Finance and Public Administration Committee 22nd Meeting, Session 6 Tuesday 24 June 2025

Public administration in government

Purpose

- 1. The Committee is invited to take evidence from Joe Griffin, Permanent Secretary to the Scottish Government, on issues relating to public administration in government, including his own priorities and approach to his new role.
- 2. Annual evidence sessions previously took place with the former Permanent Secretary, Mr Marks, on <u>3 May 2022</u>, <u>16 May 2023</u>, <u>21 May 2024</u> and <u>18 March 2025</u>.
- 3. At this evidence session Mr Griffin will be accompanied by the following Scottish Government officials:
 - Lesley Fraser, Director-General Corporate, and
 - Gregor Irwin, Director-General Economy, and
 - Richard McCallum, Director of Public Spending
- 4. This session falls within the public administration aspect of the Committee's remit, which is to provide "oversight and scrutiny of the way in which government exercises its overall functions and the quality and standards of administration provided by the civil service in the Scottish Government".¹

Background

- 5. Mr Griffin took up post as Permanent Secretary (PS) on 7 April 2025, having previously worked as Director General, Strategy and External Affairs at the Scottish Government.
- 6. Since devolution, there have been six Permanent Secretaries:
 - <u>Muir Russell</u> (May 1998–July 2003)
 - John Elvidge (July 2003–June 2010)
 - Peter Housden (June 2010–June 2015)
 - Leslie Evans (June 2015–December 2021)
 - John-Paul Marks (January 2022–March 2025)
 - <u>Joe Griffin</u> (April 2025 to present)
- 7. The Scottish Government website explains that Mr Griffin is the principal policy adviser to the First Minister and Secretary to the Scottish Cabinet.

¹This wording is from a Parliamentary Bureau paper on establishment of committees, June 2021.

- 8. The Permanent Secretary leads the Scottish Government Civil Service to deliver the full range of devolved powers and duties set out in the Scotland Acts. As the principal accountable officer for the Scottish Government, the Permanent Secretary is personally responsible to the Scottish Parliament for the exercise of their responsibilities. This includes the management of the Scottish Government's discretionary budget of circa £59 billion and the economic, efficient and effective use of all related resources.
- 9. Leading more than 9,000 civil servants who work for the Scottish Government in Scotland, London and around the world, the Permanent Secretary supports the development, implementation and communication of government policies. This work is undertaken in accordance with the Civil Service Code, upholding its four core values of integrity, honesty, objectivity and impartiality.
- 10. As the Committee heard during its decision-making inquiry, the PS is a member of the Civil Service Board and also a member of the weekly leadership team led by the Head of the Civil Service (Cabinet Secretary), currently Sir Chris Wormald, who was appointed in December 2024 to replace Simon Case.² The former PS explained that these meetings are the means by which he inputs the perspective of those working for the Scottish Government into any reviews of the civil service.
- 11. During Mr Marks' evidence session on 18 March 2024, the then PS spoke to the key areas of focus for him at that time. These included:
 - a. balancing the Scottish Government's budget when fiscal sustainability risks remain high. Key documents to be published ahead of the 2026-27 budget are the Medium-Term Financial Strategy and the Fiscal Sustainability Delivery Plan (which is to set out the Government's plans for workforce, health and social care reform, social security, tax and growth) and the Infrastructure Investment Plan Pipeline refresh, which is now expected in December 2025, two years later than originally planned;
 - a further update on the Government's public service reform programme, including a renewed vision and revised governance.³ Delivering more cashable benefits from programmes, including estates, digital, commercial and workforce programmes, while continuing to take steps to empower systems to innovate, raise revenue and recover cost. Amongst other aspects, publication of more detailed plans on health and social care innovation and operational improvement;
 - c. expanding on prevention work, including legislating for a tobacco-free generation;

² <u>Prime Minister appoints Sir Chris Wormald as new Cabinet Secretary and Head of the Civil Service -</u> <u>GOV.UK</u>

³ The Scottish Government published its Public Service Reform Strategy on 19 June 2025.

- d. continuing development of the Scottish Government's propriety and ethics capabilities, with published procedures and a recently updated Scottish ministerial code;
- e. strengthened performance report in the annual report on accounts;
- f. improved freedom of information response rates to the Parliament and the public;
- g. a set of targeted programmes to improve risk management and accountable officer assurance;
- h. an agreed revised fiscal framework with the Treasury, and resetting the relationship with the new UK Government following the UK general election;
- i. a new Cabinet dashboard to support delivery and track the programme for government deliverables; and
- j. a review of the national performance framework which is now under way
- 12. The detail of the paper prepared for the evidence session held on the 18 March 2025 is attached at Annexe A for reference. On <u>1 April 2025</u>, the then Permanent Secretary provided further clarification on points raised during the evidence session. This is available at Annexe B.
- 13. In 2024, there were a few inquiries into aspects of the civil service being undertaken at the UK Parliament. Due to the General Election on 4 July 2024⁴, final reports were not published for:
 - a. House of Commons Public Accounts and Constitutional Affairs Committee inquiry into <u>Devolution Capability in Whitehall</u> (the former PS gave evidence on 16 April 2024).
 - b. House of Commons Scottish Affairs Committee inquiry into Intergovernmental Relations: the Civil Service.
 - c. House of Commons Public Administration and Constitutional Affairs Committee inquiry into <u>Civil Service Leadership and Reform</u>.
- 14. The UK Parliament is not currently undertaking any new inquiries into the civil service. The House of Commons Scottish Affairs Committee is, however, holding an inquiry into the financing of the Scottish Government, examining the framework for fiscal devolution in Scotland which could have downstream impacts. These is also an inquiry into Mission Government by the Public Administration and Constitutional Affairs Committee. One of the call for evidence questions asks "What measures are being used to mobilise other devolved governments, public bodies, local government, and the private and voluntary sectors in delivering missions and are these sufficient?"
- 15. This will be Mr Griffin's first opportunity to speak with the Committee since becoming PS, it may therefore be interested in hearing about his priorities. For example, the Scottish Government website states that "Joe is committed to the

⁴ The announcement of a General Election on 4 July 2024, meant Select Committees were unable to meet from 24 May and ceased to exist from 30 May until after the General Election.

delivery of the <u>NPF</u> – Scotland's outcome-based approach to the implementation of policies aimed at improving the wellbeing and life chances of its citizens, supported by a successful, inclusive economy and a sustainable and healthy environment". It further notes that "Joe works with colleagues across the UK supporting, engaging and investing in the talent and leadership of the UK Civil Service and wider public services".

16. The Committee's letter of <u>8 May 2025</u> inviting the Permanent Secretary to give evidence is attached at Annexe C.

Update on public administration matters

Long-term insight work

- 17. As part of the Scottish Government's response to the Committee's <u>report on</u> <u>Effective Scottish Government Decision-Making</u>, the Government gave a commitment to the Committee on the publication of reports on longer-term insights. During that inquiry, the Committee heard that this approach is followed in New Zealand where the Government publishes Long-term Insight Briefings every three years. These briefings aim to make public and for scrutiny by Parliament "information about the medium term and long-term trends, risks and opportunities that affect or may affect New Zealand and New Zealand society, and impartial analysis, including policy options for responding to those matters".
- 18. The Scottish Government announced on 17 June 2025 that it had published the <u>findings from the Scottish Government's Horizon Scanning project</u>. The *Future Trends for Scotland* report and the accompanying Trend pack describe the 60 trends likely to be important to Scotland over the next 10 to 20 years.
- 19. The Scottish Government states that "this publication does not cover potential policy or strategy implications and is not a statement of government policy or intention, rather it is about providing open analysis to spark reflection and guide decisions in a complex interconnected world."⁵
- Civil service reforms
- 20. Since the Committee's evidence session earlier this year, there have been a few announcements/news articles that have raised matters relevant to civil servants providing advice and support to the Scottish Government.
- 21. A Scottish Government hybrid working policy <u>FOI response</u> published on the 27 May 2025 explained that the Scottish Government has a hybrid working policy which may vary depending on business needs. The response further states that "there are no centrally fixed mandated number of days that staff must work in the office per week, however there is the expectation that staff attend a Scottish Government workplace at least once per week."

⁵ Written question and answer: S6W-38730 | Scottish Parliament Website

- 22. According to a news article from the Sunday Times on 10 May⁶, Scottish Government officials have been asked to return to the office for 40% of their time "to boost productivity". The article indicates that concerns have been raised by employees around the impact of commuting on the environment, the cost of commuting and the impact on their human rights. It is not clear from this article when this policy was, or is being, implemented.
- 23. A Civil Service World article⁷, refers to the Chancellor of the Exchequer's Spring statement which included the creation of "a £3.25bn transformation fund to drive public service reform and efficiencies, with £150m of this pot to be spent on civil service voluntary exit schemes". Her <u>speech</u>, delivered on 26 March 2025, states that "I can confirm today the first allocations from this fund… including funding for Voluntary Exit Schemes to reduce the size of the Civil Service…".
- 24. The Ministerial statement on <u>2 April 2025</u> by Shona Robison, the Cabinet Secretary for Finance and Local Government, on the impact on Scotland of the United Kingdom Government's spring statement does not mention whether the Scottish Government will benefit from this fund.

Public Service Reform

25. The First Minister in his National renewal and prevention speech on <u>16 June</u> <u>2025</u> stated that "a new way of working and thinking is demanded from my government", adding—

"That shift is already underway with a sharpening of focus in the Programme for Government, with clear priorities then shaping also the decisions we make in the budget process. It is why we are reforming the National Performance Framework so that it enables the sort of cross-cutting, outcomes focused decisions that we need, while also reshaping the delivery structures within government. We must stop thinking only of our silos and the services we provide. It requires a change also in the way we work with you and the way you work with each other. We must look at the whole person and the whole system. Fundamentally, we must shift our approach to one that focuses on value – the amount of impact we achieve for our investment".

- 26. The First Minister focused on the need for more early intervention and prevention and went on to say that "... my government will provide coordination, share learning so that change can happen at pace".
- 27. He further referred to Scotland's Public Service Reform Strategy being published on 19 June⁸ which "will update Christie for this new decade and set out a vision and a plan to renew Scotland's public services sector [... and] our Medium-Term Financial Strategy, which we will publish next week, will define an approach to

⁶ <u>Civil servants ordered back to the office ... two days a week</u>

⁷ Civil Service World article <u>New £3.25bn transformation fund to cover voluntary exits and digital</u> reform, 26 May 2026

⁸ This Strategy was not published in time to be reflected in this paper.

managing the public finances that will align with and enable this work". The Committee has agreed to examine both documents as part of its pre-budget 2026-27 scrutiny on Responding to Long-Term Fiscal Pressures.

28. The Scottish Government states in the Scottish Budget 2025-26 that-

"We must also be efficient and effective in how we deliver public services. We have set out a 10-year programme of PSR to Parliament, with a strong focus on the data, levers and workforce that will drive efficiency. To enable this work, we will deliver an Invest to Save fund in 2025-26, backed by up to £30 million of funding recognising the need to catalyse efficiency, effectiveness and productivity projects as part of the PSR programme."

29. An <u>FOI was submitted</u> to the Scottish Government on 12 May requesting information on applications made to the Invest to Save fund. The Government's response included a list of organisations who have submitted bids (see attachment at the bottom).

Aberdeen City Council Clacks and Falkirk Council Combined Councils bid Education Scotland (2) Glasgow City Council Perth and Kinross Council (6) SG Directorate for Justice (5) Scottish Canals Scottish Funding Council SEPA Scottish Fire and Rescue Service SG DG Health and Social Care (2) Clackmannanshire council Colleges Scotland Dumfries and Galloway Council Food standard Scotland Highlands and Islands Enterprise Scottish Enterprise SG Directorate for Children and Families South of Scotland Enterprise SG DG Economy Scottish Courts and Tribunals Service SG DG Corporate (3) SG Directorate for Environment and Forestry (5)

Next steps

30. The Committee will decide at a future meeting whether it wishes to hear from the Permanent Secretary again before the end of the Parliamentary session.

Committee Clerking Team June 2025

Paper provided for Permanent Secretary session on 18 March 2025

Effective Scottish Government Decision-Making

 The Committee published its <u>report on Public Administration – effective Scottish</u> <u>Government decision-making</u> on 3 July 2023. There appears to be one outstanding Committee recommendation that the Scottish Government has given a commitment to deliver, this is covered below.

Long-term insight work

- 2. In relation to the challenges Government faces in balancing short-term issues with tackling longer-term issues, the Committee recommended that consideration be given to civil servants working for the Scottish Government providing longterm insight briefings on the challenges facing Scotland over the next 50 years.
- 3. Responding to the Committee's decision-making report in 2023, the PS highlighted horizon scanning work already undertaken as well as work underway to strengthen the Government's capacity to assess future risks and preparedness. He confirmed that, in addition to responding to the Scottish Fiscal Commission's Fiscal Sustainability report⁹, "we will begin publishing reports of longer-term insights in the early autumn of next year [2024] to create a new resource for public bodies and partners in the third and private sector". It is unclear whether the Scottish Government has to date published any such insights reports and this therefore may be an area of interest for Members to explore.

Fiscal sustainability and public sector reform

Fiscal Sustainability Delivery Plan

- 4. As part of its 2025 pre-budget scrutiny, the Committee concluded that repeated publication delays of key strategy documents such as the Medium-Term Financial Strategy, Infrastructure Investment Plan pipeline reset, Tax Strategy, and multi-year plans, until after the next fiscal event have "unfortunately led to a perception of the Government being in a state of inertia".
- 5. It has now been confirmed by the Cabinet Secretary for Finance and Local Government that the Medium-Term Financial Strategy (MTFS) and the Fiscal Sustainability Delivery Plan (FSDP) will be published at the end of May 2025. Scottish Government officials told the Public Audit Committee (PAC) on 5 March

⁹ The Scottish Government has not published a full response to the SFC's report but did hold a debate on fiscal sustainability at the request of the Committee in October 2024.

2025 that the funding levels set out in the MTFS would be refreshed after the UK Spending review in June.¹⁰

- 6. The PS attended the Public Audit Committee (PAC) on <u>5 March 2025</u> in relation to consideration of the report by the Auditor General "Fiscal sustainability and public sector reform in Scotland". On the purpose of the MTFS, he said that "will provide the Government's view on the economic outlook, the risks that we face and the strategy for sustainability". He added that it will be accompanied by a Fiscal Sustainability Delivery Plan, which will set out "the actions that are being taken to address those risks, including on workforce, health and social care reform, social security, tax and growth". Following the UK Spending Review in June, he explained that "the Scottish Government will be able to update the infrastructure pipeline with the revised capital assumptions that we will get from the spending review".
- 7. The Permanent Secretary may be able to provide further detail on why two documents covering the same time period are now needed, rather than just incorporating additional information into the MTFS, and why the FSDP does not look further ahead, for example using the same timeframe as the SFC in its fiscal sustainability report (50-year horizon).

Public sector reform

- 8. The PAC heard from the PS that the Scottish Government is taking actions to achieve savings, such as, from programmes "that we have set up on estates, digital, commercial and workforce, where we have been able to avoid costs and release savings. That is around £280 million over the past two years up to the end of the current financial year, and a projected £300 million in the next two financial years". He added, that "we have been trying to encourage and support empowerment for cost recovery and revenue raising through examples such as the tourism levy and the cruise ship levy". The PS told the PAC, "we are determined to go further and faster on reform, to continue to build capabilities for preventative whole-system transformation and to improve long-term outcomes, and we agree that that will be fundamental to long-term sustainability".
- 9. In response to the recommendations in Audit Scotland's report the PS said:

"We agree that there is an opportunity to improve governance arrangements, and Mr McKee is going to chair a public service reform board. We are developing the quality of information by portfolio to demonstrate how PSR will contribute to sustainability, ready for the 2026-27 budget."

10. The Permanent Secretary may be able to provide more detail during evidence around the actions being taken to support public sector reform.

¹⁰ Public Audit Committee, 5 March 2025, Official Report, Col 6.

Mandate letters

- 11. The Committee previously said it considers that mandate letters issued to Cabinet Secretaries by the previous First Minister, provide an opportunity for better accountability of decision-making and delivery of outcomes, no longer appear to be being used. There is a lack of clarity about the status of these mandate letters.
- 12. When appearing at the PAC, the PS explained "having published his programme for government, the First Minister has taken the decision to organise its deliverables in a dashboard, which we discuss as a Cabinet and executive team every other month, and that data is all captured so that he can track it accordingly. That is an improvement on the process of mandate letters, which was a bit of a static process".
- 13. The Permanent Secretary may be able to provide more information about the decision-making accountability and delivery of outcomes benefits from using a 'dashboard' rather than mandate letters, including how this supports transparency and impacts on scrutiny.

Use of strategy documents

- 14. On the 17 May 2024 when speaking about the economy in Glasgow, the First Minister said the Scottish government is producing too many strategy documents and "concrete actions" are needed instead. He added, "A strategic approach is clearly essential, but I want the first question we ask ourselves to be - what can we do, rather than what can we write down."¹¹
- 15. As part of its 2025-26 Budget report published in January 2025, the Committee asked the Scottish Government for information on the number of 'live' strategies by the end of June 2025. The Scottish Government's response to the Committee's report states that the "Strategy and Delivery Directorate will undertake an exercise across portfolios to identify the number of 'live' strategies, to provide a baseline for numbers to be monitored and reduced wherever possible". The Cabinet Secretary for Finance and Local Government, confirmed in her letter dated <u>12 March 2025</u>, "I have asked my officials to accelerate work to review the current number of live strategies and I will provide an interim update to the Committee by the end of March. This will be followed by a further, more detailed review before the originally agreed June deadline".
- 16. Further explanation of the role of the Permanent Secretary and Scottish Government officials in supporting the formulation of 'national strategies' and in relation to decision-making about the need to create, revise or end a national strategy may be able to be provided to the Committee during this session.

¹¹ Swinney says Scottish government writing too many strategy papers - BBC News

Civil service reforms

- 17. The UK Government has announced plans to reform the UK civil service, with the aim of redirecting resources from the backrooms to frontline roles, such as border guards and prison officers. At the time of writing, the main changes will be:
 - a. senior staff will have performance-related pay and those failing to meet required standards could be dismissed if they do not improve within six months,
 - b. decreasing the size of the central civil service,
 - c. more civil servants working outside London,
 - d. any civil servants performing below expectations may be "incentivised" to leave their jobs, with mutually agreed exits,
 - e. one in ten civil servants to be employed in a digital or data role within five years, delivered through apprenticeships and retraining staff.¹²
- 18. On 10 March 2025, Prime Minister Sir Keir Starmer wrote to civil servants to promise reforms, stating he wanted a "more agile, mission-focused and more productive" Civil Service. The Prime Minister is expected to expand on his plans for civil service reform at an event on Thursday 13 March 2025.¹³
- 19. The <u>latest public sector employment statistics</u> show that the number of devolved civil servants has increased since the establishment of the Scottish Parliament in 1999, at a faster rate than the overall devolved public sector. Since 1999, total jobs in the devolved public sector have increased by 16%, but total jobs in the civil service have increased by 96%.
- 20. Comparing latest Q3 data with pre-pandemic Q3 2019 jobs, shows that headcount in the devolved public sector overall has increased by 9%, but by over 40% in the civil service.
- 21. The Cabinet Secretary for Finance and Local Government, when giving evidence on the Scottish Government's response to the Committee's report on the Scottish budget for 2025-26, was asked about the growing number of senior civil servants, she said:

"We will address that through the workforce plans to reduce the number of directly employed staff in the civil service, but we will do that in a managed and careful way. The fact that we have a larger public sector with better paid workers is because of an investment that we have made over a number of years."¹⁴

¹² <u>Civil Service reforms will be radical, Pat McFadden vows - BBC News</u>

¹³ Keir Starmer vows to unleash 'shackled' civil servants - BBC News

¹⁴ Finance and Public Administration Committee, Official Report, 18 February 2025, Cols 14-15

- 22. She added that "an across-the-board percentage would be too blunt a tool, but I want to give an absolute assurance that every organisation will have a plan for reduction and how it will do that".¹⁵
- 23. During an evidence session on the Spring Budget Revision held on <u>4 March</u> <u>2025</u>, the Committee requested further information on the net saving from reducing the contingent workforce versus the increase in senior civil servants. Reference was made to an answer to a recent written question which showed that "on 31 March 2022 the contingent workforce across all directorates was 989 and on 30 September 2024 it was 668, which represents a reduction of 321. Over precisely the same period, the number of senior-grade civil servants increased by 500, which is significantly more than the reduction in the contingent workforce".
- 24. The Committee may wish to explore with the Permanent Secretary the approaches being taken by the UK Government and Scottish Government in relation to the reform and size of the civil service.

Financial Memorandums and framework bills

- 25. This session, the Committee has expressed concern about the quality and consistency of Financial Memorandums (FMs) provided by the Scottish Government and the accuracy of FMs which accompany co-designed Bills.
- 26. Since the last annual session with the Permanent Secretary in May 2024, the Committee wrote to the Minister for Parliamentary Business asking that guidance for Bill teams drafting FMs be updated to address quality and consistency issues. The Committee made an announcement in the Chamber on <u>10 September 2024</u> to inform Members of these ongoing issues and the actions the Scottish Government had taken to address them, the Convener stated—

"It is hoped that the updated guidance and renewed focus on training will lead to improvement in the information that is presented to Parliament and, consequently, in the scrutiny of such documents in the future."

- 27. Most recently, the Minister for Parliamentary Business wrote to the Committee on <u>6 March 2025</u>, advised that the finance guidance note on preparing FMs (which accompanies the Scottish Public Finance Manual (SPFM) has been reviewed and updated to ensure that the Committee's recent feedback "has been given greater prominence". In addition, the Minister emphasised "the importance of this matter has been highlighted [to] all Ministers and Bill teams, and this message continues to be reinforced".
- 28. Further information on the practical actions being taken to reinforce this message to all Ministers and Bill teams could be explored during this session.

¹⁵ Finance and Public Administration Committee, Official Report, 18 February 2025, Col 16

The Scottish Government Consolidated Accounts for year ending March 2024

- 29. In September 2022, the Committee agreed to consider the Scottish Government Consolidated Accounts each year as part of its annual evidence session with the Permanent Secretary, as Principal Accountable Officer.
- 30. The Consolidated Accounts report actual outturn and compare it to the budget authorised by the Scottish Parliament. They cover around 90% of that budget and report:
 - a. the amount the Scottish Government spends against each main budget heading and the reasons for any significant differences,
 - b. the amounts distributed to public bodies,
 - c. assets, liabilities and other financial commitments carried forward to future years, and
 - d. contain a performance report.
- 31. The Scottish Government <u>Consolidated Accounts for the year ending 31 March</u> <u>2024</u> were laid in the Parliament on 10 October 2024 alongside the corresponding <u>Auditor General for Scotland's section 22 report</u>. The Auditor General for Scotland (AGS) reports that total net expenditure by the Scottish Government during 2023/24 was £53,980 million, £277 million less than budget. The resource budget was underspent by £193 million (0.4 per cent) against a budget of £51,766 million. Capital was underspent by £84 million (3.4 per cent) against a budget of £2,491 million.
- 32. In his report conclusion, the AGS states-

"The Consolidated Accounts remain a critical component of the Scottish Government's accountability to the Scottish Parliament and the public. The recent, regular requirement to implement in-year savings to balance the budget demonstrates the unsustainable financial position for the Scottish public sector. The Scottish Government needs to better link spending decisions with the achievement of priorities and outcomes and demonstrate this transparently to the people of Scotland."

- 33. The PS gave evidence to the Public Audit Committee (PAC) on the above section 22 report at <u>its meeting on 22 January 2025</u>. In response to the report, the PS said "the fiscal position remains tight, but it has improved following the United Kingdom Government's autumn budget of 2024.
- 34. A few areas were discussed at that meeting which are of relevance to the Committee.
- 35. The Scottish Government provided additional financial reporting on the Scottish public sector on <u>29 October 2024</u>. This was in response to a request from PAC <u>when considering the 2022/23 consolidated accounts</u> for information about progress towards producing whole-government accounts, as although this

information existed through bodies own annual accounts it was not brought together in a transparent way. The PS explained "It seeks to provide a consolidated view of the financial position and the assets and liabilities of all the entities that exist underneath the Scottish budget". He added that the pilot report also covers more information about how the Scotland reserve is used and "how money flows through it" and on borrowing.

- 36. In relation to fiscal sustainability and the management of the budget, the PS said expenditure on social security is "forecast to increase from just over £6 billion to £8.5 billion, but the departmental expenditure limit on the block grant will go from £1.2 billion to £1.5 billion. The difference to the block grant because of the choices the Scottish Government makes is material, but, in the context of a budget that is more than £50 billion, my judgment is that it is manageable".
- 37. In evidence to the PAC on <u>7 November 2024</u>, the AGS said "the Scottish Government is able, within the confines of the fiscal framework, to engage in revenue and capital borrowing. Significant requirements must be met for revenue borrowing—for example, it can be undertaken if it is needed to address a fiscal shock or to meet a budget reconciliation for the fiscal framework outturn. Within those constraints, the Government must break even, which requires really careful budget management".
- 38. Regarding the flexibility of borrowing provided through the fiscal framework, the PS explained at the PAC session on 22 January 2025 that "by the end of this parliamentary session, around a quarter of the borrowing headroom approximately £1.5 billion will be available for the next parliamentary session, and repayments are scheduled to manage that".
- 39. On public sector reform, the PS said that "the Scottish Government will continue to publish regular public service reform updates". The PS referred to the new HR and Finance system (Oracle cloud) which has been implemented, stating the "Scottish Government has a strong foundation for the use of shared services in the year ahead, which is important for public service reform", adding, "progress has been made to put the organisation on a sustainable path".
- 40. Finally, on further improvements, the PS explained that Scotland's National Performance Framework is being reformed, with the aim of accelerating progress and enabling transformation, and the performance report element of the accounts has also improved.
- 41. A SPICe briefing in Annexe C provides more detail in relation to the Consolidated Accounts.

Update on propriety and ethics

42. A key focus of the Committee's previous annual evidence sessions in 2022 and 2023 was scrutiny of progress against the Scottish Government's response to the three harassment reviews that took place in late Session 5. Further background is available at Annexe D. The Continuous Improvement Programme has been

completed and the Committee received an update on activities carried out by the Directorate for Propriety and Ethics on 17 May 2024.

Updated information

43. Relevant actions, which would have taken place after the PS's last appearance before the Committee, have been set out below, as well as the most up to date information where this is available online:

General work of the Directorate of Propriety and Ethics

- Relationships have been established with propriety and ethics functions across UK administrations including hosting the first 'four nations' propriety and ethics discussion in Edinburgh in March 2023, attending a meeting hosted by the Welsh Government in Cardiff in November 2023 with the next hosted by UKG in Spring 2024.
- An internal audit review of the processes in Propriety and Ethics was undertaken which provided a 'reasonable' assurance rating. It was noted that no formal complaints had been received since the new process for handling complaints about Ministers and former Ministers had been put in place. The review recommended testing, so a 'table-top' exercise is planned. The review also recommended improvements to business planning particularly in relation to risk management and capacity, which are being taken forward.

Procedure for handling complaints about Ministers or former Ministers

- The most recent information was published on <u>16 December 2024</u>. There have been no complaints received or investigated in the previous 6 months.
- The pool of external investigators and decision makers appointed under the procedure expired in February 2024. Contracts have been temporarily extended until December 2024. It is unclear whether a new pool has since been appointed.

Information and records management

On 25 January 2024 the former First Minister announced an externally-led review of Scottish Government's use of mobile messaging apps and non-corporate technology to recommend improvements to Scottish Government's record management policy and practice as well as working practices in relation to modern digital workplaces. The review reported on <u>17 December 2024</u>. The Deputy First Minister announced at the conclusion of the review that "We have taken the decision to end the use of mobile messaging applications across the Scottish Government. That will happen by Spring 2025."

Culture and behaviours

- The 2023 People Survey scores show a small increase in the headline bullying and harassment score ("Have you been bullied or harassed at work, in the past 12 months?") which has increased by 1% compared to the 2022 score, increasing from 7% to 8%. This is the first increase from a historic low of 7% seen over the last 3 years, and reflects the UK Civil Service benchmark which is also 8% in the 2023 Survey. For 2024, <u>the</u> <u>score has increased to 9%</u>. This is above the benchmark in the 2024 survey of 8%. The Welsh Government is 5%
- The Scottish Government has just launched a new Diversity and Inclusion Employer Strategy. One of the Strategy's four themes is entitled 'Promoting Positive Behaviours' and includes a suite of actions for 2024 – 2027 addressing the topics of Bullying + Harassment, and Discrimination. These actions are designed to deliver impactful change, with this impact being measured against the Strategy's KPIs, and progress monitored by our Diversity and Inclusion Governance Group.
- 44. The Committee might wish to hear more about the potential reasons for the slight increase over two years in the number of staff experiencing bullying and harassment in the workplace, and the actions being taken to address this.

Culture and transparency within the Scottish Government

- 45. While freedom of information (FOI) sits within the Standards, Procedures and Public Appointments Committee's remit rather than with the FPA Committee, the Scottish Government's approach to releasing information can be indicative of the wider culture within the organisation. In her <u>statement to Parliament on 17</u> <u>December 2024</u>, the Deputy First Minister stated that "the FOI Improvement Plan is already making improvements", adding that "it has developed comprehensive training programmes and detailed guidance, and it supports staff to respond more quickly and more effectively to requests". She went on to say that the Scottish Government is "now responding to over 95% of FOI requests on time", which she argues "reflects this government's commitment to transparency".
- 46. However, the Scottish Information Commissioner recently expressed his disappointment regarding the Scottish Government's handling of a specific FOI request, subsequent appeal, and accuracy of a related media statement made on 26 October 2024. The FOI request and subsequent appeal by the Scottish Government related to the release of legal advice to appeal an FOI request for information regarding James Hamilton QC's review of the former First Minister's conduct in relation to the ministerial code. Further background to the Commissioner's <u>Decision 193/2024</u> can be found on his <u>website</u>.
- 47. The Commissioner <u>welcomed the Scottish Government's disclosure</u> of the legal advice in response to Decision 193/2024, "albeit at the 11th hour", noting that "it is frustrating to know that my scarce resources were absorbed in an appeal that advisers pointed out was not the one to test the particular legal argument being deployed". He added that the delay in releasing the advice for two and half years "is wholly unacceptable and as a result the substantive information initially

requested still remains open" and that he would be writing to the Permanent Secretary highlighting his concerns. The <u>Herald newspaper</u> reported that the case cost the Commissioner's office £30,000 in external legal costs, and the Scottish Government around £118,000.

- 48. The Commissioner <u>wrote to the Permanent Secretary of 12 December 2024</u> stating that "I do want to express my disappointment in the way that elements of this case have been handled", specifically—
 - the Ministers' failure to withdraw the Court of Session appeal once it was clear there was limited prospects of success and the associated impact on public funds,
 - delay to request,
 - the misrepresentation of position in related media statements, and
 - the quality of original submissions.

49. He went on to say-

"As regulator for Freedom of Information (FOI), I was deeply disappointed in the tone of the media statement accompanying the disclosure, which, in my view, misrepresented the facts as disclosed in the information. The statement suggested that the Ministers had a stateable case throughout the timeline of appeal. [...] this is not a true or transparent reflection of advice received. Ministers' chances of success diminished considerably over time and attempts to present this otherwise are not what I would expect from a Public Authority."

50. The Scottish Government's media statement referred to by the Commissioner said—

"The decision to comply with the commissioner's decision and release the legal advice has been taken after careful consideration and does not set any legal precedent. The material shows Scottish ministers took decisions based on appropriate analysis of the legal considerations. This included discussions with the Lord Advocate, who was content that there were proper grounds for appealing and who agreed with ministers that the decision should be appealed. This was a complex and intricate point of FOI law, which the Court of Session's judgment recognised as addressing a sharp and important question of statutory interpretation. The material reflects the thorough deliberation the Scottish Government gave to this matter."

51. In his <u>response to the Commissioner's letter dated 18 December</u> Mr Marks states that—

"I am satisfied that the Scottish Government responded within the proper timeframe, that the decisions taken at each stage were informed by comprehensive and impartial advice, including from King's Counsel and the Lord Advocate, and the case was handled consistent with Ministers' obligations under the Freedom of Information (Scotland) Act. [...] I am satisfied that throughout Ministers had a stateable case, seeking to test an important point of statutory interpretation. To support transparency and accountability, the response to the final decision was the subject of a Parliamentary statement made by the First Minister on <u>29 October</u>, which sets out the Scottish Government's position in full".

52. Echoing many of the concerns raised by the Committee in its pre-budget 2025-26 report, the Auditor General for Scotland has also recently criticised the Scottish Government regarding a lack of transparency. He said in his aforementioned Fiscal Sustainability and Reform in Scotland that—

"The Scottish Government has not been transparent enough with the Scottish Parliament or the public about the medium-term risks it is facing. The medium-term financial strategy and financial plans for the NHS and infrastructure investment have all been delayed. The absence of these documents makes scrutiny of the current uncertain financial situation more difficult."

- 53. It is unclear if the civil service working for the Scottish Government is impacted by the commitment made in December 2024 by the Permanent Secretaries to the UK Government's Department for Culture, Media and Sport and the Department for Science, Innovation and Technology to introduce a revised gender reassignment policy. They stated in December 2024 that, "in accordance with the Equality Act 2010, the revised policy will balance the rights of staff with different protected characteristics, including but not limited to gender reassignment, religion and belief, and sex". They went on to say, "a well-functioning civil service is one that allows its civil servants to safely hold, voice, discuss or challenge any lawful perspective, without fear or favour". This commitment was part of a settlement of an employment tribunal claim brought by a civil servant "on the arounds of philosophical belief, sex, and disability, along with victimisation. protected disclosure detriment and unfair constructive dismissal". She described a "climate of fear" around equality, diversity and inclusion and named senior civil servants who she argued had been "complicit in significant breaches of impartiality".
- 54. The Committee may be interested in exploring with the Permanent Secretary issues relating to the culture in the Scottish Government, including its approach to ensuring openness, transparency, value for money and impartiality.

Letter from the former Permanent Secretary, Mr JP Marks, dated 1 April 2025

Dear Convener,

I recently provided evidence at the Finance and Public Administration Committee and committed to follow up with further detail on a few areas.

You asked about the timing of the Scottish Government's approach to developing longer term insights. The latest Horizon Scanning exercise, considering a 10-20 year period, is designed to be a larger scale programme than previous exercises informed by extensive engagement. It was decided in Spring 2024 that more time was needed to engage with sectoral experts and process the insights and evidence gathered. That work is now complete, and the aim is to publish the longer-term insights from the Horizon Scanning exercise before summer recess. We will ensure the Committee clerks are kept apprised of the exact publication date once confirmed.

The Committee was also interested in the reform of the National Performance Framework. A project team is leading that work, putting in place stronger planning and governance, baselining the evidence base, analysing international practice, and developing the methodology to test potential models. The outputs of this work will be shared with the project board and expert advisory group later in April. It is expected that the reform work will take at least to the end of 2025 to conclude.

I offered to provide further information on the Small Vessels Replacement Programme (SVRP) Phase 1 procurement advice. Officials considered the risks around direct award when reviewing procurement options toward the end of the Outline Business Case process. The limitations and risks around potential direct award were set out in advice from Transport Scotland to Ministers on 20 December 2023. Ministers responded to the December 2023 briefing, requesting further detail on procurement options. I then led a cross departmental Review Group in the early part of 2024. Formal advice was issued to the First Minister on 5 June 2024 by the Deputy First Minister, Cabinet Secretary for Transport, and Cabinet Secretary for Finance, in which an overview of legal advice and potential approach to procurement was provided. SVRP Phase 1 procurement was considered and approved by Cabinet in June which then allowed CMAL to proceed with competitive tender starting on 16 July 2024.

Finally, I committed to providing further detail on the Scottish Government's EQIA process and the development of the EQIA for the Trans and Non Binary Employer policy. The Scottish Government's approach to gathering evidence for each EQIA will vary according to the scope, focus and application of the policy or practice under development or review. The approach requires, as standard, for every protected characteristic to be considered. The potential impact on different protected characteristics may vary in degree from policy to policy. It is standard practice to take an individual approach as recommended by the <u>EHRC</u>.

In relation to the EQIA for the Trans and Non Binary Employer policy, the working group lead and main author was an official from the People Directorate D+I team. The group contained two representatives of the LGBTI+ staff diversity network with lived experience, members of the Equality and Human Rights Directorate to provide policy expertise and representatives of the legal employee voice (the Committee of Scottish Government Unions). The latter was reflective of the policy being collectively bargained under the terms of the Partnership Agreement. The composition of the group was carefully considered and chosen to reflect the scope of the refresh. Data relating to all protected characteristics was considered throughout the EQIA and data representing the experiences of the protected groups of disability, age, sex and gender was analysed in detail. Full details can be found in the published EQIA.

I trust this provides the further detail the Committee was seeking on issues raised.

Best wishes,

JP Marks Permanent Secretary to the Scottish Government

Invitation to the new Permanent Secretary Mr Joe Griffin, dated 8 May 2025

Dear Mr Griffin

Congratulations on your appointment as the new Permanent Secretary to the Scottish Government.

The Finance and Public Administration Committee is looking forward to working with you and invites you to our committee meeting on 24 June 2025 to discuss, amongst other issues, your priorities and vision for the public administration of the Scottish Government.

As you know, the Committee's remit includes Scotland's public finances, public service reform, and the National Performance Framework. When these matters involve the actions or advice of the civil service, we may seek insights from the Permanent Secretary. We value hearing about how the civil service supports the Scottish Government through its functions and systems.

In 2021, public administration became an explicit part of a Scottish Parliament committee's remit for the first time, when it was included in the Finance and Public Administration Committee's responsibilities. Consequently, the Committee has taken a closer look at how the Scottish Government performs its overall functions and the quality and standards of administration provided by the civil service. For example, our inquiry into Effective Scottish Government decision-making aimed to better understand the current policy decision-making process used by the Scottish Government. It also sought to enhance transparency in that process and identify the skills and key principles necessary to support effective government decision-making.

Over the course of this session, the Committee has held an annual evidence session with the Permanent Secretary on <u>3 May 2022</u>, <u>16 May 2023</u>, <u>21 May 2024</u>. The most recent session took place on <u>18 March 2025</u> with John-Paul Marks before he moved on from his role as Permanent Secretary. On <u>1 April 2025</u>, the Committee received an update on several areas the former Permanent Secretary committed to follow up on, though the detail provided was more limited than we would have expected.

We are eager to build on this important dialogue throughout the rest of the parliamentary session and the Committee has agreed that an early evidence session would be beneficial. It is important to us that these sessions and written exchanges are as open and comprehensive as possible, allowing the Committee to thoroughly examine this aspect of our remit.

Members do understand, however, that at the time of writing, you will have been in your new role for less than a month and therefore appreciate that you will need some time to get acquainted with your responsibilities and set your priorities and so a session in late June aims to strikes the right balance.

It would be helpful to have any written material in support of your evidence by 10 June 2025.

Our Clerks will be in touch with your office to take forward the practical arrangements.

Yours sincerely,

Kenneth Gibson MSP Convener