of being drawn into it to the exclusion of my colleagues, so I will just touch on one more thing before I move on and let colleagues in.

Paul, in Scottish Engineering's written submission, when asked about what effective decision making by the Scottish Government looks like and how we can learn from what has worked well and what has worked not so well, you said

that what has worked well is the aerospace response group,

"as a response to the significant pandemic impact on Scotland's aerospace sector",

and that what has not worked well is the

"Reaction to the current skills crisis".

Will you touch on why the aerospace response group worked well and why the reaction to the current skills crisis has not?

Paul Sheerin: This will be a little selfish, because it looks only from the point of view of our sector. The aerospace response group was appreciated, because it mirrored the way that industry works generally. The crisis hit everybody but there was a very immediate impact on the aerospace sector, which we really value. It has huge value for Scotland and provides high-quality jobs, so there was deep concern.

There was a rapid response. There was collaboration to bring together the right people in the room—virtually—to address the issue quickly and have solutions-based discussions that were interested in actions that could make a difference in the short and medium term and that did not jeopardise the long term. It was about looking at how to react to the situation and how to get the right people around the table. That was remarkably successful, and the outputs from it are still appreciated in the sector. The sector has its challenges, mostly with the other problem of growing—overall growth provides some challenges. However, the group laid the groundwork and is a great example of moving at pace and rapid decision making. There was still genuine consultation, in the truest meaning of the word, but with action-orientated outputs, because that is what the situation required.

The skills response has been much less successful given that the crisis—we are certainly in a skills crisis in our sector, and I suspect that the same is true in other sectors—has been arriving for some time. The question that we in the sector are asking ourselves is whether we are being unclear or unhelpful in the way in which we are articulating the issue and putting it out.

We try hard to put ourselves in the other set of shoes and ask why we are not being listened to or reacted to. Given the size and scale of the challenge versus the size and scale of the opportunity that Scotland has, principally in respect of the climate emergency, the lack of a response, the lack of timely intervention and the lack of concrete actions that will change that feel disappointing in comparison to the good model of the aerospace response group.

The Convener: Other members might probe that. Sandy, do you want to say anything before I move on to colleagues?

Sandy Begbie: In addition to my role at SFE, I chair the developing the young workforce programme and I offer the young persons guarantee, so I have had quite a lot of engagement on the skills agenda for a number of years. Bluntly, the system is just not fit for purpose. It is slow and it is not aligned round the needs of the economy. Just about every meeting that I have these days with businesses invariably comes back to skills, regardless of the topic. To go back to Paul Sheerin's point, if a meeting is about growth, overseas markets, export opportunities or whatever, it comes back to the fact that we cannot access the skills to maximise the opportunity.

Paul mentioned climate change. Our industry launched our skills plan last April—we are going to have 50,000 opportunities over the next three years. We are trying to get the further and higher education system to understand that and align behind it. The issue is not that the system does not want to do it; it is that there are so many barriers to trying to do it.

The traditional ways that colleges, universities and schools have done things in the past is just not keeping pace with what the industry or the economy needs. Covid has shone a light on that, but the problem was there for years before that. There are an endless number of examples of where our economy has been held back simply because we do not have the provision of skills

The Convener: Rebecca Rigg, would you like to add anything?

Rebecca Rigg (Scottish Engineering): No, thank you. I am fine.

The Convener: I will move on to my colleagues round the table.

John Mason: In previous committee sessions, mainly with civil servants and people in the Government, there has been a lot of talk about transparency. When people in the public sector make decisions, they are subject to freedom of information and other regulations whereas, in the private sector, that is not generally the case. Does that lead to better decision making in the private sector?

Sandy Begbie: It could lead to better decisions. To your point, I think that transparency goes hand in hand with making good decisions. Transparency, whether it is in the private or the public sector, should give rise to improved decision making where you are engaging a broader range of people to try to reach a better decision. The fact that a freedom of information request might hang around and you might be

called upon about that decision should not in itself be of concern if you have made the right decision, you feel that you have done that for the right reasons, you have taken on board people's comments and have had proper decision making and governance processes.

John Mason: In a business in, for example, the financial sector, would the level of transparency vary, so that, even if outsiders do not know why decisions were made, at least everyone in the business would know?

Sandy Begbie: A lot of that comes down to governance. Having clarity on where decisions are made, who is making them at what level and, if required, what committee will make a decision, will provide transparency. Much of that comes from the data that goes to those committees so that the decisions can be made.

I have been fortunate to work for two organisations for which governance was really important internally and highly regarded externally; therefore, I think that I have a good understanding of what good governance looks like. The transparency of decision making and the process that leads up to it, the quality of what goes into making a decision and the quality of implementation at the end are all important. Transparency throughout that process is hugely important. There are lots of examples of where decisions have been made without transparency of data and information, among other things, which leads to bad decisions. You can see that in the corporate world all the time; the Confederation of British Industry is a good current example.

Paul Sheerin: That is a good question. I do not think that there is a difference between the ratio of good or quality decisions to not so good decisions in the private and public sectors, but there are some key differences in the way that the sectors get there.

Particularly from a Scottish Government point of view, I suspect that, for every decision that is made, you could—if you had the time and patience—wade your way through a 70-page document to understand it, whereas, in a company, if it is known that there is a consideration to be had, the expectation from the employee group is that the decision will be boiled down to a one-page slide. More people will then understand how that decision was made and therefore will be in a position to raise their hand at a town hall meeting or an employee representative group and say, "Hang on a minute, but what about this?", because it is easy to understand.

From our point of view, one of our challenges is that, when big impacting decisions are made, it is very difficult for us to get any company of fewer than 250 or 300 people interested in understanding them and giving us feedback so that we can be helpful, because the sheer size, scale and weight of the information means that someone has to be a dedicated follower to wade their way through it. That is not to say that the understanding in decision making is not there; it is just not very accessible.

11:30

I would say that a big difference between the private sector and the Government in this example is that there will be more people out there who understand that. To return to the issue of rapid decision making, companies will come forward—this might follow a kaizen or Lean Six Sigma event—and say that they have considered something and challenged it, and set out what they have done, what they are going to do and what they will invest in. They will then say, "This is our decision."

That will be explained at the town hall, and all employees will hear that, because they will run it through the night shift, day shift and back shift—if they have shift systems—and everyone will have a chance to stick up their hand. There will also be an employee representative group or a works council where people can ask questions that they wanted to ask but did not feel comfortable doing so. There is a much more direct relationship between distilling down the information to what has been considered and the decision that has been made, and the ability for somebody to say, "Hang on a minute—I want to ask about that."

Does that make sense?

John Mason: Yes. You have mentioned speed a number of times. Is it a strength of the private sector and a weakness of the public sector that you can make decisions more quickly?

Paul Sheerin: I would not pretend to know enough about what you do to say that your decision making should be faster. Our sector would certainly love that to be the case, but I do not know whether that is a possibility, given the constraints that you have. It is definitely a delineation.

We in the private sector talk about rapid decisions and considered decisions. Rapid decisions are where, because of the situation that you are in or the triviality of the outcome, the only thing that you need to do is to make a decision. There is only one other type of decision: considered decisions. That is when you have to pause, rapidly take input, consult, understand and hear different voices. You then go back to the rapid decision element, in which you make a decision and move on it.

John Mason: Ms Rigg, I do not want to put you on the spot, but I realise that you have not really said very much. Are too many decisions in business made by men?

Rebecca Rigg: I would like to think that society, boardrooms and decision making are changing and that we now work in an environment where women are considered when decisions are being made. As Paul Sheerin said, it is about consulting everybody and having broad input to decision making, which is important.

John Mason: From what you know of the public sector and the private sector, do you think that we are moving in the right direction?

Rebecca Rigg: Yes, but we are doing so slowly.

John Mason: Okay—thanks for that.

Mr Begbie, you talked about the inevitability of making mistakes. Does the private sector handle that better than the public sector? Is it better at learning from mistakes and so on?

Sandy Begbie: Not necessarily. A lot comes down to company culture. I have seen in the private sector cultures where mistakes are not tolerated, which has a perverse impact by driving transparency underground, because people do not want to admit to mistakes. That also gives rise to a culture in which accountability is lacking and people do not want to take accountability.

That is not necessarily always the case in the private sector. It is about the culture that you create. Through the tone of leadership, making a mistake can be legitimised as being okay and seen as a learning opportunity that the business can build on. I would not say there is a distinction between the private and public sectors in that regard.

Paul Sheerin: Can I come back in on that?

John Mason: Absolutely.

Paul Sheerin: I have talked about lean principles and lean cultures. That approach has been adopted almost wholesale in our sector. One of the best things about it from a company culture point of view is the principle that close enough is good enough and that you should just go. If a decision feels like it is 80 per cent right, go and then make it better. We regularly talk in those terms. There is an iterative loop in which you go, but then you say, “Okay, we’re close, but that still needs to be fixed. Now change that. Now change that.” We talk about Lean Six Sigma and approaching 98.666 per cent. It is about the steps and further steps that you take to get there.

That approach is a hugely healthy part of our sector. Companies adopted lean principles to survive. Those that did so—especially those that are really on board with that—get the benefit of it. The fail fast, learn quick approach is about that 80 per cent and saying, “Close enough is good enough—let’s go.” That might be a challenge for you.

John Mason: Yes, we could probably explore that further. I presume that with some decisions, even within business, you are 80 per cent sure when you make the decision and you might be able to improve on it as you go along, although the risk is that you have just made totally the wrong decision and you have to start again.

Paul Sheerin: Being 80 per cent sure says that you are in the right ballpark. Any company that thinks that it will wait until a decision is perfect or its belief in it and analysis of it are perfect is a company that is staring at its belly button. So 80 per cent says that you are on the right track and going in the right direction and, although you might have to tweak the model, it is now time to go. That is what brings the rapid pace back into things.

John Mason: From what you can see, the public sector probably does not do that.

Paul Sheerin: I do not pretend to know you well enough to know whether 80 per cent is good enough for you. There are different methods of scrutiny and cultures that impact on your ability to make such decisions. However, if the Government could find a way to work and act in that way, it would be the gold standard and it would work like the best of the private sector.

Sandy Begbie: I will come back on a couple of points. The speed of decision making can be important depending on the situation. Quick decisions might not necessarily always be the right decision.

I have a couple of observations from my dealings with the civil service over many years. There is a culture of wanting to reach 100 per cent, so a lot of time and effort are applied to try to close down every single potential risk and concern about a decision. The 80/20 mindset is therefore uncomfortable. Over the past few years, I have been exposed to a number of reviews. In such reviews, you could end up with 50, 60, 70 or 80 findings, but the reality is that, when you look through them, you discover that half a dozen will deliver 80 per cent of what you are looking for. There is, however, this desire to have a long tail of actions that will not materially change the outcome. My observation is that there is not a mindset or culture of saying that we have done the review and we are now going to focus on three or four things, and the rest of the recommendations are important but not that important.

I am involved in several review groups such as the skills programme board for the national strategy for economic transformation. That has 76

findings. We cannot deliver 76 findings. We can deliver four and just leave the other 72. We really need to prioritise.

John Mason: That is interesting. I will leave it at that, convener.

Daniel Johnson: I have found the discussion fascinating. The public sector could really benefit from the twin concepts of the lean methodology—both Six Sigma and the kaizen principles of ensuring that everyone is involved in improvement.

I want to continue with the compare and contrast approach. I take the points about rapidity and the difference in the private sector—or the successful private sector, which is an important distinction, because not everything in the private sector is good—with strategic alignment. Do you agree that there is also an issue with overemphasis on policy? In successful businesses, operations and delivery tend to be much more important than, or at least have equal weight with, idea origination. Do you think that that overemphasis of policy and a lack of depth in understanding delivery and managing that side of things is an issue in Government decision making?

Paul Sheerin: That comes back to my earlier point about distilling down the message. In industry, our equivalent of policy is strategy, and you have a successful strategy if you can stop someone anywhere in your organisation and ask, "Could you tell me in two sentences what the strategy for our company is?", and they know what it is. To do that, when you explain and present it, you need to spend much more time clarifying and distilling it down to the essence. That takes real work, effort and leadership. If you can say that about policy from a Government point of view, well done; however, from what I see, policy is for people like us, who take the time to understand it, which is harder work.

To go back to the difference between industry and the Government, industry is aiming to get to a point where everyone in its organisation, as far as possible, understands and can repeat the key strategy of the company.

Sandy Begbie: I agree with Paul Sheerin on that point. At Standard Life, one of the best things that we ever did was to have two sheets of paper—one was our financial strategy on a page and the other was our non-financial strategy on a page. It was literally two pieces of paper that told our 10,000 employees across the world how we were performing. That became so rooted in the organisation that you could speak to anyone, anywhere in the world, and they would be able to tell you how the company was performing.

The idea of understanding the audience and trying to make it relatable so that people understand their role was all part of the cascade, which involved saying to people, "Do you understand that your role is making a contribution?", whether that was to the financial or the non-financial performance of the organisation. That is important, because people are more likely to relate to the strategy and then implement it effectively in what they are doing.

My other observation is that, at times, you get a sense that, in the Government, there is some contradiction between policies, or there is too much going on. If you have too much going on, how can you effectively embed and deliver it? There is not the bandwidth inside the organisation to do it effectively. I am not sure how the prioritisation process happens, but it always feels as though there is a very broad base of policy work that then presents some of the embedding and execution challenges.

Daniel Johnson: We have heard a lot about the lack of consistency between portfolios around policy making and, even more so, implementation. The explanation is that the things that the Government does are so different that there cannot be an identical approach. I would push back and say that, with some of the large organisations with which I have come into contact, they might have different approaches at a technical level, but they typically have common approaches, which somebody from one part of the business would recognise in broad terms.

Is it a lesson from business for the Government that there can be different detailed implementation but very strong core principles with regard to policy design and implementation?

Sandy Begbie: Yes. There are huge global organisations that will have a consistent change and delivery model applied across the board. Therefore, I do not think that the size or complexity of an organisation applies. Your point is that certain aspects of change and delivery can be consistent, although the technical element will be different. It is the same in the private sector, because you can be dealing with different consumers and a different product in a different part of the world, but the elements of the change and delivery methodology are consistent. If you are working in one part of the business, you can relate to what is happening in another part of the business. You might not understand it technically, but you understand how it will be delivered, whether that it through kaizen or Six Sigma. There are lots of methodologies, but an organisation will usually choose to adopt a methodology that works for it.

Daniel Johnson: Do you agree with that, Mr Sheerin?

Paul Sheerin: I do not have anything to add to what Sandy Begbie said. He summed it up really well.

Daniel Johnson: I have one final question. One interesting point is about whether we have consistent understanding of roles throughout the Scottish Government. In my corporate life, we were obsessed with responsible, accountable, consulted and informed—RACI—models, and sometimes there is a blurring of those distinctions.

11:45

I want to zero in on what is understood as a programme board in the Scottish Government, because a number of different things are going on. Some programme boards look like programme boards as I understand them; they are for integrating different areas of delivery with Government officials. However, other programme boards seem more like consultation boards, because they have a lot of external bodies involved. Both of those functions are important, but they are different. A programme board should be internal and manage risk across projects, but there is external consultation on some of the boards. Is there an issue with the Scottish Government mixing metaphors and having clarity about the different strata of decisions and where integration and external consultation sit?

Sandy Begbie: Yes. I sit on some of the consultation or advisory boards, and I wonder where those sit in the broader governance structure of delivery. Having clear terms of reference is important, and in some cases they are clearer than in others, but understanding how everything connects is also important. It goes back to my point about having a consistent underpinning methodology. Language is also very important, so that people understand the distinction.

The point that Daniel Johnson made about the RACI model and about roles and responsibilities is only a subset of a broader point, which is about understanding how an organisation is designed, including how it is supposed to operate effectively and efficiently. That picks up on organisation design, structures and capabilities, which we have not really touched on—it is about whether the organisation has the capability to execute what it is going to execute. That is a subset of a broader piece about organisation design and how organisations are supposed to set themselves up for success.

Paul Sheerin: That is a tricky one for me to answer. I am not on a number of such boards, although I am on the programme board for making Scotland's future, and the way that it is structured means there is quite a heavy contingent from the public sector and civil servants, but there is also representation from industry. If those from industry were not there, there would need to be another mechanism to involve them, because otherwise the Government would be operating in a bubble and would not have the voices of those with a different perspective and who can hopefully act as critical friends.

Thinking about efficiency, that would mean that two sets of meetings would have to be run—one that involves those from the public sector only and another one where those from industry would be consulted. In industry, we would have one meeting.

Daniel Johnson: Is it a programme board as you would recognise it, though, or is it more of a round-table discussion forum?

Paul Sheerin: I do not know. I have not been on any of the other programme boards. I am on other boards, but—

Daniel Johnson: What about the one that you do sit on?

Paul Sheerin: We definitely have space and time for scrutiny and to act as a critical friend, which is useful.

Daniel Johnson: I have a final, follow-up question. The points about generalism versus specialism that we discussed interest me. Is there a question about how you bring about generalism? Rather than people starting their career off in that way, do they instead need a grounding and a specialism before they broaden out into a generalism? Is it an issue if the civil service tries to create generalists from the moment that they arrive in the civil service?

Sandy Begbie: I have always used the T principle, which means having breadth and depth. The most effective leaders will have both. Depending on what area they are in, they might have more breadth at certain points, but they will always have depth—usually in something that they have technical expertise in—that they can transfer. I do not think that it is a case of saying that it is the generalists versus the specialists. As a person goes further up in an organisation, into broader leadership roles, the balance between breadth and technical expertise changes. Trying to understand that at different levels of the civil service is important. Quite often, people are promoted because of their technical expertise, but they get to a point in their career where leadership becomes more important than technical expertise.

Paul Sheerin: My view is pretty much the same. When I think about good leadership, the ability to port quickly from one thing to another always impresses me. What those leaders have is breadth and depth—I like the T analogy. They

have an ability to literally fall like they are using a parachute to get down to the level of detail that they need and then get right up to the top again. They skirt along the top and stay broad, then they dive quickly to get to the nub and then get back out because that is not their place to be.

The Convener: The next question is from Ross Greer.

Ross Greer: Convener, I am substituting on the Parliamentary Bureau this morning, so I will have to leave in five minutes. It would be rude of me to get up and leave while people are answering my questions, so I am happy to let another colleague in at this point.

The Convener: Okay. Douglas Lumsden will ask the next question.

Douglas Lumsden: You mentioned that there is an issue with skills. I want to work out what is going wrong. What can the Government learn from the situation, and what can it put in place to make things better? My question relates not so much to the skills agenda; it is more to do with the decisions that Government can make to improve the situation.

Sandy Begbie: It is quite difficult to answer that question without setting out a bit of context. As I said in the "Young Person's Guarantee: update report March 2023", it is important for Government to be clear about what industries will be part of the economy over the next five to 10 years. That goes back to the earlier point about strategy. If you have that clarity of direction, you can make decisions about how each component of the skills system—including education—aligns behind that. Now, supply and demand are out of line and decisions must be taken around how to better align those two parts of the equation.

Industry needs to be clearer about what it needs, particularly those parts that are going to grow. For example, what kind of jobs will we need in industry over the next five to 10 years regarding the environment and climate? At best, that will be an 80/20 situation—it will change—but you need a direction of travel. We need to think about how to get the supply side—colleges, universities, secondary schools and so on—to align behind that. There is a test that I always apply in relation to the young persons guarantee: how does a 15-year-old who is interested in a career in manufacturing, engineering or renewables go from where they are to a position where they can do that job in the future, whether that involves college, university or an apprenticeship with a company?

At the moment, we have a disconnect, which is why industry gets frustrated. We do not have a pipeline of people coming into industry with the knowledge that they would have if they had taken the right decisions to lead them on a pathway into industry. At this point, the Government must make decisions around that.

Douglas Lumsden: Is the issue that Government is focused on short-term goals as opposed to looking at the longer term? It could be 10 or 15 years before today's children start moving into the industrial workforce.

Sandy Begbie: I am not taking industry out of the equation. Decisions need to be made by Government about how to reorientate the system, but a lot of sectors—not so much engineering or financial services, although we are making efforts to do things even better—need to be clearer about what their needs are over the next three to five-plus years. I do not think that enough of them articulate the demand side well enough. Work needs to be done on both sides.

Douglas Lumsden: Does Government need to work more closely with industry to work out what the needs are and consult with it more instead of just doing general consultation?

Sandy Begbie: Yes.

Douglas Lumsden: To give the Government credit, it might say that it is working with organisations such as Skills Development Scotland, which should be doing that. Would you agree with that?

Sandy Begbie: We have all the components of the system—it is just not aligned. It lacks clarity, in that people are not saying, "Here are the industries that we are going to double down on over the next five to 10 years and that we need the skills and education system to align behind."

I am trying not to be overly critical, because I think that we have good examples of where this can work and I think that we have all the components to make it work better, but if you look at other countries in Europe or the far east, you will see that they have that tight alignment. As a result, the industries that are important to the future economy can look at education and skills and see that a lot of that activity and content is aligned with what they need. We need to tighten all that, whether it be through SDS, secondary schools, colleges or universities and, as I have said, employers need to do more, too.

Douglas Lumsden: I am trying to think how we would fit that into a report. Paul Sheerin, did you want to come in?

Paul Sheerin: Perhaps I can illustrate the point with an example from our written evidence.

I think that Sandy Begbie's point about tying what we do and our short, medium and long-term actions to Scotland's economy is key. Our engineering manufacturing sector has just come

off the back of eight quarters of successive growth in output and orders, but with that have come eight successive quarters of a lack of people and skills. Our big wish for industry has been for our companies, particularly our small to medium-sized enterprises, to step up to the plate and provide the demand signal that will pull things through, particularly in work-based learning, where we have most of our shortages.

We face a future where the opportunity for Scotland is off the scale through the four pillars of offshore wind, associated hydrogen generation, the decarbonisation of transport and the decarbonisation of heat. In all of them, our biggest shortage is in work-based learning and apprentice-based skills. Just now, companies are approaching their local training groups and colleges, only to be told, "I am sorry, but there is no budget for more apprentices." Most of our hands-on work will be arriving in a four or five-year timeframe; if you start an apprentice today—this year—they will become useful to you in three, four or five years' time, but people are saying that those places cannot be funded.

Our country spends 3 per cent of our entire skills budget on work-based learning. In my opinion, that is pitiful, and it brings us back to Sandy Begbie's point about our priorities with regard to the kinds of training that will deliver high-quality, well-paid and fair-work jobs. The answer seems to be to bat the ball back to Skills Development Scotland and say, "It's your budget—you go and find the money." Skills Development Scotland had its budget cut by £10 million this year, which has impacted directly on its ability to deliver apprenticeships, despite an increase in Scotland's overall skills budget. Industry's view is that there is a huge opportunity to have well-paid, high-quality and fair-work jobs, but we need to act now and we cannot seem to move at pace and say, "We need to change our priorities."

We understand that there are no magic money trees and that we cannot just dream money up out of nowhere, but in such a situation, what does business do? You make harder choices. You need to find the links to the economic opportunities for Scotland that need to be given priority; it will mean that somebody will lose out, but if we do not do that, the opportunities—the four pillars that I mentioned—will sail past us, and we will not realise those opportunities for Scotland.

Faced with that admittedly slightly blinkered view of the world, our frustration comes down to our not understanding how you can sit in any company—Scotland plc, say—and say, "This is not something that we need to act on" rather than change tack and priorities now.

Douglas Lumsden: If we had the leader of Scotland plc in today, what advice would you give him? He would probably say that he would have to defund something else.

Paul Sheerin: I am not going to go into that. I have been in the same position; I have been sitting as a leader and people have said to me, "That is your job, Paul." When you carry the leadership role, you know, as I do, that you have to act today, or you lose the opportunity. I am not going to say who should lose out in that situation. There is no doubt that that will be a hard decision, but that is life for all of us. Hard decisions need to be made.

Douglas Lumsden: I guess that you would say that, in the end, it is for the long-term benefit of Scotland plc.

12:00

Paul Sheerin: It is always good to put numbers on it. Within Scotland, I believe that we are now up to 20 projects—plus the recently announced innovation and targeted oil and gas projects—and the first 17 projects alone carry a committed spend in the supply chain developer statement of £25.8 billion to be spent in Scotland. That is the target that those companies signed up for when they put their bid in. Of that spend, £12.8 billion is on manufacturing in Scotland. We do not have enough people today. If we do not do something that delivers the skills to take up that opportunity, the economic benefit will sail past. If someone else can make an argument that trumps that, that is fair enough, but I do not believe that they can. There is also the wider issue that all that is simply us doing our part in the bigger challenge of tackling the climate emergency.

Douglas Lumsden: Is the issue a lack of people or of skills?

Paul Sheerin: There is no shortage of people who want to come and do apprenticeships. On average, we get 50 applications for every place. To go back to a point that was made earlier, the balance of any measure of diversity is not where we would like it to be but, in answer to Rebecca Rigg's point, that balance is changing—a little too slowly, but lots of work is being done in that area. I agree that the balance is not great, but there is no lack of demand. We have a situation where, when a company says, "Okay, I am going to do an apprenticeship or more apprenticeships," and comes forward and says, "I am ready to do it, let's go," some of them are being told, "I am sorry, there is no budget." In industry, we find that unacceptable.

The Convener: We are talking about how to improve Government decision making, whereas that is more about the choice of decisions, but

Paul Sheerin made those points extremely well, and it was a good question from Douglas Lumsden. I have raised that issue with the previous First Minister in the Conveners Group, as well as in many other forums, including the chamber, so I am certainly on board with what is being said.

To follow on from that and finish off our questions, I will ask how decision making relationships with ministers can be improved. We have heard about how the private sector takes decisions and, before that, we had a session about how we can improve decision making in the public sector. How can that interaction with ministers be improved?

Sandy Begbie: My experience of the interaction between ministers and civil servants comes very much from being on the outside looking in. I heard the last 10 minutes of the evidence from the first panel. There is no doubt that you have a political cycle, which could be five years or less, and ministers can be moved, so it is about having an agenda that, wherever possible, is not wholly reliant on a particular minister, because that gives people the confidence to make those decisions. Wherever possible, the direction of travel should be set, regardless of the minister. That might be easy to say and harder to bring about in practice, but that is the only way that you will get that longer-term focus on delivery, implementation and subsequent impact.

As I touched on earlier, the quality of decision making relies on making sure that there is diversity of thought from a variety of perspectives, so that the decision that is made has gathered as much diversity of thought as possible, through whichever forum you choose. It is about making sure that the relationship between ministers, the broader civil service and any other consultation group recognises that diversity of thought, so that ministers get all the information—and the transparency, as was said earlier—in order to help them to make those decisions.

The Convener: That is an important point. The Scottish Government has done better than the UK Government when there has been consistency in policy, with the private sector knowing that a policy is, in as much as it can be in politics, on tablets of stone so that long-term investment decisions can be made. However, the Scottish Government has not done as well as Westminster when there has been turmoil and changes of direction in policy.

Paul Sheerin: I agree with what Sandy Begbie said. I come back to the point about the rapidity of decision making. It would be an improvement if more thought was given to whether something needed to be done rapidly or whether it could be done in a more considered way.

We get good access to forums where we can give our input; we have connections to both ministers and civil servants. The decisions are the decisions. Some will like them and some will not, but I do not think that that is the issue. I apologise if I went off track on my skills soapbox—that is usual for me—but the important point is that what we do not like is not a certain decision being made but the lack of a decision, because, from the industry's point of view, that means that the can is just being kicked down the road. In situations in which people think, "Oh, a decision needs to be made much more rapidly," that would be an example of an improved decision-making process.

The Convener: Indecisiveness is obviously a concern in some instances.

I will wind up the session by giving our witnesses the opportunity to make any final points if they feel that we have not touched on an issue or if they wish to emphasise something.

Sandy Begbie: I have nothing to add.

Paul Sheerin: Thanks for inviting me. I admit that, when I came along, I was not sure how useful the conversation would be. Thank you for the questions, which allowed us to make the discussion specific to the sector that we know.

Rebecca Rigg: I have nothing to add. Thank you very much for inviting me.

The Convener: I thank our witnesses for coming along. The session has been very helpful and has given us another dimension to the inquiry that we are undertaking. We will continue to take evidence on effective Scottish Government decision making at future meetings.

That concludes the public part of the meeting. Our next agenda item is a discussion in private on our work programme.

12:07

Meeting continued in private until 12:14.

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