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23 September 2024

## UPDATE TO COMMITTEE ON PROGRESS WITH THE PUBLIC SERVICE REFORM PROGRAMME

Dear Convener,

Please find enclosed an update on progress with the Scottish Government's Public Service Reform (PSR) programme.

As noted in the Cabinet Secretary for Finance and Local Government's letter (4 June 2024) I am taking a key role in the PSR programme. This update sets out progress since December 2023 and sets out key commitments in the initial phase of the programme (to 2026). This work builds on the approach the Cabinet Secretary previously set out to Committee.

In recent discussions with you I committed to providing more information on cashable savings realised through Scottish Government's efficiency programmes. The figures are included in the attached progress update (pages 16-18).

I also committed to providing you with more information on the Ministerial Control Framework (MCF). The MCF applies to all government proposals to establish new public bodies ensuring there is a rigorous process and all delivery options have been explored. This is not a final version and will be subject to review/amendment and I would welcome any input from the Committee on the draft framework.

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

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I am committed to ongoing scrutiny of this programme and welcome the Committee's ongoing engagement and views as part of the pre-Budget scrutiny process. I look forward to the opportunity to discuss in more detail.

As the Permanent Secretary previously agreed I have copied this update to Richard Leonard MSP in his capacity as Convener of the Public Audit Committee.

Yours sincerely,

**IVAN MCKEE**

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## **Public Service Reform (PSR) update to Parliament** **September 2024**

This update provides the Finance and Public Administration Committee with more detail of the Scottish Government's Public Service Reform (PSR) programme, building on the previous update in December 2023.

### **Structure of the update**

Section 1: Overview of PSR and the Scottish Government's PSR programme

This section sets out the rationale for the Public Sector Reform programme and the strategic overview of the Scottish Government's approach.

Section 2: Delivery Framework and Progress

This section provides an update on programmes of work that the Scottish Government is progressing now to deliver PSR and the results that are being delivered.

Annex A: This annex provides a detailed update on the commitments made in the December 2023 publication

Annex B: The align element of the PSR programme is focussed on driving strategic coherence across the Scottish Government, ensuring that major programmes are aligned to PSR principles. This update provides a view of the most significant activity underway across portfolios.

Annex C: More details on the efficiency and effectiveness case studies demonstrating results being delivered by the PSR programme.

## **Section 1: Public Service Reform (PSR) and the Scottish Government's PSR programme**

The Scottish Government has set out the detailed overarching ambition and rationale for PSR in the previous PSR update<sup>1</sup>. Public services are under considerable financial pressure right now and, *if nothing changes*, public services will become unsustainable in the long term<sup>2</sup>. There is a pressing requirement for reform to ensure fiscal sustainability. However, the route to achieving that fiscal sustainability is not about a focus on reduction in service, it is about reducing the demand for public services ('prevention') and changing the model of service delivery for better results. In short this is about focussing on improving outcomes, and ultimately improving people's lives.

The evidence is clear that those experiencing poverty, particularly multiple and severe disadvantage, have the greatest need for public services. This is 'failure demand' which describes the relationship between the clustering of risk factors in poorer communities and the resultant cost to public services. This means that there is a need to reduce the inequalities of outcomes across Scotland and focusing on delivery for those who are the most disadvantaged.

### **Vision**

Public service reform is a key component of how we intend to tackle these issues. We have a clear vision for what services should look like in future:

*We want people's experience of services to be efficient, high quality, and effective for all. Where people are at risk of poor outcomes, we want all services to be able to identify this early, build relationships with citizens and understand their needs, and work together in partnership to meet those needs, with a clear understanding of the full range of resources in a community can come together to help people. We believe this relational, preventative, place-based way of delivering services is happening in various places in Scotland, and we want it to be available to all people who need it.*

The intended outcomes of the PSR programme are:

- To ensure public services remain fiscally sustainable, by reducing the costs and reducing long-term demand through investment in prevention.
- To improve outcomes, which will improve lives and reduce demand.

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<sup>1</sup> [Deputy First Minister and Cabinet Secretary for Finance \(parliament.scot\)](https://www.parliament.scot) (December 2023)

<sup>2</sup> [Fiscal Sustainability Report – March 2023 | Scottish Fiscal Commission](#)

- To reduce inequalities of outcome among communities in Scotland, recognising the need not just for improved outcomes, but a focus in policy and delivery on those most disadvantaged

Efficient and effective delivery of services is vitally important to deliver value for money but cannot solve the problem alone. That is why efficiency and effectiveness is an element of the PSR programme but it is not the entirety of the programme. It is important to underscore that this work is about protecting and improving services, committing the maximum resources to the 'front line' in order to benefit people across Scotland. We are clear on the characteristics of a reformed system, which together provide us with an important framing for decision making and to drive alignment across all areas of Government:

<b>Ensuring services are high quality, effective and efficient</b>	<b>Providing preventative support that meets people's needs</b>	<b>Delivering public services that meet Scotland's needs</b>
<ul style="list-style-type: none"> <li>• Progress and performance are evidenced and actively managed</li> <li>• Embracing the power of digital approaches to service delivery and empowering communities</li> <li>• The public service landscape is the right size and composition</li> </ul>	<ul style="list-style-type: none"> <li>• Our system prioritises prevention</li> <li>• Services are shaped around what matters to people and communities</li> <li>• Plans have regard to the National Outcomes and are informed by a good understanding of future pressures</li> <li>• Barriers to holistic support are removed</li> <li>• Policy and delivery are clearly targeted</li> </ul>	<ul style="list-style-type: none"> <li>• There is both individual and collective accountability for delivering outcomes</li> <li>• Communities influence the public service landscape</li> <li>• Resources are allocated and deployed flexibly and linked to outcomes</li> </ul>

## **Scope of the PSR Programme**

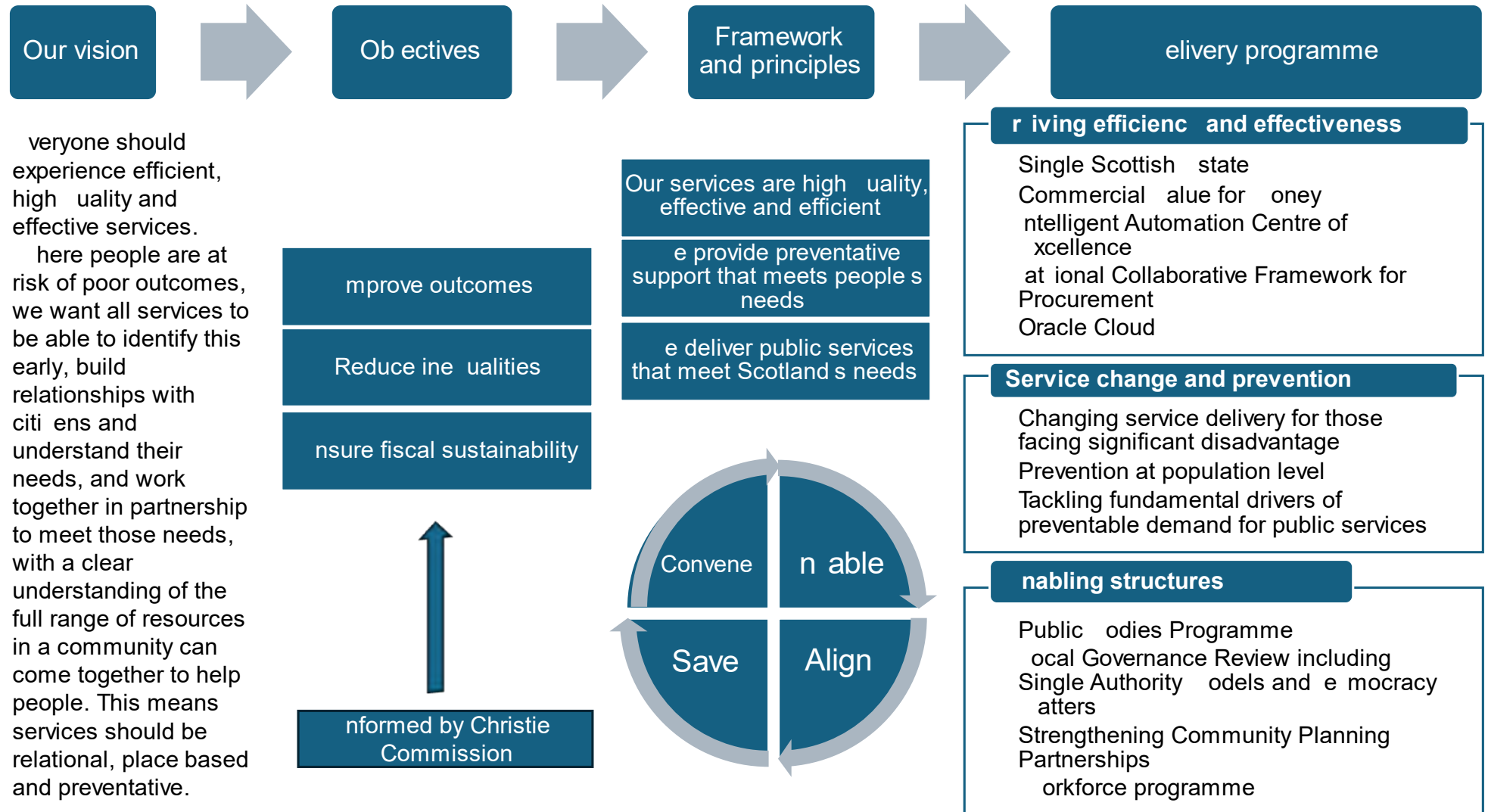
The PSR programme covers a wide range of activity across the Scottish Government. This work can be summarised as falling into three major areas of focus:

<b>Driving efficiency and effectiveness</b>	<b>Service change and prevention</b>	<b>Enabling structures</b>
Key programmes include:: <ul style="list-style-type: none"><li>• Single Scottish Estate</li><li>• Commercial Value for Money</li><li>• National Collaborative Frameworks</li><li>• Oracle Cloud</li><li>• Intelligent Automation Centre of Excellence</li></ul>	A range of portfolio and cross-portfolio programmes groups under the following headings: <ul style="list-style-type: none"><li>• Changing service delivery for those facing significant disadvantage</li><li>• Prevention at the population level</li><li>• Tackling fundamental drivers of preventable demand for public services</li></ul>	<ul style="list-style-type: none"><li>• Public Bodies Programme</li><li>• Strengthening Community Planning Partnerships</li><li>• Local Governance Review including Democracy Matters and Single Authority Models</li><li>• Workforce programme</li></ul>
Each of these programmes forms a key part of the overall strategic Scottish Government PSR programme. Each has its own delivery timescales and, where relevant, its own financial deliverables. More detail on each of these programmes is given below and in the annexes. Individual programmes have metrics and measures; work is in hand to progress development of the overarching PSR monitoring and evaluation framework.		

### **Taking action on reform**

Earlier in September, the Scottish Government published both the [Programme for Government](#) (PfG) and the Cabinet Secretary for Finance and Local Government gave a [statement](#) on financial sustainability. Together these set out the priorities of Government and strategic context in which the Scottish Government is operating. We face significant pressures on public spending in 2024/25 and beyond due to a wide range of factors. PSR is part, but not the entirety, of our approach to driving financial sustainability. The PfG demonstrates the ongoing commitment to PSR which frames activity particularly on preventative approaches, tackling child poverty, and ensuring high quality and efficient public services.

**Figure 1: Summary Strategic Overview of the PSR programme**



## **Section 2: Delivery Framework and Progress**

The PSR programme sets out the work that will be delivered by the Scottish Government. There is a clear framework that supports delivery of the programme across Government:

- **Convene:** Agreeing a common vision across the public sector for achieving sustainable public services and establishing the infrastructure that enables us to collectively make progress.
- **Enable:** Creating the conditions for systemic reform, removing barriers to change and establishing ways that the public can see, understand and influence the changes. This includes the key efficiency levers outlined in the Resource Spending Review (RSR).
- **Align:** Driving policy coherence and consistency across significant policy-led reforms that will shape the future service landscape
- **Save:** Identifying where the Scottish Government and public bodies can deliver clear and quantifiable, cashable savings, setting out clear targets for cost reduction/cost avoidance through achieving efficiencies which support the longer-term approach to reformed services.

Delivering change of this scale takes time and requires Government to be clear about short-term and long-term goals, as well as providing the leadership to drive system-wide change. This overview sets out the work that Government has progressed over the previous 8 months, the results achieved and the work in hand for the coming 2 years. Detailed information is set out in Annex A for the core actions (convene, enable, save) laid out in December 2023 and Annex B provides detailed information on portfolio commitments.

### **Driving efficiency and effectiveness**

There has been strong progress across our **efficiencies programmes**, with significant cashable savings already delivered:

- The **Single Scottish Estate (SSE)** will help us have a more efficient approach to public sector property management, optimising costs, enabling the delivery of excellent public services and providing staff with great places to work, recognising the shifts in working culture since the pandemic. An overall total of £36M of direct Single Scottish Estate benefits have been secured from the first year of the programme's work. This includes cash savings of £5.5 in 23/24 and £15 in 24/25. This has come from specialist commercial property negotiation around asset strategy for the SSE, liabilities for lease ends and rates combined with expert financial management. Savings for the Scottish Single Estate are estimated at £8M in 25/26 and in 26/27. As data improves, significant increased savings are expected of >£50M over five years.



- The **Commercial Value for Money programme (CVfM)** is applying commercial rigour to Scottish Government's expenditure through grants to ensure we are maximising value for money in areas such as grant alignment, improved outcome development, monitoring and commercial scrutiny of costs. £4M of cashable and £600k of non-cashable savings have already been delivered, with little or no impact on policy delivery. The Commercial Value for Money programme is projected to save <£20M (24/25), £55-70M (25/26) and >£50M (26/27).
- There are opportunities to increase Once for Scotland buying power by expanding the use of **National Collaborative Frameworks** across the Scottish public sector, leading to a significant increase in financial benefits delivered on a cross-sectoral basis via economies of scale. Work is underway to scope the potential to scale up. Based on historic spend patterns, estimate that cashable savings will be up to 1.5 per cent for new requirements and up to 0.5 per cent on existing framework agreements.
- The Shared Services Programme will implement **Oracle Cloud** in 24/25, transforming the HR, finance and purchasing capabilities for Scottish Government core and 32 public body clients. This modern cloud-based platform will drive efficiencies across finance, purchasing and HR functions through a combination of adopting standardised businesses processes, improving data quality and implementing new, regularly updated technology that replaces decades-old systems. Oracle Cloud provides a stable platform onto which other public body customers could be onboarded in future, reducing the burden on procuring, implementing and managing their own solutions for the delivery of their corporate functions.
- In 2021, the **Intelligent Automation Centre of Excellence** was established with the goal of positioning Scotland as a world leader in AI enabled automation, revolutionising the delivery of public services. Through this shared service, significant benefits have already been realised within government and several core agencies, including reduced service delivery costs, enhanced compliance, increased capacity and cost savings, all while prioritising citizen outcomes. 143 automations have been delivered through the Intelligent Automation Centre of Excellence, with a further 469 in the pipeline. £3.9M in cost-avoidance benefits have been achieved to date with a projected £14.5M by 28/29. Over the next three years, improving productivity using AI enabled automation has the potential to yield additional capacity equivalent to over 700 Full-Time Equivalents (FTE) across Scottish Government.

Through our **align** framework we have set out a range of activity on how portfolios are driving service improvement, efficiency, effectiveness and improving the operation of public bodies. Commitments include:

- We will work to support primary care to deliver high quality preventative health and care services by increasing the capacity of, and access to, general practice, community pharmacy, dental and community eyecare services by end 2026,
- We will work with all NHS Boards towards delivery of a minimum 3 per cent recurring savings against baseline budget annually.

- We are working across the system to reduce waiting lists supporting Health Boards to implement alternative pathways and high impact changes to support people being seen more quickly, improve efficiencies and increase capacity to ensure sustainability.
- Driving service improvement across the education and skills system through a new, national approach to skills planning, reforming the funding system so it is easier to navigate and more responsive.
- We will deliver a reformed Education Scotland with separation of HM Inspectorate of Education by Autumn 2025
- Initiate a programme of reform to optimise the performance, functions and configuration of the Scottish economic development system
- Driving forward a transformational change programme to improve the efficiency and effectiveness of the criminal justice system

Annex C provides some illustrative case studies of how the collective approach to efficiency and effectiveness, across Government and public bodies, is delivering savings and service improvements.

### **Service change and prevention**

Prevention is about reducing demand for public services, through improving outcomes and reducing inequalities. It requires a different service model, supported cross-portfolio working to intervene early and move upstream of problems. Our approach to prevention is most simply explained as tackling it from a three-fold approach:

1. Changing service delivery for those facing significant disadvantage
2. Prevention at the population level
3. Tackling fundamental drivers of preventable demand for public services

#### Changing service delivery for those facing significant disadvantage

Work is in hand across Scottish Government, working with local and national partners and the communities they serve to change service delivery to ensure families get the support they need. This includes:

- Our partnerships with Clackmannanshire, Dundee and Glasgow to tackle child poverty through transforming the way public services are delivered. The three partnerships are testing and embedding a deeper, person-centred approach which meets families where they are and seeks to move them out of poverty on a sustained basis. They are strategic drivers for change, supporting wider systems transformation, including in local governance and accountability, aiming to shift to more preventative services over time.
- Keeping The Promise requires a whole system approach that connects across Government, new and ongoing commitments and financial programmes that impact on the lives of care experienced children, young people and their families. This major

change programme works to keep more children and young people at home with their families where it is safe to do so. Our latest published statistics show a 15.6 per cent reduction in the number of looked after children since 2020

- As part of both our work on Keeping The Promise and Tackling Child Poverty, we are supporting local areas to redesign support and shift resources towards early intervention and prevention activities through the Whole Family Wellbeing Funding Programme. This will help ensure that families can access holistic family support at the right time for their needs, to prevent them from reaching crisis and support their wellbeing. Annual funding of £32 has been provided to Children's Services Planning Partnerships (CSPPs) to support local partners to design holistic services to support families, in a multi-agency way, that best meets local need.
- Evidence shows that a lack of affordable and accessible childcare provision for all ages of children presents major barriers to parents entering and sustaining employment. We have announced a £16M investment (over two years) in 6 childcare Early Adopter Communities (EACs) which are expanding access to school age childcare for priority family types and scoping how to expand access for younger children from 9 months. The EACs have been established to understand how to develop local systems of childcare clearly linked to user needs and making best use of available infrastructure within those communities to remove these barriers.

We will go further in the way we design, fund and deliver support with an initial focus on those families experiencing disadvantage, building on the learning and experience of these approaches. Delivery partners and families have told us that, to ensure people get the help they need, when they need it, the system must be made more simple and more effective. Over the coming year we will work with partners to introduce additional local flexibility in how these services can be reconfigured towards a whole family approach. This will include:

- Using evidence to assess what services national government needs to invest in to improve outcomes for low-income households.
- Working with local partners to pool budgets and streamline reporting requirements, where possible and where there are clear local plans in place for delivering shared outcomes.
- Identifying where improvement in performance is needed, and open dialogue about the barriers to change.
- Ensuring a revised approach to service co-design – to design support services with communities, based on people's need, to make it easier for people to navigate and access the help on offer.

Over the course of the next year we will also work to deepen the three partnerships in Clackmannanshire, Dundee and Glasgow and go further, establishing new partnerships to drive place-based and person centred support to tackle child poverty in five more areas (North Ayrshire, East Ayrshire, Perth and Kinross; Inverclyde and Aberdeen City). In these partnerships we will work jointly to develop

local solutions to child poverty, supporting even more people through services which are designed to meet people's individual needs and generating evidence to support our national mission to eradicate child poverty.

We are aware that, across Government there are a number of interventions that are focussed on preventing harm and supporting those facing poverty and the downstream implications of poverty, including the cost to public services. These approaches have a similar 'core' but we know there are challenges for local partners in terms of reporting, funding and engagement. We are therefore commencing work across Government that aims to ensure a consistent approach to co-designing the local development new models of service delivery that are focussed on prevention. We will bring these programmes to work together to maximise impact and support local partners delivering those services to realise the maximum benefit. Initially this will focus on policy areas such as childcare, Whole Family Wellbeing, and the child poverty partnerships as the core with the intention to grow as this matures.

#### Prevention at population level

We are changing our approach to services to deliver prevention at population level – this means changing services that apply to everyone, or that anyone may access. We will:

- Launch the Getting it Right for Everyone (GIRFE) Model as core practice across all Health Boards and Health & Social Care Partnerships across Scotland in 2025
- Progress the Early Child Development Transformational Change Programme to more prevention upstream to preconception and pregnancy to improve health in early years.
- We will complete the Social Security Programme by December 2025. Planned delivery of benefits by Social Security Scotland includes: Carer Support Payment; Pension Age Disability Payment; Pension Age Winter Heating Payments (all); Carers Additional Person Payment; and Scottish Adult Disability Living Allowance.
- Complete the pathfinder phase of the national Fairness Hoose Standards across a range of contexts by March 2026, and move to developing the blueprint followed by incremental roll out (from 2027)
- Revise the model of policy to support mental health demand placed on policing in the community. We will publish a Framework for Collaboration and a separate cross-sector action plan by the end of the year.
- We will deliver transformation across the justice system through embedding trauma-informed practices in our justice system and shifting the balance between custody and justice in the community.

#### Tackling fundamental drivers of preventable demand

The evidence is clear that demand within the health system is at risk of becoming unsustainable. By addressing the building blocks of health and wellbeing it is possible to prevent future demand. This section sets out those actions we are taking to tackle those

building blocks and the conditions in which everyone lives, works and grows up and that are so critical to preventing demand in the system. We will:

- Publish a long-term Population Health Framework by the end of 2024
- Provide funding of around £1 billion per year to offer 1140 hours of high-quality early learning and childcare to all 3 and 4 year olds and eligible 2 year olds
- In 24/25 we will invest nearly £600M in affordable housing – the majority of this will be directed at boosting social housing supply – keeping rents lower and benefitting around 140,000 children in poverty each year
- Supporting businesses to create jobs and wealth today through empowering place-based decision making and investment through Regional Economic Partnerships and advancing the Community Wealth Building model

### **Enabling structures**

Changing how services are delivered requires the right structures and partnerships to deliver the ambition that services are delivered around what really matters to people and communities. Scottish Government cannot deliver this alone and collaboration is critical to achieving the long-term ambitions of PSR. Our Public Bodies Programme is part of this work to ensure the right structures are in place but more widely we are taking forward work to deliver the Local Governance Review and strengthen Community Planning Partnerships

- The joint LGR with COSLA is considering how powers and resources should be shared between national and local government, and with our communities; ensuring that decisions are taken as close as possible to those they affect most is a key part of public service reform in Scotland. The LGR includes Democracy Matters and the development of Single Authority Models. By the end of this Parliament, the Scottish Government and COSLA will conclude the Local Governance Review
- Single authority models can support deeper service integration and a shift towards preventative public services. We will develop single authority type models with local partners to strengthen local decision making, make best use of the available resource and improve outcomes in rural islands settings and this will generate valuable learning for other geographies.
- The Democracy Matters national conversation asked people to help shape the future of community level decision-making.
- We will publish a joint statement and joint analysis with COSLA to outline next steps. This statement will include an update on the development of Single Authority Models.
- We are working collaboratively with partners to develop a programme of work to strengthen community planning building on the recommendations of the Local Government, Housing and Planning Committee's recent findings<sup>3</sup>. We are following up on the Committee's recommendations, including, for example, working closely with the Community Planning Improvement

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<sup>3</sup> [Community Planning Inquiry | Scottish Parliament Website](#)

Board on the four national priorities they identified in response to the Committee report (the fragmentation of the climate funding landscape, sustainable funding for the third sector, flexible and multi-year funding and reducing reporting requirements). We will work to strengthen community planning to fulfil the ambitions set out in the Verity House Agreement, agreeing a shared programme of work with COSLA by the end of 2024.

- Closely aligned to the Local Governance Review and Community Planning improvement is the review of the Community Empowerment (Scotland) 2015. The review is exploring if the legislation is doing what it set out to do and how we can further empower communities. We will publish findings of the Community Empowerment Act Review, including Part 2 focussed on community planning.

We have initiated a public bodies programme which will ensure our public body landscape is efficient and effective, prioritises service delivery and is the right size and composition. Our approach to tackling this challenge comprises:

- Developing a robust evidence base: work is in hand now to provide comparable and consistent information across public bodies to interrogate efficiency and effectiveness. Initially we are focussed on operational costs. Through a recent commission to take part in a public bodies benchmarking exercise this work to develop the evidence base is progressing. The first 'cut' of data will be available in autumn to drive progress of the public bodies programme and we will work to refine the data and approach to publish when it is sufficiently robust. This data and our wider engagement will drive a culture of continuous improvement across all public bodies.
- Developing the toolkit to drive reform: based on this emerging evidence base we will empower each portfolio to review all public bodies and identify where there may be duplication and scope for efficiencies. We will launch the Rapid Functional Assessment to support this approach
- Highlight and share areas of best practice via the Reform in Action website
- Support collaboration across public bodies: support public bodies to work together in 'clusters' on shared interests, functions and operations to identify barriers to and opportunities for reform

This programme of work is aligned with our workforce programme, our efficiencies programmes and our commitment to provide advice to public bodies to support revenue raising by Spring 2025.

## **Conclusion**

The PSR Programme is moving forward across the Scottish Government. The actions set out under convene, enable and save are the key underpinning changes that will support wider, cross-portfolio approach. The near-term activity of the PSR programme is tackling, concurrently, the priorities of an efficient and effective landscape (through the activities of individual bodies, and through collaborative approaches) and delivering service change to prioritise prevention.

## ANNEX A: Full update on actions

As discussed, the previous PSR update (December 2023) set out a number of actions that the Scottish Government is committed to taking forward in the first 1-3 years of the PSR programme, a brief highlight update is provided below.

Status of actions at end July 2024	Count
Complete	4
Progressing	22
In development	5
To progress	2

Commitments	Highlight report
<b>Convene:</b> Agreeing a common vision across the public sector for achieving sustainable public services and establishing the infrastructure that enables us to collectively make progress.	
1. Develop, socialise and publish the Public Service Reform (PSR) proposition for reform [ <b>in development</b> ]	Scottish Government has set out clear vision and principles for PSR along with a clear programme plan. Solace Scotland and the Improvement Service have also set out a <a href="#">transformation</a> programme to deliver reform. Work is in hand now with COSLA, Solace, and Improvement Service to develop a shared narrative and joint action plan. This action plan will recognise that both the Scottish Government and local government are undertaking considerable work to deliver PSR but there is a shared space that, only through partnership, will we achieve our ambitions for PSR.
2. Establish a governance and oversight approach within Scottish Government that mobilises the various central policy resources to align behind a common delivery plan [ <b>complete</b> ]	Within Scottish Government we have established a clear 'distributed' model of PSR right across Government, therefore portfolios retain responsibility for policy and delivery but have a responsibility to deliver in line with PSR principles. From a Ministerial perspective this is lead and co-ordinated by the Minister for Public Finance. This is brought together at official level under the newly formed PSR Board.
3. Establish a portfolio approach across Scottish Government that places a clear duty on all policy	Within Scottish Government we have established a clear 'distributed' model of PSR right across Government, whereby portfolios retain

Commitments	Highlight report
<p>areas to consider their reform approach in terms of delivering the reformed system [<b>complete</b>]</p>	<p>responsibility for policy and delivery but have a responsibility to deliver in line with PSR principles.</p>
<p>4. Establish and agree the quantitative, qualitative and progress indicators that will provide the monitoring framework for reform [<b>In development</b>]</p>	<p>Our National Performance Framework is the overarching set of metrics we use to determine the success of our policy interventions. Work is underway to develop a national Theory of Change model. This model will include monitoring and evaluation of specific interventions and how they impact the overarching NPF metrics.</p>
<p>5. Engage with the Scotland's public about what this means for their experience of services [<b>To progress</b>]</p>	<p>Scottish Government's vision for public participation is that people can be involved in the decisions that affect them, making Scotland a more inclusive, sustainable and successful place. Our Participation Handbook was updated in March 2024 and provides a good practice guide. Participation must be delivered at both PSR programme level and individual projects and programmes within the overarching PSR programme. Portfolios will take forward work to ensure interventions are appropriate to the level of change required.</p>
<p><b>Enable:</b> Creating the conditions for systemic reform, removing barriers to change and establishing ways that the public can see, understand, and influence the changes. This includes the key efficiency levers outlined in the RSR.</p>	
<p>6. Implement the commitments of the Verity House Agreement, specifically focussing on a joint approach to reform, and delivering the vision for a new model of funding and accountability [<b>progressing</b>]</p>	<p>By the end of 2024/25, the Scottish Government and COSLA will develop and agree a fiscal framework for local government and robust accountability and assurance arrangements as part of the Verity House Agreement.</p>
<p>7. Work with audit and scrutiny bodies to establish models for scrutiny and accountability that drive co-ordination of joint</p>	<p>We are working closely with colleagues across Government and with Audit Scotland to develop options. This work is underway and builds on a shared commitment to respond to the need to change audit and scrutiny approaches to enable PSR.</p>



Commitments	Highlight report
outcomes [in development]	
<p>8. Conclude the Local Governance Review to strengthen local decision-making, including through Single Authority Models and Democracy Matters [progressing]</p>	<p>Collaborating with partners is crucial to achieving the ambitions of PSR. Core to this work is the Local Governance Review, including Democracy Matters and development of Single Authority Models, and Community Planning Partnerships (action 9).</p> <p>To summarise:</p> <ul style="list-style-type: none"> <li>• The joint Local Governance Review with COSLA is considering how powers and resources should be shared between national and local government, and with our communities; ensuring that decisions are taken as close as possible to those they affect most is a key part of public service reform in Scotland.</li> <li>• Single authority models can support deeper service integration and a shift towards preventative public services. We will develop single authority type models with local partners to strengthen local decision making, make best use of the available resource and improve outcomes in rural islands settings and this will generate valuable learning for other geographies.</li> <li>• The Democracy Matters national conversation asked people to help shape the future of community level decision-making.</li> </ul> <p>Since the previous report to Parliament the Democracy Matters national engagement exercise closed in February 2024. We will publish a joint statement and joint analysis with COSLA to outline next steps. This statement will include an update on the development of Single Authority Models. By the end of this Parliament, the Scottish Government and COSLA will conclude the Local Governance Review.</p>
<p>9. Review the structures and legislation supporting community planning and empowerment to improve shared outcomes with local</p>	<ul style="list-style-type: none"> <li>• We are working collaboratively with partners to develop a programme of work to strengthen community planning building on the recommendations of the Local Government, Housing and Planning Committee’s recent findings<sup>4</sup>. We are following up on the Committee’s recommendations, including, for example, working closely with the Community Planning Improvement Board on the four national priorities they identified in response to the</li> </ul>

<sup>4</sup> [Community Planning Inquiry | Scottish Parliament Website](#)

Commitments	Highlight report
partners and communities <b>[progressing]</b>	<p>Committee report (the fragmentation of the climate funding landscape, sustainable funding for the third sector, flexible and multi-year funding and reducing reporting requirements).</p> <ul style="list-style-type: none"> <li>• Closely aligned to the Local Governance Review and Community Planning improvement is the review of the Community Empowerment (Scotland) 2015. The review is exploring if the legislation is doing what it set out to do and how we can further empower communities.</li> </ul> <p>We will publish findings of the Community Empowerment Act Review, including Part 2 focussed on community planning. We will work to strengthen community planning to fulfil the ambitions set out in the Verity House Agreement, agreeing a shared programme of work with COSLA by the end of 2024.</p>
10. Build leadership capacity to support culture and behavioural change <b>[progressing]</b>	<p>Work is in hand with the Scottish Leaders Forum to shape and deliver a programme of activities and resource to support public service leaders in the context of the reform programme. Taking a pan-public service approach that seeks to improve collaboration, two events were delivered in May and June, with a third planned for September and more to follow. The pilot programme of the Scottish Leadership Academies (SLA) concluded with a third and final cohort in January 2024. The all alumni Return to Harbour is scheduled in September, the future of the SLA work will be reviewed following this and as part of the scoping work for a more aligned approach to public service leadership - '# eadership Scotland'.</p>
Convene 'once for Scotland' approaches with dedicated or surge capacity to deal with complex enablers/barriers: 11. digital delivery 12. estates management 13. data sharing principles and support 14. technical workforce support 15. where necessary, change the statutory basis of organisations	<p>Scottish Government is driving key efficiency programmes such as Scottish Single Estates, Commercial Value for Money (CVfM), procurement frameworks, Oracle Cloud implementation, the Intelligence Automation Centre of Excellence, Digital programme, and revenue raising. This work builds on the RSR and reflects our approach of building these key efficiency programmes into the overall PSR approach.</p> <ul style="list-style-type: none"> <li>• The <b>Single Scottish Estate</b> (SSE) will help us have a more efficient approach to public sector property management, optimising costs, enabling the delivery of excellent public services and providing staff with great places to work, recognising the shifts in working culture since the pandemic. An overall total of £36M of direct Single Scottish Estate benefits have been secured from the first year of the programme's work. This includes cash savings of £5.5M in 23/24 and £15M in 24/25. This has come from specialist commercial property negotiation around asset strategy for the SSE, liabilities for lease ends and rates combined</li> </ul>

Commitments	Highlight report
[progressing]	<p>with expert financial management. Savings for the Scottish Single Estate are estimated at £8M in 25/26 and in 26/27. As data improves, significant increased savings are expected of &gt;£50M over five years.</p> <ul style="list-style-type: none"> <li>• The <b>Commercial Value for Money programme (CVfM)</b> is applying commercial rigour to Scottish Government's expenditure through grants to ensure we are maximising value for money in areas such as grant alignment, improved outcome development, monitoring and commercial scrutiny of costs. £4M of cashable and £600k of non-cashable savings have already been delivered, with little or no impact on policy delivery. The Commercial Value for Money programme is projected to save &lt;£20M (24/25), £55-70M (25/26) and &gt;£50M (26/27).</li> <li>• There are opportunities to increase Once for Scotland buying power by expanding the use of <b>National Collaborative Frameworks</b> across the Scottish public sector, leading to a significant increase in financial benefits delivered on a cross-sectoral basis via economies of scale. Work is underway to scope the potential to scale up. Based on historic spend patterns, estimate that cashable savings will be up to 1.5 per cent for new requirements and up to 0.5 per cent on existing framework agreements.</li> <li>• The Shared Services Programme will implement <b>Oracle Cloud</b> in 24/25, transforming the HR, finance and purchasing capabilities for Scottish Government core and 32 public body clients. This modern cloud-based platform will drive efficiencies across finance, purchasing and HR functions through a combination of adopting standardised businesses processes, improving data quality and implementing new, regularly updated technology that replaces decades-old systems. Oracle Cloud provides a stable platform onto which other public body customers could be onboarded in future, reducing the burden on procuring, implementing and managing their own solutions for the delivery of their corporate functions.</li> <li>• In 2021, the <b>Intelligent Automation Centre of Excellence</b> was established with the goal of positioning Scotland as a world leader in AI enabled automation, revolutionising the delivery of public services. Through this shared service, significant benefits have already been realised within government and several core agencies, including reduced service delivery costs, enhanced compliance, increased capacity and cost savings, all while prioritising citizen outcomes. 143 automations have been delivered through the Intelligent Automation Centre of Excellence, with a further 469 in the pipeline. £3.9M in cost-avoidance benefits</li> </ul>

Commitments	Highlight report
	<p>have been achieved to date with a projected £14.5M by 28/29. Over the next three years, improving productivity using AI enabled automation has the potential to yield additional capacity equivalent to over 700 Full-Time Equivalents (FTE) across Scottish Government.</p> <ul style="list-style-type: none"> <li>• The <b>Digital Programme</b> is a key area of work to deliver a new framework for digital service transformation through providing a portfolio approach to how Scottish Government manages and implements digital projects; building workforce capacity in-house to replace the need for external suppliers and contractors; and the development of a common approach to delivery including common components such as cloud, identity and payments. The implementation of this programme will enable the delivery of quality digital public services that are predictable and seamless for the user. To deliver the Digital Programme we will: <ul style="list-style-type: none"> <li>○ Develop a portfolio approach to digital within Government to support decision making to ensure we are progressing proposals that deliver the best value to the user, services and in line with broader PSR (Autumn 2025).</li> <li>○ Deliver a new operating model that delivers common methodology (including common components such as cloud, payment and identity) for digital delivery. This will support core Scottish Government, agencies and NDPBs to have what they need to operate as a group of systems that operate together as a whole (Summer 2025).</li> <li>○ Implement a new leadership prospectus to inform digital capability for senior leaders across the public sector. (Winter 2024).</li> </ul> </li> <li>• The scale of the financial challenge requires the use of all levers at the disposal of Scottish Government and public bodies to secure stable and proportionate funding to invest in public services. By Spring 2025 we will have developed advice to public bodies to support revenue raising in line with the Scottish Public Finance Manual. We will engage with public bodies to understand barriers and opportunities and aim to make progress in creating a more enabling environment for appropriate revenue raising.</li> </ul>
<p>16. Establish greater structure around the public sector landscape [<b>progressing</b>]</p>	<p>The public bodies programme is focussed on efficiency and effectiveness, to prioritise service delivery and ultimately ensure the public services landscape is the right size and composition. We intend to develop comparable and meaningful data to understand potential efficiencies and use that comparative data to support public bodies to continuously improve. This will be complemented by work to provide the right toolkit and support collaboration (via clusters – see action 30) to drive efficiency and effectiveness. This work is closely connected to the workforce</p>

Commitments	Highlight report
	<p>programme (action 33), efficiencies and revenue raising workstreams (actions 11-15) described in this update.</p> <p>Our immediate focus is to gather and improve the data to best understand operational costs. Through a recent commission to create a new dataset to take part in a public bodies benchmarking exercise we are working to create comparable and robust data. This work is at the initial stage with a ‘first cut’ due in the autumn. The Minister for Public Finance will take forward meetings with Cabinet Secretaries to review the evidence base and landscape to identify opportunities for efficiencies. We will be taking forward work to refine the data and approach and will publish data and analysis when it is sufficiently robust.</p>
<p>17. Establish greater visibility and security for the third sector – delivering fairer funding and supporting TSIs [<b>progressing</b>]</p>	<p>We recognise that the third sector needs clarity and stability to secure its resilience and to grow its capacity. Officials have continued to work on developing ways to deliver a Fairer Funding approach, including multi-year funding for third sector organisations. However, our budget remains under severe pressure and the additional uncertainty we face on what further funding from the UK Government may be available makes this hugely challenging. We will, however, continue to explore how some level of multi-year funding can be achieved and will investigate other options to improve what we acknowledge has been a challenging operating environment for the third sector.</p>
<p>18. Build on the existing evidence base, sharing learning and expertise across the system [<b>to progress</b>]</p>	<p>Work is in hand (as described in action 16) to bring together a robust evidence base focussed on public bodies. More widely our ‘Reform in Action’ project is a vehicle to share best practice and more detail can be found via: <a href="#">Reform in Action – Videos – Scottish Leaders Forum</a></p>
<p><b>Align:</b> Driving policy coherence and consistency across significant policy led reforms that will shape the future service landscape.</p>	
<p>Align major policy led reforms that will help to shape the future service landscape, around reform goals; and made tangible progress on delivering the ambitions set out for:</p> <p>19. The National Care Service  20. Care and wellbeing/ health reform  21. The Promise  22. Education and Skills Reform</p>	<p>A full update is provided in Section 3, with the public bodies reform programme covered in action 16</p>

Commitments	Highlight report
23. Vision for Justice 24. Those activities delivering economic development and support regionally, nationally, and internationally to advance the wellbeing economy 25. Place based service change 26. A public bodies reform programme [ <b>progressing</b> ]	
<b>Save:</b> Identifying where the Scottish Government and public bodies can deliver clear and quantifiable cashable savings, setting out clear targets for cost reduction/cost avoidance through achieving efficiencies and which support the longer term approach to reformed services.	
27. Require all Scottish Government portfolios to lay out their savings and reform plans by the end of the financial year, in line with the principles in this document [ <b>complete</b> ]	Portfolios have developed plans which have informed this update, with a summary of key components in Annex B. There is ongoing work focussed on savings in the context of the upcoming Budget. As detailed in Section 3, this is a 10-year programme and reform will not progress in a 'big bang' but rather in a way that is staged and can be absorbed by the public services system.
28. Set out clear savings targets to public bodies, noting that there are bodies and core services (such as the NHS, Police and Fire, Social Security Scotland, Colleges and some very small bodies), which will require specific approaches based on their existing reform plans and service pressures [ <b>complete</b> ]	For the previous financial year, individual portfolios received savings targets proportionate to their public body budgets. Portfolios made decisions about allocations to public bodies based on portfolio budget pressures and service needs.
29. Where possible, providing support to invest-to-save [ <b>in development</b> ]	Work is in hand, through the ongoing budget process.
30. Offer support and challenge for portfolio planning through supporting clustered, cross-portfolio approaches [ <b>progressing</b> ]	We will support public bodies to come together and collaborate to identify and deliver potential reform opportunities. Clusters have been operating since Autumn 2023 and new clusters are being stood up now. We are providing independent facilitation support to provide a safe space for open and challenging discussions and to drive through actions. Clusters

Commitments	Highlight report
	will be expected to report regularly to Scottish Government on the progress made against these actions and recommend actions for reform.
<p>31. Scottish Government and Public Bodies to follow a cascade of options in delivering savings:</p> <ul style="list-style-type: none"> <li>• taking all opportunities to increase the efficiency with which they deliver their functions;</li> <li>• taking all opportunities to offer services in different ways;</li> <li>• considering reclassification/alignment/merger of bodies or function; and</li> <li>• reducing service only where these options are exhausted.</li> </ul> <p><b>[in development]</b></p>	<p>This was a clear requirement, agreed at Cabinet, for the previous budget. This approach is being built into the Budget approach moving forward, informing portfolio allocations in 24/25 and will continue to do so for 25/26. To support this approach the Minister for Public Finance will use the growing body of data to support and empower decisions on portfolio budgets, and to work in partnership with public bodies to continue to implement and embed this approach.</p>
<p>32. Scottish Government and Public Bodies will strategically consider where investment and disinvestment must be made to support the longer term approach to reformed services Chief Execs, Boards, and Portfolio Accountable Officers will be accountable for delivering these savings and empowered to do so. Bodies will be expected to work across boundaries to deliver.</p> <p><b>[progressing]</b></p>	<p>This action is multi-faceted and cuts across a number of the programmes in train, including the establishment of internal governance in Scottish Government to drive collaboration and the creation of a new public bodies programme to drive efficiency and effectiveness and joint working with and between public bodies.</p> <p>It is, of course, important to note the wider extremely challenging financial context which requires difficult decisions on investment and disinvestment. With Public Service Reform sitting within the Finance and Local Government portfolio we continue to build PSR principles, and this requirement, into the budget process.</p>
<p>33. Establish enabling environment for workforce reform, including support for voluntary severance</p> <p><b>[progressing]</b></p>	<p>People are crucial to the delivery of PSR. We must ensure we have the right workforce to deliver affordable and sustainable services that people across Scotland can depend on. To that end, we are driving a 3 year cross-government programme to right-size the public sector workforce as part of targeted action in response to Audit Scotland's The Scottish Government's Workforce Challenges report (October 2023). Our first step</p>

<b>Commitments</b>	<b>Highlight report</b>
	<p>will be to undertake detailed analysis examining the recent history of public sector headcount increases, and the reasons for these.</p> <p>The programme will assess how effectively workforce planning is being implemented, including how it matches the strategic intent, offers best practice, improves capability and ensures workforce risks are fully understood. We will provide guidance on ways in which public bodies can manage their workforces, including on productivity and severance as well as a scrutiny and challenge function where public bodies are planning significant growth</p>



## **ANNEX B: Update on Align**

In order to deliver PSR it is vital that there is policy coherence and consistency across Government, particularly on significant policy-led reforms that will shape the future service landscape. PSR has informed policy for some time across Scotland, building on the Christie Commission, the learning from Covid and our Covid Recovery Strategy. While acknowledging this context, the PSR programme is new and these emergent portfolio plans represent the beginning of a 10 year journey. We are also rightly mindful of the capacity of the public services system to absorb significant change in multiple areas that impact on those delivering services, this means that there will not be a 'big bang' approach across all areas of public service but rather a staged process over the 10-year programme.

This update focusses on the most significant activity underway. This is not intended to provide a review of every single piece of work in a portfolio nor is it intended to provide an overview of every element of that portfolio's PSR commitment. As set out in our December 2023 update on the PSR programme, we are focussed on the coming 1-3 years (to the end of 2026), so commitments are within that timeframe.

## Service change and prevention

This section is primarily focussed on work that is underway to support those people facing significant disadvantage. This work is about prevention (intervening early to support individuals to meet their needs and drive down future – and preventable – demand for public services), tackling poverty as a driver of that future demand and changing our model of service delivery in line with our vision for future services.

Portfolio	Overview
Cross-portfolio	<p>As we have set out there is a clear vision for the future of public services, moving to an approach that is place-based, preventative and relational. This section updates on the work we are doing, and how we will go further to support families – as well as setting out how we will bring this work together to a bolder, more ambitious cross-public sector approach to ensure families get the help they need, when they need it.</p> <p>We already have a number of activities in progress to deliver this approach, working with local and national partners and the communities they serve to change service delivery. Key examples include:</p> <ul style="list-style-type: none"> <li> <p><b>Our partnerships with Clackmannanshire, Dundee and Glasgow to tackle child poverty through transforming the way public services are delivered.</b> The Dundee and Glasgow Child Poverty Pathfinders were both established in 2022 and bring together public and third sector partners to deliver person-centred support for low income families. The Clackmannanshire Family Wellbeing Partnership formed in 2021, building on the learning of the Social Innovation Partnership to test and embed a wellbeing and capabilities approach across the public sector. The three partnerships are testing and embedding a deeper, person-centred approach which meets families where they are and seeks to move them out of poverty on a sustained basis. They are strategic drivers for change, supporting wider systems transformation, including in local governance and accountability, aiming to shift to more preventative services over time.</p> </li> <li> <p>Keeping The Promise requires a whole system approach that connects across Government, new and ongoing commitments and financial programmes that impact on the lives of care experienced children, young people and their families. A Theory of Change that shares its ambition and impact within the Tackling Child Poverty Delivery Plan 2022-26 and aligns with our strategic approach to education, health, justice, transport and communities is directing this major change programme as we strive to keep more children and young people at home with their families where it is safe to do so. Our latest published statistics show a 15.6 per cent reduction in the number of looked after children since 2020 and <b>we will monitor and report on progress through the national Promise Progress Framework, developed with COSLA and The Promise Scotland, that will be published later this year.</b></p> </li> </ul>

Portfolio	Overview
	<ul style="list-style-type: none"> <li>As part of both our work on Keeping The Promise and Tackling Child Poverty, we are supporting local areas to <b>redesign support and shift resources towards early intervention and prevention activities through the Whole Family Wellbeing Funding Programme</b>. This will help ensure that families can access holistic family support at the right time for their needs, to prevent them from reaching crisis and support their wellbeing. Annual funding of £32 has been provided to Children’s Services Planning Partnerships (CSPPs) to support local partners to design holistic services to support families, in a multi-agency way, that best meets local need. A Year 1 process evaluation report was published in January 2024<sup>5</sup>. This is based on evidence from annual Children’s Services Plan reports and discussions with frontline service staff, strategic leads, and children, young people, and families from six case study areas (Glasgow City, East Ayrshire, Aberdeen, Fife, South Lanarkshire and North Ayrshire). CSPPs were positive about the funding, in particular the autonomy and flexibility needed to tailor whole family support activities to local needs and align them with their broader children’s services planning partnership work. We will publish the Whole Family Wellbeing Funding Programme investment approach shortly, setting out how we intend to evolve our support for this system change, building on the learning of the barriers and opportunities for change as part of our wider approach to public service reform.</li> <li>Evidence shows that a lack of affordable and accessible childcare provision for all ages of children presents major barriers to parents entering and sustaining employment. <b>We have announced a £16M investment (over two years) in 6 childcare Early Adopter Communities (EACs) which are expanding access to school age childcare for priority family types and scoping how to expand access for younger children from 9 months</b>. The EACs have been established to understand how to develop local systems of childcare clearly linked to user needs and making best use of available infrastructure within those communities to remove these barriers. There is also good evidence that high quality Early Learning and Childcare (ELC) is effective in reducing the poverty related outcomes gap for children aged 2-5, which is why we provide early access to fully funded ELC for 2 year olds who need it most.</li> </ul> <p>We will go further in the way we design, fund and deliver support with an initial focus on those families experiencing disadvantage, building on the learning and experience of these approaches. Delivery partners and families have told us that, to ensure people get the help they need, when they need it, the system must be made more simple and more effective. <b>Over the coming year we will work with partners to introduce additional local flexibility in how these services can be reconfigured towards a whole family approach</b>. This will include:</p>

<sup>5</sup> <https://www.gov.scot/publications/whole-family-wellbeing-funding-wfwf-year-1-process-evaluation-final-report/>

Portfolio	Overview
	<ul style="list-style-type: none"> <li>• Using evidence to assess what services national government needs to invest in to improve outcomes for low-income households.</li> <li>• Working with local partners to pool budgets and streamline reporting requirements, where possible and where there are clear local plans in place for delivering shared outcomes.</li> <li>• Identifying where improvement in performance is needed, and open dialogue about the barriers to change.</li> <li>• Ensuring a revised approach to service co-design – to design support services with communities, based on people’s need, to make it easier for people to navigate and access the help on offer.</li> </ul> <p>Over the course of the next year we will also work to deepen the three partnerships in Clackmannanshire, Dundee and Glasgow and go further, <b>establishing new partnerships to drive place-based and person centred support to tackle child poverty in five more areas</b> (North Ayrshire, East Ayrshire, Perth and Kinross; Inverclyde and Aberdeen City). In these partnerships we will work jointly to develop local solutions to child poverty, supporting even more people through services which are designed to meet people’s individual needs and generating evidence to support our national mission to eradicate child poverty.</p> <p>We are aware that, across Government there are a number of interventions that are focussed on preventing harm and supporting those facing poverty and the downstream implications of poverty, including the cost to public services. These approaches have a similar ‘core’ but we know there are challenges for local partners in terms of reporting, funding and engagement. <b>We are therefore commencing work across Government that aims to ensure a consistent approach to co-designing the local development new models of service delivery that are focussed on prevention.</b> We will bring these programmes to work together to maximise impact and support local partners delivering those services to realise the maximum benefit. Initially this will focus on policy areas such as childcare, Whole Family Wellbeing, and the child poverty partnerships as the core with the intention to grow as this matures.</p>

This section remains focussed on how services are changing to deliver prevention but within the context of those services that are focussed on the public services that everyone does, or may, access.

Portfolio	Overview
Health and Social Care	<p>Getting It Right For Everyone (GIRFE) is a multi-agency approach of support and services from young adulthood to end of life care, absolutely in line with PSR. GIRFE will put the person at the centre of all decision making that affects them, to achieve the best outcomes, with a joined-up, coherent and consistent multi-agency approach regardless of the support needed at any stage of life. We are co-designing GIRFE with place-based pathfinders across Scotland. These GIRFE pathfinders and partners are currently testing implementation of the GIRF 'Team Around The Person' toolkit, which has been co-designed with people with lived experience across Scotland. Once further testing is complete, the toolkit will be published to allow wider implementation across Scotland. <b>We will launch the GIRFE Model as core practice across all Health Boards and Health &amp; Social Care Partnerships across Scotland in 2025.</b></p>
Education and Skills	<p>This programme aims to move prevention further upstream to ensure every child born in Scotland has the best start in life. Through the <b>Early Child Development Transformational Change Programme</b> and working closely with the Health and Social Care portfolio, we will move prevention upstream to preconception and pregnancy to improve health in early years. This seeks to address a range of factors which increase the risk of low-birth weight, prematurity and other health risk factors and includes increasing maternal BMI and maternal age at first pregnancy. Through this programme we will reduce the proportion of children with developmental concerns at 27-30 month review by a quarter by 2030. This year we will:</p> <ul style="list-style-type: none"> <li>• Ensure more women receive care and support from the same midwife from pregnancy through birth, prioritising those who are most likely to benefit, such as minority ethnic women and women with additional social needs and their babies.</li> <li>• Provide parents with better information about how they can support their child's development through new content on the Parent Club website – accessed by over 55,000 people each month – including issues like pregnancy, child development, and infant feeding.</li> <li>• Increase the take-up of the three child health reviews and work with health visitors to reduce inequalities through prevention and early intervention.</li> </ul>
Education and Skills	<p>The 'Justice for Children' Hoose is a key ministerial commitment delivering an improved experience of justice, health and child protection services for child victims and witnesses with improved life outcomes for children who have experienced trauma by providing trauma-informed support as soon as it is needed. <b>We will complete the pathfinder phase of</b></p>

Portfolio	Overview
	<p><b>the national Bairn's Hoose Standards across a range of contexts b March 2026, and move to developing the blueprint followed by incremental roll out (from 2027)</b></p>
Social Justice	<p>The Social Security Programme and the establishment of Social Security Scotland constitutes the most substantial public service reform programme since devolution. This investment in people is preventative by supporting people across Scotland to play a full and active part in society. Social Security Scotland will deliver 17 benefits, supporting around over 1.2 million children and adults in Scotland (around 1 in 4 Scots). Fourteen benefits have been delivered so far, seven of which are only available in Scotland, providing bespoke additional support for families with children, and young carers, and supporting the mission to eradicate child poverty, particularly through the landmark Scottish Child Payment. Independent analysis by the <a href="#">IFS</a> for 2023-24 along with Scottish Government analysis for 2024-25 show clearly the net positive effect of devolved benefits for households in the bottom half of the income distribution, particularly among households with children. Scottish Government <a href="#">modelling</a> estimates the Scottish Child Payment will keep around 60,000 children out of relative poverty in 2024-25. <b>We will complete the Social Security Programme by December 2025. Planned delivery of benefits by Social Security Scotland includes: Carer Support Payment; Pension Age Disability Payment; Pension Age Winter Heating Payments (all); Carers Additional Person Payment; and Scottish Adult Disability Living Allowance.</b></p>
Justice and Home Affairs	<p>We are revising the model of policy to support mental health demand placed on policing in the community. The Scottish Police Authority (SPA), Police Scotland, Government and health and social care partners have established a Partnership Delivery Group on Mental Health and Policing taking forward a wide range of activity to ensure that people with mental health needs are provided with the support they need, recognising that police officers and staff, while often the first point of contact, are not always the best people to be able to support individuals suffering from mental ill health or mental health distress. <b>We will publish a Framework for Collaboration and a separate cross-sector Action Plan by the end of the year.</b></p> <p>The development of robust data will underpin this plan and will be a primary driver for evidencing progress and demonstrating impact across the system. The establishment of a data dashboard by Police Scotland will provide partners with the data needed to help understand mental health demand in terms of hours spent dealing with mental health distress call outs in the community, and understanding the impact interventions currently in place is having on reducing that demand.</p>
Justice and Home Affairs	<p>The 'Transformational Change Programme 1 (TCP1): Person-centred and Trauma nformed Justice' programme aims to embed trauma-informed practices that will ensure that our justice services can: recognise the prevalence of trauma and adversity, realise where people are affected by trauma, and respond in ways that reduce re-</p>

Portfolio	Overview
	<p>traumatisation. We will achieve this by implementing the Trauma Informed Justice Knowledge and Skills Framework across the justice system; improving communications with witnesses and people affected by crime; widening the victim statements scheme; expanding access to pre-recording of evidence; and establishing a national model for Restorative Justice. This will create better outcomes for those affected by crime - by treating them with compassion, acting on their feedback, and ensuring they feel safe, informed, and are given choices.</p>
Justice and Home Affairs	<p>Transformational Change Programme 2 (TCP2): Shifting the Balance Between Custody and Justice in the Community:</p> <p>While prisons will always be needed for those that pose a serious risk of harm, there is clear evidence that person-centred, community-based interventions are often more effective in reducing reoffending and supporting rehabilitation than short term custodial sentences. This in turn can lead to fewer victims and safer communities. The initial policy Business Case for this TCP is due to be shared with the Community Justice Programme Board during September.</p> <p>The focus of this Transformational Change Programme is to deliver system improvements that reduce reoffending and 'shift the balance' between the use of custody and justice in the community. The TCP monitors implementation of the National Strategy for Community Justice Delivery Plan, which is expected to run to 2027. It has oversight of a wide range of deliverables, including the following:</p> <ul style="list-style-type: none"> <li>• Consideration and implementation of recommendations from the 2023 joint review of diversion from prosecution.</li> <li>• Progress a range of work that will strengthen alternatives to remand.</li> <li>• Optimising the operating model for Home Detention Curfew (HDC) for short-term prisoners.</li> <li>• Complete a review of the principles which underpin the Justice Social Work funding formula which is used to distribute over £100m of community justice funding annually across 32 local authorities (December 2024).</li> <li>• Identify information required by Justice Social Work at both pre-conviction and pre-sentence stages in order to undertake court reports, ensuring any data sharing agreements required to allow for lawful sharing of this information are in place (March 2025).</li> <li>• Identify areas of data development that can improve the publishable community justice evidence base (end 2026).</li> </ul>

The evidence is clear that demand within the health system is at risk of becoming unsustainable. By addressing the building blocks of health and wellbeing it is possible to prevent future demand. This section sets out those actions we are taking to tackle those building blocks and the conditions in which everyone lives, works and grows up and that are so critical to preventing demand in the system.

Portfolio	Overview
Health & Social Care	<p>The drivers of ill-health do not sit within the healthcare system. We will consider what more can be done to mitigate against the social and economic drivers of ill health and build a Scotland – with places and communities – that positively supports health and wellbeing. <b>We will publish a long-term Population Health Framework by end of 2024.</b> This Framework will take a cross-government, cross-sector approach to improve the key building blocks of health. The Framework will focus on primary prevention activities to stop problems happening in the first place. This will be complemented by holistic actions which promote health and wellbeing, reduce health harming activities and enable equitable access to health and care.</p> <p>To stop health problems before they become established, we are <b>taking immediate action on primary prevention in the next 18 months</b>, collaborating across the four nations on the UK Tobacco and Vapes Bill; improving the food environment through taking forward legislation to restrict the promotion of food and drink high in fat, sugar or salt; increasing the minimum unit price of alcohol from 30 September and building on this to set out a process for reviewing the minimum unit price in future. Recognising the social and economic drivers of ill health and mutual benefits in economic growth, cross-portfolio work is already in hand on a programme of work related to reducing ill health related economic inactivity.</p>
Education and Skills	<p>For early learning and school age childcare, we will: <b>provide funding of around £1 billion per year to offer 1140 hours of high quality ELC to all 3 and 4 year olds, and eligible 2 year olds</b>; work with local authorities to <b>maximise uptake of our existing two year old offer</b>, rising from a national baseline of 52 per cent; <b>invest in community focused childcare projects, before, after school and holiday club activities</b>, including £16M investment in the six EACs reaching from the early years to the end of primary and £4M investment in partnership with the Scottish Football Association; and <b>progress the early stages of design of future digital childcare infrastructure.</b></p>
Social Justice	<p>Having a warm, safe place to call home is a direct contributor to tackling poverty. Our existing housing strategy, <u>Housing to 2040</u>, sets out our ambition to deliver 110,000 affordable homes by 2032, and that remains a driving ambition. Already, over 128,000 affordable homes have been built since 2007, with a significant proportion of these</p>



Portfolio	Overview
	for social rent. <i>In 2024/25 we will invest nearly £600M in affordable housing - the majority of this will be directed at boosting social housing supply - keeping rents lower and benefitting around 140,000 children in poverty each year.</i>
Economy	<p>This work will take forward early-stage prevention through supporting businesses to create jobs and wealth today through a place-based approach. We will:</p> <ul style="list-style-type: none"> <li>• Empower decision making and investment through Regional Economic Partnerships, including pilot work on regional funding as part of wider public service reform to support Glasgow City's ambitions to create a metropolitan region, and Edinburgh's Regional Economic Prosperity Framework.</li> <li>• Advance the use of the Community Wealth Building model – an approach to local economic development that aims to create new employment opportunities and help local businesses to expand – by bringing forward a Community Wealth Building Bill and developing a local authority led practice network to aid consistency and practice sharing.</li> </ul>

### Driving efficiency and effectiveness

This section focusses on work across portfolios which drives service improvement, delivers efficiencies and ensures the efficient operation of the system in terms of size, shape and governance.

Portfolio	Overview
Health and social care	<p>In acute services we have a number of immediate term changes to mitigate risk of fragile services; these are services which indicated risk of imminent service delivery failure due to sustainability issues, such as workforce, safety, and quality. Short to medium term change is underway for oncology, vascular, diagnostics and remote, rural and island services. Interim <i>sustainable operating models</i> will be implemented; all are currently broadly on track to deliver critical changes. The sustainable models will work in conjunction with longer term <i>target operating models</i> which are being developed in line with the National Clinical Strategy.</p> <p>Through the NHS Acute Reform Programme, work is progressing on new models of acute care that will support improved productivity through population based planning of services that will respond to the needs of population groups and the challenges within our system, alongside providing the operating environment for innovation, technological advancements, and workforce models.</p>

Portfolio	Overview
	<ul style="list-style-type: none"> <li>• In the future this may require structural adaptations, but the current focus is the transformation of services within the current regime and maximising current assets. The goal is to deliver a truly population-based approach to healthcare that crosses traditional boundaries and parameters.</li> <li>• This is underpinned by the National Clinical Strategy (2016) and the current work of the <i>National Clinical Framework</i> that will set out the implementation plan for the evolution of services in Scotland.</li> <li>• Revision to planning and commissioning: to enable the changes that we need to see across the NHS, we have revised our planning and commissioning model. This is due to be issued to boards via Directors Letter in September.</li> <li>• We will stabilise a <i>future operating framework</i> for NHS Scotland that will support critical decisions in the short-term: investment portfolios, workforce planning, capital infrastructure, digital investment, patient pathways, integration models, etc.</li> </ul>
Health and social care	<p><b>We will work to support primary care to deliver high quality preventative health and care services by increasing the capacity of, and access to, general practice, community pharmacy, dental and community eyecare services by end 2026</b>, as part of a Route Map for Primary Care reform. We will:</p> <ul style="list-style-type: none"> <li>• Continue to recruit and retain GPs and the wider multidisciplinary team workforce to serve the needs of communities across Scotland and work with our stakeholders to agree steps for further improvement, including Phase 2 of the GP contract and use lessons learned to place the Phased Investment Programme on a national footing.</li> <li>• We will continue to monitor the impact of our dental payment reform (implemented on 1 November 2023) and push for improved sector capacity and dental workforce capability through joint working with UK administrations to expedite the registration of international dentists.</li> <li>• We will complete roll out our flagship Community Glaucoma Service across all Health Boards by March 2026, providing a service for up to 20,000 patients; introducing from 2024/25 a new UK-leading Masters-level undergraduate degree course to deliver a wider range of community-based services.</li> <li>• Enhance NHS Pharmacy First Scotland so that a wider range of health conditions are covered by 2025 and again by 2026, and in 2024/25 commence community pharmacy contractual and workforce reform to deliver services based on population need.</li> <li>• Continue to develop Four MDT demonstrator sites: Ayrshire and Arran, Edinburgh City, Scottish Borders and Shetland) working with HIS (Health Improvement Scotland) to understand their local systems, explore</li> </ul>

Portfolio	Overview
	<p>current service implementation, develop change ideas and collect and analyse data and evidence to underpin improvement work.</p> <ul style="list-style-type: none"> <li>• We will continue to closely target general practices in Glasgow's poorest communities with allocated funding to tackle health inequalities and healthcare inequity, through two programmes: (1) continuing our Inclusion Health Action (IHAGP) investment, where direct practice payments fund practical improvements for early intervention/prevention; and (2) the new Whole Family Support (WFSGP) through General Practice, which focusses on families in poverty.</li> <li>• We will continue to contribute to the work of the cross-Portfolio Preventative and Proactive Care Programme to support and empower patients in self-care and to join-up services to support early intervention on the known determinants of poor health.</li> </ul>
Health and Social Care	<p>We will work towards <b>establishing a National Care Service Board by 2026</b> (dependent on progression of the NCS Bill). The set up of the Board is intended to provide national oversight and drive improvement of social work services, social care support and community health services which fall within the scope of the National Care Service. It would prioritise the actions that will make the most difference to outcomes for people: clear and consistent national standards, performance against those and accountability for delivery.</p>
Health and Social Care	<p>Through our ongoing engagement with Boards, we continue to monitor and work to address financial pressures across the system to support the best use of resources and maximisation of existing assets, whilst ensuring that service recovery and patient safety remain the priority. <b>We will work with all NHS Boards towards delivery of a minimum 3 per cent recurring savings against baseline budget annually.</b> Areas of focus include reducing medicines waste and reliance on agency spend, improving polypharmacy performance and maximising use of digital resources.</p>
Health and Social Care	<p>We are working across the system to <b>reduce waiting lists, supporting Health Boards to implement alternative pathways and high impact changes to support people being seen more quickly, improve efficiencies and increase capacity to ensure sustainability.</b> This includes:</p> <ul style="list-style-type: none"> <li>• Work with the Centre for Sustainable Delivery (CfSD) and Health Boards to accelerate implementation of high impact changes, including Active Clinical Referral Treatment (ACRT) and Patient Initiated Review (PIR), freeing up additional capacity in the NHS system.</li> <li>• Support to Health Boards to implement CfS' s blueprint for the delivery of cataract surgery, aligned with professional guidance, which supports an increase in surgical throughput across cataract only surgical</li> </ul>

Portfolio	Overview
	<p>sessions including high volume cataract surgery in ring-fenced sessions, and delivering one cataract every 30 minutes.</p> <ul style="list-style-type: none"> <li>• Work with Boards to maximise theatre efficiency with a focus on four joint arthroplasty lists and reduced length of stay through Enhanced Recovery after Surgery (ERAS) principles.</li> <li>• Significant additional activity is underway following the allocation of an additional £30M funding for 2024-25, which will support health boards across the country deliver around 12,000 inpatient procedures, over 40,000 extra diagnostic procedures and around 12,000 new outpatient appointments. This funding is targeting reductions to pandemic backlogs, including orthopaedics, ophthalmology, diagnostics for cancer referrals and patients waiting the longest time</li> </ul>
Education and Skills	<p>To support an education and skills system that better supports teachers, and equips children, young people and adult learners be successful we are making good progress with reform to our education bodies. Our national agency, Education Scotland, is being refocussed to primarily lead curriculum design, delivery and improvement support, including the provision of resources to support high quality learning and teaching. <b>We will deliver a reformed Education Scotland with separation of HM Inspectorate of Education by Autumn 2025 and Qualification Scotland will replace the Scottish Qualifications Authority by Autumn 2025.</b> Further structural reform following a process of co-production with a range of stakeholders will see the introduction of Centre for Teaching Excellence. <b>The aim is to identify a host institution by the end of 2024, with the expectation that the Centre will be established by early 2025</b></p>
Education and Skills	<p>We are leading work to reform and drive service improvement across the education and skills system, including:</p> <ul style="list-style-type: none"> <li>• Leading a new, national approach to skills planning and working with partners to strengthen regional approaches - bringing employers and institutions together to ensure our education and skills system is responsive to regional and national skills needs.</li> <li>• Reforming the education and skills funding system so that it is easier to navigate and more responsive to learners and skills priorities – breaking down silos and reducing bureaucracy. As an initial step, we will introduce a Bill to simplify the post-school funding body landscape.</li> </ul>
Education and Skills	<p>We are undertaking a range of activity to improve attendance, attainment and the curriculum in schools to boost standards, including:</p> <ul style="list-style-type: none"> <li>• Supporting education authorities and schools to reduce absence and improve attendance, and monitoring data regularly and taking further targeted action where needed.</li> <li>• Implementing the new Relationships and Behaviour in Schools Joint Action Plan 2024-27, reporting annually on progress.</li> </ul>

Portfolio	Overview
	<ul style="list-style-type: none"> <li>• Accelerating progress in closing the poverty-related attainment gap, through the Scottish Attainment Challenge, and by intensifying action to deal with the ongoing impacts of the pandemic on children's progress.</li> <li>• Implementing the Curriculum Improvement Cycle, with work underway on maths and numeracy, led by the recently appointed National Mathematics Specialist.</li> <li>• Progressing qualifications reform, and improving and diversifying our approach to assessment, including removing written exams from some practical subjects in 2025-26.</li> </ul>
Education and Skills	<p>The children's hearings system is Scotland's welfare-based decision-making tribunal for addressing concerns about children and young people who are in need of care, protection, treatment or control. Redesign of the children's hearings system was one of the recommendations of the Independent Care Review, and was a commitment in the 2021 Programme for Government. The independent Hearings System Working Group provided a report in May 2023 calling for reform to the Children's Hearings System in Scotland. The Scottish Government's <a href="#">response</a> to the report in December 2023 provided the basis for work underway to further strengthen the core elements of the system - focusing on the children it serves. A Children's Hearings Redesign Board has now been established, consisting of senior leadership from the key statutory organisations responsible for the delivery of the children's hearings system.</p> <p><b>We will take forward a redesign of the Children's Hearings System with the aim to bring forward any required legislation by the end of the Parliamentary session.</b> The consultation on the legislative aspects of redesign launched on 26<sup>th</sup> July and closes on 28<sup>th</sup> October.</p>
Education and Skills	<p>A programme of internal and external stakeholder engagement is underway to co-develop proposed revisions to Part 3 Children's Services Planning Statutory Guidance so this reflects the current policy and delivery landscape for planning services and supports to improve outcomes for children, young people and families. In early 2025, we will undertake a 12 week public consultation, with an aim of publishing the revised guidance by summer 2025.</p>
Justice and Home Affairs	<p>Transformational Change Programme 3 (TCP3): Criminal Justice System Efficiency. This programme will improve the efficiency and effectiveness of the Criminal Justice System so that all people involved have a better experience of the system, and cases will reach an outcome as efficiently and effectively as possible. The programme includes digital evidence sharing capability (DESC) which enables the digital sharing of evidence between justice agencies, which is being rolled-out across Scotland with an expected completion date of December 2025. Alongside this is a judicially-led project to introduce a new approach to case management which is demonstrating significant early success in reducing unnecessary citation of witnesses (including considerable reductions in police witness citations) and court churn - this has recently gone live in Glasgow.</p>
Economy	<p>We have agreed with partners, including the enterprise agencies, that there is a need for <b>a longer-term programme of reform which seeks to optimise the performance, functions and configuration of the Scottish economic</b></p>

Portfolio	Overview
	<b>development system.</b> This work is starting with an analysis of the system, resource deployment and outcomes, benchmarked against other European systems.
Economy	<p>Economy public bodies are engaged in various reform projects focussed on modernising approaches, reducing demand and improving services. Key examples focussed on digital delivery include:</p> <ul style="list-style-type: none"> <li>• Business Support Partnership: a collaborative approach across all Scottish Government, Local Government and all agencies with an economic impact focussed on transforming the business support landscape to a more integrated and digitally enabled model.</li> <li>• A new CivTech challenge focussed on the potential of AI to improve business support services.</li> <li>• Development of a Master Customer Record (MCR) that will provide a single source of truth about businesses in Scotland, combining external datasets with records of all public sector engagements. It will enable us to see how much support businesses have had from the public sector, identifying any duplication / overlap and enabling assessment of the impact of this engagement on turnover and profitability. It will also provide the capacity to undertake sectoral, cluster and regional comparisons – powerful economic data that can be used to inform policymaking.</li> <li>• A digital ‘front door’ for all business support products and services which will simplify services for business, eliminate duplication and identify the most popular and impactful products.</li> </ul> <p>We expect significant progress across all these projects by August 2025</p>
Transport	<p>Work is ongoing on the Clyde and Hebrides (CHFS) 3 ferries contract to support delivery of a direct award to CalMac and associated changes to governance. If delivered, this would result in a more flexible and responsive approach to the delivery of ferry services, whereby Ministers have greater control over future budgets and provision. Work also continues on the long-term future of both CalMac and CMAL (which owns the vessels and ports) with a view to restructuring to ensure the greatest efficiency of our ferry services and assets. <b>We will consider the most appropriate means of funding ferry services and examine opportunities for reform and efficiencies across the delivery landscape by October 2025.</b></p>
Transport	<p>We are in the midst of major reform to the transport system, reforming service ownership and governance. This has included taking ScotRail and the Caledonian Sleeper into public ownership, giving Scottish Ministers greater accountability for these key services. <b>We will continue to monitor and develop the ScotRail/Caledonian sleeper model to reduce the net cost to Scottish Government and increase patronage revenue</b></p>
Environment	<p>Environment public service reform is being led by the Environment &amp; Economy Leaders’ Group working across two portfolios. This Group is sponsoring a review of both short-medium and long-term (10y+) reform opportunities. <b>By the end of 2025, the Group will have developed options for future operating models building on a prior</b></p>

Portfolio	Overview
	<b>programme of short-medium term improvement projects.</b> This reform effort is focused on delivery of the environment strategy outcomes by using PSR principles.
Culture	Scotland's creative industries and visitor economy are vital contributors to our national economic growth – but also sustain many of our remote, rural, and island communities, ensuring economic benefits are felt the length and breadth of Scotland. We have already set out our commitment to increase funding for culture and the arts so that it is at least £100 million more a year by 2028/2029. <b>This year we will review the way the culture sector is supported, including a review of Creative Scotland.</b>

## ANNEX C: Efficiency and effectiveness case studies

### Registers of Scotland

Registers of Scotland (RoS), the non-ministerial body responsible for public registers of land, property, and other legal documents is an exemplar of how the public sector can drive reform by embracing the power of digital.

As part of their reform journey, they have increased capacity to process applications through significantly improved digital tooling, sustainable product development, and reduction in technical debt. Alongside a focus on people and performance management, this work has helped to increase productivity by 20 per cent in the last financial year without having to increase headcount. This in turn will deliver increased income from fees. RoS is funded, almost entirely, by the fees it generates (circa £100 million per year).

RoS has also transformed how customers submit cases, with the introduction of their digital submission service, which replaced an almost entirely paper-based process. The development of their online 'Register and Property' (R P) functionality has paved the way for automation of the most common cases, freeing up colleagues to focus on more complex cases, driving down a backlog of existing casework and ensuring future resilience against a fluctuating housing market and the cost of serving that demand. As of March 2024, 72 per cent of all submissions to the Land Register were made through RLP, representing over 90 per cent of residential purchase submissions.

These changes have been welcomed by customers and citizens, evidenced by a consistently high customer service index, and low customer effort score. RoS measures its customer satisfaction and customer effort via a nationally recognised benchmarking standard. It achieved a score of 81.7 (out of 100) for customer satisfaction and 3.4 in terms of customer effort in the Spring 2024 Business Benchmarking Survey. This is higher than the UK all-sector average score of 76.0 and a Public Services (national) score of 73.6 in the most recent UK Customer Satisfaction Index (CS ). Their customer effort score also outperforms the 'all sector' and 'Public Services' (national) scores which are 4.9 and 5.4 respectively (lower customer effort scores are desirable).

RoS has also delivered efficiencies via increased use of the cloud, which has reduced energy consumption and delivered an associated cost saving, as well as taking on tenants and defraying estates costs by leasing underutilised spaces in its two offices (Glasgow/Edinburgh).

These reform activities ensure that RoS can deliver a consistent, timely and cost-effective service for its customers.



## Disclosure Scotland

Disclosure Scotland is focused on delivering our key outcomes; better public safety for those using critical services, better economic inclusion and delivering fast and effective public services, collaboratively where possible.

Our Corporate Strategy (DS25) details our ambitions for greater cost effectiveness, improved operating efficiency, and clear strategy for the short, medium, and long terms. The focus remains on delivering high-quality digital services, securing the public service and safeguarding benefits promised by the Disclosure (Scotland) Act 2020, all while delivering best value for taxpayers.

Since 2020, we have designed our programmes of work around these principles, delivering both service delivery and efficiency gains incrementally through;

- Designing, developing, and **successfully digitising Protecting Vulnerable Groups (PVG) applications** (higher level disclosure applications for those working in a regulated setting). Replacing paper PVG applications (around 300,000 per year) and eliminating the associated paper handling tasks. This allowed us to provide our emergency response during covid, which we built upon to deliver more digitisation. These gains included:
  - a more accessible service for our customers,
  - a faster turnaround for processing results
  - operational resource efficiencies which **save us today around £2.1m** in staffing and VAT costs annually.
- The next stage of service enhancement was to **digitise disclosure results**. Introducing fast digital identity validation (working in collaboration with Digital Identity Scotland) and PVG results (the first digital higher-level checks in the UK) we now offer higher level digital results to individuals and organisations in a safe and secure manner, replacing cost and time added print and post certificates. Currently over 70 per cent of PVG certificates are being issued digitally. As a result, we are saving on print, post and paper costs and **estimate this will save over £500,000 per annum** to our operating costs in addition to the much faster results service we now provide.
- We also introduced back-end technology enhancements which introduced, for the first time, **automation into our disclosure application process**. This means that we can process applications faster – very fast indeed for applications that are fully automated. On average, around 24,000 tasks associated with 15,000 applications have been automated, allowing us to redirect our staff resource to critical safeguarding activities requiring human assessment. We continue to build on this.

The above reforms exemplify some of our service gains and efficiencies. These are all part of a wider programme of digital, service and policy transformation therefore further gains and efficiencies are planned and in train as we progress in our next phase of reforming PVG and improving safeguarding in Scotland.

### **Consolidation of Public Estate in Dundee**

A key focus of the Scottish Single Estate programme continues to be ensuring alignment with Public Service Reform. This includes supporting publicly-funded bodies to work across organisational boundaries to co-locate, share on-site services wherever possible, make best use of technology and changes in working practices to optimise the estate footprint.

Scottish Ministers, together with several public bodies, held 5 separate leases in Dundee City Centre. Over the course of 23/24, five of these leases were due to expire. The government bodies who were being affected by these expiries were: The Care Inspectorate (CI); Scottish Social Services Council (SSSC); Office of the Scottish Charity Regulator (OSCR); Education Scotland (ES); Core Scottish Government; Scottish Courts and Tribunal Services (SCTS); Crown Office and Procurator Service (COFPS). During the period between 2020 to 2022, the public bodies began separate searches for new office premises in the city. Scottish Government's Property and Construction Division intervened and reviewed the collective requirements, recommending a collaborative approach be taken to drive efficiencies and deliver best value to the public purse.

The project supported and coordinated the consolidation of 5 leased office buildings into two, delivering cost savings of c £6.325M to the public purse over the initial 5-year lease period, a range of further estate improvements worth more than £300,000 and has reduced the public sector civil estate occupied by the participating bodies in Dundee by 35 per cent. Negotiations have also removed the need for the tenant to remove the link bridge between the two buildings at lease termination, representing a further saving of c £342,000. The project has also delivered environmental improvements and reduced carbon emissions.

### **AI-enabled automation**

We established the Intelligent Automation Centre of Excellence (ACoE) in 2021 to support the Scottish Government's aim to become a world leader in the adoption of AI-enabled automation. Examples of automations developed include:

- Using AI-enabled automation with machine learning and Optical Character Recognition (OCR) to improve invoice processing, lead times reduced by 100 per cent, over 18,000 invoices processed annually, and annual savings over £170,000.
- In HR, we improved the Joiners journey by automating parts of recruitment and onboarding and speeding up the time taken to recruit whilst at the same time eliminating inefficient rekeying into the various legacy systems.
- We automated the refund of Scottish Social Services Council (SSSC) registration fees for almost 24,000 social care workers. The time to process a refund reduced to 1 second per case, increasing accuracy, and saving SSSC approximately £70,000.
- To support a legislative requirement to register XL Bully dogs, we delivered an automation solution within just 5 weeks. Over 4,100 cases were processed, saving the equivalent of 3 FTEs in manual processing.
- To reduce the administration of reading and redacting personally identifiable information with Freedom of Information responses, we have developed an automation using Gen-AI which will support the staff member with this task.

In addition to building automation as a shared service we also have a national role in supporting the wider Scottish public sector with sharing guidance on best practice, service patterns, solution design, cyber security, information governance and encouraging collaborative working across organisational boundaries. To support those aims, and to align with our commitment to 'Once for Scotland', Scottish Government are in the process of going to market to establish a national procurement framework for intelligent automation for the Scottish Public Sector. This will cover universities, health, criminal justice, local government, public agencies and third sector. This will be a one stop shop for automation services and products, making it easier and cheaper to procure automation services and platforms and support the knowledge transfer and capability building of Public Sector staff. This will deliver economies of scale and reduce our dependency on expensive consultancies.

# **Ministerial Control Framework**

## **The Approvals Process for the Creation of New Public Bodies in Scotland: Guidance for SG Directorates**

**Public Bodies Support Unit**

**May 2023**

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## Introduction

**It is the Scottish Government’s policy that any new public body should only be set up as a last resort.** Only when consideration of all other delivery mechanisms have been exhausted and the processes described below are completed, approval for setting up a new public body must be sought formally from Cabinet Ministers before any decision, or announcement, is made.

This Control Framework has been produced to help support those charged with considering the need for a new public body, to provide a consistent approach across the Scottish Government and to set out the approval process to be followed.

Before approval is sought from Cabinet the following processes must be undertaken by the policy team in the SG directorate tasked with considering the merits of making a case for setting up of a new public body. More detailed information on “setting up a new public body” can be viewed in the Public Body Support Unit (PBSU) Guidance on the [Public Bodies Support Unit Saltire section](#).

**Chapter 3 ‘The Approval Process’ should be strictly adhered to. Any deviation from this control framework must be highlighted to the Permanent Secretary as Principal AO via the Portfolio Accountable Officer (Portfolio AO).**

**Note** – There will be times when Parliament will seek to establish a new public body to carry out specific functions e.g. the Scottish Commission on Social Security. In such instances, it will be for the Portfolio AO to consider the merits of establishing a new public body based on the evidence provided by Parliament. As with looking to establish any new public body, a business case must be produced and routed through the Portfolio Accountable Officer, Executive Team (ET) in Investment Assurance mode and then the appropriate Minister for approval before going to Cabinet for consideration and approval to the Parliament’s recommendation.

## Useful Guidance & Contacts

Table 1 below should be used as a reference for guidance and contacts on public bodies.

Useful guidance	
<a href="#">Setting up a new Public Body</a>	<a href="#">The Scottish Public Finance Manual</a>
<a href="#">On Board for Statutory Board Members</a>	<a href="#">SG Sponsor Team Guidance</a>
<a href="#">On Board for Management Advisory Board Members</a>	<a href="#">Arranging advice for ministers and making ministerial appointments</a>
<a href="#">National Directory of Public Bodies</a>	<a href="#">Public Sector Pay</a>
<a href="#">Public Bodies Support Unit</a>	<a href="#">Ethical Standards Commissioner</a>
<a href="#">Public Appointments Team</a>	SG Internal Audit
<a href="#">Governance &amp; Risk</a>	SG HR
Executive Team Strategic Governance Office for queries on Investment Assurance mode of the Executive Team	<a href="#">Arranging advice for ministers and making ministerial appointments</a>
<a href="#">Public Sector Pay</a>	Accountable Officer support Module (pathways)
SG Risk Guide	Public Finance and Accountability (Scotland) Act 2000

## Chapter 1 - Is a new body required?

Creating a new public body may not always be the best or most value for money solution to deliver a service. It is the Scottish Government's policy **not to set up new public bodies except as a last resort**. As such, it should not be assumed that approval from Ministers will be given for such an entity in any but the most exceptional circumstances. Officials should take the required action to ensure that Ministers are clear about this policy and not make any public announcements in relation to any public statement of intent before a decision has been formally approved by the Cabinet.

The key specialisms involved in the creation of new public bodies and delivery – from policy at a strategic level to analysis, commercial strategy, procurement, finance, location and implementation must work together from the outset to deliver best public value.

Public statements or manifesto pledges should not automatically determine that a new public body will be created if there are better or more suitable alternatives. Also, no undertaking should be included in the Programme for Government until the process set out in this framework has been carried out. New public bodies should only be created if there is a clear and pressing requirement, a clear need for the public sector to provide the function or service through a public body, and, no viable alternative to provide value for money within the framework of [Best Value](#) – effectively establishing new public bodies as a last resort.

SG directorates must make a strong case for whether the proposed functions are needed, and explore options as to whether there are any alternatives to establishing a new public body (this requires at least a basic understanding of the various alternatives for delivering new services or functions – see chapter 4 – alternative delivery models). These initial considerations form the first part of the determinant factors that lead to the main types of public bodies available.

### Initial Questions on Setting Up Public Bodies

The following questions set out a range of issues that directorates must consider when making the case for the setting up new public bodies. This is not an exhaustive list and directorates should think creatively when considering how new services or functions should be delivered.

- Will this public body provide a national service?
- Is the proposed public or government service or function really needed, and should it be provided by the public sector?
- Are the proposed functions of the public body legally deliverable?
- Is there sufficient demand for this service?, and does it contribute to Government policy, commitment or legal obligation?
- Is it unique or is something sufficiently similar already being provided elsewhere – e.g. by another existing public body?
- Will this entity operate commercially, covering over 50% of its cost from commercial activities?
- Should the function be provided by Scottish Government, the Scottish Parliament or by Local Government?
- How long will the new public body be required to operate?
- How will this public body align to the delivery of National Performance Framework outcomes?

**Functions** The choice of organisational option will vary according to the desired relationship with Ministers and the functions that the new public body will be required to perform. These functions are generally categorised as:

- **Public service delivery functions** – providing products and services to end users.
- **Advisory functions** – providing specialist advice to Ministers, usually of a technical, scientific or other specialised nature.
- **Regulatory functions** – relating to legal and other issues where it has been determined that political impartiality and distance from Ministers is appropriate.
- **Adjudicatory and appeal functions** – where for legal reasons bodies need to be wholly independent of the state, for example to comply with Article 6 of the European Convention on Human Rights and the Human Rights Act 1988.
- **Tribunals** - for example, aim to resolve conflicts in certain areas between the citizen and the state, or between individuals, which is generally simpler, less formal and cheaper than the more formal parts of the court system.
- **Partnership functions** – providing a forum for bringing together a wide range of interests. This may be done through nominated representatives of public, private and voluntary bodies.
- **Commercial functions** – relating to state-owned enterprises undertaken wholly or in part within the public sector (i.e. through a nationalised industry or public corporation).
- **Health Service functions** – relating to tasks carried out within or in support of the Health Service



Proposals for new entities being created as a consequence of the United Kingdom exiting the EU or the transfer of previously reserved functions for instance will also need to follow this approval process.

### **Reclassification, mergers, restructures and closure**

#### **Reclassification and declassification**

Public Bodies Support Unit (PBSU) must also be consulted over any proposals to reclassify or declassify a public body. If a body not currently classified within the Central Government sector is reclassified as such by ONS, it should ideally also be given an administrative classification within the classification categories used by SG.

In such a case, the Directorate should engage with PBSU about the potential classification and the approval process required.

#### **Mergers, restructures and closure of Public Bodies**

Approval may be required for mergers, restructures and closures of public bodies. Information on mergers and closure of public bodies can be provided by PBSU. Mergers, restructures and closure of Public Bodies will be considered under the ET Investment Assurance Mode remit where there is an investment required, or ongoing cost change. Where the merger of two bodies creates a new public body, the process for the creation of a new public body should be followed.

## Chapter 2 – Criteria for setting up a new public body

### The criteria for setting up a new public body

When developing proposals on setting up a new public body to deliver a function or service, directorates should subject their proposal to the Scottish Government's 'criteria tests'. A proposal should only be taken forward if the service or function meets these tests.

The criteria tests to be considered are:

1. Can the function or service not be carried out by an existing body (whether within the Scottish Government or an Executive Agency or any other type of public body already established) and, if not, why not?
2. Is the body going to be a national organisation?
3. Is this a function, which needs to be, and be seen to be, delivered with absolute political impartiality?
4. Is this a function that needs to be delivered independently of Ministers to establish facts and/or figures (data?) with integrity?
5. Is this a technical function, which needs external expertise to deliver?
6. Will the public body will be funded from the Scottish budget?
7. Will the public body will report directly to Scottish Ministers or the Scottish Parliament?

Approval for a new body will only be given where these tests are fully met as well as the case for investment being evidenced through the 5 case model business case (see chapter 6) approach and an Accountable Officer Assessment.

### When to produce one

An Accountable Officer Assessment should always be produced for projects or programmes, initially in principle at an early point, then again as appropriate in more detail at suitable strategic points as the policy or proposal is developed. In practice, that means:

- Alongside the request for the Accountable Officer's approval of the Outline Business Case
- at subsequent stages of the project if it departs from the four standards or the agreed plan – including any contingency – in terms of costs, benefits, timescales, or level of risk, which informed the Accountable Officer's previous approval
- if the Senior Responsible Owner (SRO) of the project decides one is merited at any other stage of the project - SROs and AO's should be prepared to defend their decisions to Parliament if challenged, for example, if called to give evidence to the Public Audit Committee.

In addition, it is good practice to prepare an Accountable Officer Assessment for each novel and contentious transaction or proposal involving the use of public funds. This may be particularly useful where it is not possible to produce a fully developed business case, for example due to lack of time and/or data, or the risk environment is higher than usual.

Beyond that, in many cases, the normal governance procedures, such as production and approval of business cases and the use of Pre-expenditure assessments, should provide sufficient assurance against the Accountable Officer standards, without need for a bespoke Accountable Officer Assessment.

## Chapter 3 - The approval process

Formal approval for setting up a new public body **must be sought and received** from Cabinet Ministers, before any decision or announcement about a new public body is made. An AO assessment must be made alongside the outline business case to support that decision. New bodies being established in shadow form also require approval before they can be announced publicly. The steps as follows are separated out to make the process easier for directorates to navigate. In practice, however, some steps will need to take place concurrently.

### Stage 1 – Directorate policy/programme team

The first stage in the approval process is for the directorate policy/programme team (i.e. those who are initiating the proposal) to assess whether the entity they are considering exhibits the characteristics of a new public body in line with the SG administrative classification system which can be viewed in the new public body guidance.

**Step 1** – The policy team should first look at the alternative delivery models set out in **Chapter 4** to consider whether a new entity actually needs to be created to deliver the function or policy.

**Step 2** – The policy team should assess the proposal to determine whether it meets the Government’s criteria tests for creating a new public body set out in **Chapter 2**.

**Step 3** – The proposal should then be tested with the Office of the Chief Economic Adviser (OCEA) and the Scottish Government Classification Group on how the proposed organisation is likely to be classified sectorally by the Office for National Statistics (ONS). This can be done by completing the ONS questionnaire and submitting to OCEA. If OCEA indicates that the entity is likely to be classified as ‘central government’ by the ONS, it is likely to be in scope for classification as a new public body.

**Step 4** – The SG policy team should then test the proposed entity against the options set out in [guidance note 2 of the guidance on establishment of new public bodies](#) to determine whether it has the characteristics of one of the types of public bodies: an Executive Agency, Executive Non Departmental Public Body (NDPB), Advisory NDPB, Public Corporation, Parliamentary body, Non Ministerial Office (NMO), Health body or Other Significant Body.

**Step 5** – Prior to deciding on the legal status of a new public body, policy teams should take advice from colleagues in the Finance Business Partner Unit with regards to the financial and tax implications of the proposals and these must be factored into the policy making process. If the initial proposals are deemed affordable following consultation with Finance, and subsequent assessments conclude that the establishment of a new public body is justified, formal proposals should be prepared to demonstrate that the new body is justified. Early engagement with SGLD, the Governance and Risk Branch and HR Business Partners is also recommended.

**Step 6** – Once these steps are concluded the SG policy team should produce a business case which clearly demonstrates the need for a new public body when considered against all other available options. The Public Bodies Support Unit and SG Finance Business Partner Unit should be engaged when drafting the business case to formally review the assumptions. It may also be appropriate to ask SGLD, Public Appointments Team, and HR Policy Delivery for advice on the proposals when producing the business case. The SG policy team should contact the Executive Team Strategic Governance Office at this stage to enable consideration of the case at Executive Team in Investment Assurance Mode to begin and contacts with any Functional Lead reviewers to be made.

If the case for a new public body indicates that it will be Parliamentary body, or if there is any intention to add to or alter the functions of an existing Parliamentary body, then steps need to be taken at the earliest opportunity to discuss the merits of that decision with the Chief Executive's Office of the Scottish Parliamentary Corporate Body (SPCB) given the implications for the SPCB.

## **Stage 2 – Public Bodies Support Unit & Finance Business Partner review**

The second stage is for PBSU and Finance to review the initial assessments made by the policy team in the business case. This will ensure that the proposed classification is in line with the Scottish Government and the Directorate’s intentions for the body in question. It will help to avoid what might be seen as an inappropriate classification and crucially that Finance confirm that public funds are available to proceed.

**Step 7** – PBSU should help the policy team assess whether the entity under consideration exhibits the characteristics of a new public body, test the rationale/case for setting up a new public body against the criteria tests and the feasibility of alternative delivery options set out in **Chapter 4** and in [guidance note 2 of the guidance on establishment of new public bodies](#).

**Step 8** – PBSU will categorise the proposal to reflect whether a proposal is likely to have the status and characteristics of a public body or not:

**Category 1:** entity likely to be classified as central government and clearly exhibits public body characteristics.

**Step 9** – Engage with Scottish Government Classification Committee to ratify potential classification as a devolved public body.

**Step 10** – will work with policy teams to develop a robust business case, clearly setting out the rationale for creating a new public body.

**Category 2:** borderline cases where it is unclear whether the entity would be classified as central government and exhibits the characteristics of a public body.

**Step 9** – Engage with OCEA to seek clarity on likely classification. Follow the next step for either category 1 or 3 as appropriate.

**Category 3:** entity is unlikely to be sectorally classified as central government.

**Step 9** – Engage with the OCEA to ratify decision not to classify entity as central government.

**Step 10** – Policy team will proceed with setting up entity, keep all interested parties in SG informed of progress. PBSU will add information about the new public body to the New Public Bodies’ Tracker.

**If PBSU and Finance do not consider the proposed body to be viable, the proposal should be strengthened further or discarded.**

**Step 11** – Business case presented to Portfolio Accountable Officer for consideration and an update to the AO assessment if it does not meet AO tests then written authority direction may be required see guidance on written authority in the [SPFM](#).

Where an Accountable Officer concludes that the proposal does not meet one or more of the Accountable Officer standards set out in the SPFM and the [AO assessment guide](#), the best next step is to consider whether the policy or proposed course of action can be modified to make it fit. The goal is to identify a policy or course of action which will achieve the Minister's (or board's) policy objectives without breaching the standards the Accountable Officer is required to apply.

If it is not possible to redesign the policy or proposal, there may be no alternative to the Accountable Officer seeking a ministerial (or board) written authority direction.

Before finalising a written authority request, it is good practice for the Accountable Officer to discuss the matter with SG central finance. Often, by their nature, issues that might call for a ministerial written authority are novel, contentious, or repercussive. Therefore, in any event, it requires central finance being informed.

The written authority itself is a formal exchange of letters with the relevant Cabinet Secretary. In one letter, the Accountable Officer identifies why the proposed action does not meet the Accountable Officer standards in the Public Finance and Accountability (Scotland) Act 2000 (the PFA Act) and SPFM. In reply the Cabinet Secretary authorises the Accountable Officer to go ahead anyway, citing reasons. These reasons typically involve wider factors of the kind that Accountable Officers cannot bring to bear, such as urgency or accepting responsibility for breaking normal Parliamentary conventions, for example on notice periods or disclosure requirements.

A written authority direction on regularity or propriety ground does not change that position – i.e. it does not make the action regular or proper. It is particularly important to note that a direction does not permit unlawful action and does not protect against a court finding unlawfulness.

Cabinet procedures for dealing with requests for such authority require any written authorities from Ministers to be assessed separately by the Cabinet Secretary for Finance and cleared by the First Minister, and the Deputy First Minister. The PFA Act requires copies of any written authorities to be sent to the Auditor General for Scotland as soon as possible and copied to the Public Audit Committee.

**Step 12** – If the AO assessment suggests that AO duties are met then the business case can be submitted by AO to Executive Team in Investment Assurance Mode for consideration and endorsement.

### Stage 3 – Cabinet assurance and approval

Following sign off from the Portfolio AO, the SG Policy Team will submit the business case to ET in Investment Assurance mode for consideration. The process for ET in investment Assurance mode review can be completed alongside the PBSU & FBP review preceding it, if the Executive Team Strategic Governance Office (ETSGO) are engaged early enough to enable contact through additional functional leads. AO sign off of the case however, will be required before final submission to the Board. This could be done either through correspondence or in session.

If endorsement is received from the ET in investment assurance mode, the Portfolio Accountable Officer should submit the business case to the Minister for approval to proceed to obtaining Cabinet approval. This will provide Cabinet with the opportunity to explore with Directorate's the rationale for the body and discuss any alternative delivery options. If endorsement is not received from ET in investment assurance mode then the proposal should be reviewed by the SG policy team based on the recommendations of ET and if necessary the AO assessment revisited.

Once approval is received from Cabinet then all required actions should be taken forward by the SG Policy team – the PBSU "[Guidance on Establishment of New Public Bodies](#)" on Saltire should be followed. PBSU will provide support in helping to establish the new public body.

**Step 13** – inform policy teams of decision to establish and engage the Portfolio AO for the public body.

**Annex A** provides a series of flowcharts setting out the actions required to be taken forward by SG officials to obtain approval to establish a new public body.

**Note** – If the intention is for the new public body to be a Parliamentary body then the merits of that decision must be discussed with the Chief Executive's Office of the SPCB at the earliest opportunity.



## Chapter 4 - Alternative Delivery Models

As new public bodies should only be established as an absolute last resort, Scottish Government officials should consider all possible delivery models when exploring options for delivering new services or functions.

The following list sets out a range of options that directorates should consider. This is not an exhaustive list and directorates should think creatively when considering how new services or functions should be delivered with a view to efficiency and accountability. As a minimum, officials should explore the following options in table 2 as follows:

<b>Table 2</b>	<b>Alternative Delivery Model Questions</b>
<b>Option</b>	<b>Questions</b>
<b>Do nothing/status quo</b>	<p>What is the problem or issue that it is believed needs to be addressed?</p> <p>What analysis supports that this is an issue?</p> <p>What is the scale of the issue?</p> <p>What is the impact and reach of the issue?</p> <p>Is there compelling evidence of need for the proposed function or service?</p> <p>How does it contribute to the core business of the sponsor directorate?</p> <p>How does this contribute to delivery of National Performance Framework outcomes.</p> <p>Is there a legal requirement for the function?</p> <p>Is providing the function a justifiable use of taxpayers' money?</p> <p>What would be the cost and impact of not delivering the service or function?</p> <p>Does the function contribute to economic growth?</p>
<b>Deliver function outside of central government</b>	<p>Why does central government need to deliver this function?</p> <p>Can this function be delivered by local government, by the voluntary/not-for-profit sector, or by the private sector?</p> <p>Is there an existing service provider, or providers, in the local government or voluntary sectors that could deliver this function?</p> <p>Can it be delivered by the private or voluntary sector under contract?</p> <p>Can it be delivered by a mutual, Community Interest Company or social enterprise?</p> <p>What are the risks and benefits of moving the function out of central government?</p> <p>Could efficiencies be made by delivering the function through a different model?</p>
<b>Commercial model</b>	<p>Can the function be better delivered by the private sector, or delivered under contract by the voluntary or private sector?</p> <p>Can the function be delivered by a mutual or social enterprise?</p> <p>Could the function be provided by people that are not public servants?</p> <p>Could the body operate more efficiently and/or effectively if it were not subject to some of the constraints that apply to public bodies?</p>

Table 2	Alternative Delivery Model Questions
Option	Questions
	<p>Are there potential opportunities for the body to secure investment from outside of government?</p> <p>Could the public body increase its private sector revenues?</p> <p>Will the body require skills that it may not be able to recruit into a public sector organisation?</p> <p>Is this a service that could be sold to others outside of Scottish Government, e.g. to private sector organisations or foreign governments?</p> <p>Is there an existing service provider, or providers, in the private sector that could deliver this function?</p> <p>What are the benefits and risks of moving to a more commercial model?</p> <p>Could efficiencies be made by delivery through a more commercial model?</p>
<b>Public Corporation</b>	<p>If the entity's service or function cannot be delivered outside of the public sector, is it able to finance its operational activities from the sale of goods and services set at economically significant prices (and obtain over 50% of its income from these activities)? If so could it be established as a public corporation?</p>
<b>Deliver it in-house</b>	<p>Why does the function need to be delivered at arm's-length from ministers?</p> <p>Can the function be delivered more efficiently or effectively by the sponsor directorate or by an existing Executive Agency of the sponsor directorate, or by another directorate?</p> <p>What would be the costs and benefits of carrying out the function in-house?</p> <p>Could efficiencies be made by carrying out the functions in-house?</p>
<b>Deliver through an existing central government body</b>	<p>Are there any other areas of central government delivering similar or complementary functions?</p> <p>Does the function duplicate work undertaken elsewhere?</p> <p>Could the function be incorporated with those of another public body, or vice versa?</p> <p>What would be the costs and benefits of merging such functions?</p> <p>Could efficiencies be made by merging the functions, or some of its functions, with an existing body or bodies?</p>
<b>A temporary body (with a lifespan of less than 3 years)</b>	<p>Is the function something that only needs to be carried out for a limited period, for example a review of a particular policy area that will then report back to ministers?</p> <p>Could a time limited body be set up, and then closed once the work of the body is completed?</p> <p>Could a Ministerial body deliver the ask/function?</p>
<b>Different route</b>	<p>Why does the function need to be delivered through a formal structure? (I think this is confusing, and sets up a false contrast)</p> <p>Could the function be delivered by another route – e.g. through a Ministerial appointment (noting this is not without constraints) – see following guidance <a href="#">Arranging advice for ministers and making ministerial appointments</a> or through a procurement route to obtaining contract for services</p>

## Alternative Delivery Models

### New Public Body options

Table 3	New Public Body Options
<b>Delivery by a new Executive Agency</b>	<p>Does the function pass the Scottish Government's criteria tests at Chapter 2?</p> <p>Is operational independence needed to deliver this function effectively?</p> <p>Could the function be better delivered by a new Executive Agency?</p> <p>What would be the costs and benefits of this model?</p> <p>Could efficiencies be made by delivering through this model?</p>
<b>Delivery by a new Non Departmental Public Body (NDPB)</b>	<p>Does the function pass the Scottish Government's criteria tests at Chapter 2?</p> <p>Does the body require some operational independence, as well as in terms of developing policy?</p> <p>What would be the costs and benefits of this model?</p> <p>Could efficiencies be made by delivering through this model?</p> <p>Could an existing NDPB deliver the function?</p>
<b>Delivery by a new Advisory Non Departmental Public Body (NDPB)</b>	<p>Does the function pass the Scottish Government's criteria tests at Chapter 2?</p> <p>What would be the costs and benefits of this model?</p> <p>Could efficiencies be made by delivering through this model?</p> <p>Could an existing Advisory NDPB deliver the function?</p>
<b>Delivery by a new Non Ministerial Office (NMO)</b>	<p>Does the function pass the Scottish Government's criteria tests at Chapter 2?</p> <p>Does the body require independence in operational terms, as well as in developing policy?</p> <p>What would be the costs and benefits of this model?</p> <p>Could efficiencies be made by delivering through this model?</p> <p>Could an existing NMO deliver the function?</p>
<b>Parliamentary Commissioner or Ombudsman</b>	<p>Has parliament sought the setting up of this body. Has SG considered the new PB should be a parliamentary body – if so Contact must be made with the Scottish Parliamentary Corporate Body (SPCB) Chief Executive as soon as possible to discuss and agree the way forward.</p>
<b>Health Bodies</b>	<p>If a new public body is being considered under the health umbrella then contact will need to be made with the SGNHSSC Team in the Chief Executive's Office, St Andrews House.</p>
	<p>Further information on the classification of public bodies is in the following link - <a href="http://www.gov.scot">Public bodies in Scotland: guide - gov.scot (www.gov.scot)</a></p>

## Chapter 5 - Efficiency and other considerations

### Efficiency

Efficiency should be embedded in the behaviour of public bodies at the outset, and analysis of how efficient an organisation is should run through all of the public bodies own self-monitoring processes, and the regular performance reviews that should take place between the Directorate sponsor team and the public body.

There are a number of issues directorates could usefully consider when looking to increase efficiency. All types of funding should be considered. The analysis of each of these areas should be based on clear, robust and comparable management information.

### Best Value

Portfolio Accountable Officers have a responsibility to ensure regularity, propriety, value for money and feasibility within the framework of best value for the public sector as a whole and are accountable to Parliament in exercise of that role. The business case developed for the proposal to establish a new public body must be able to demonstrate that an AO assessment has been made by the Portfolio Accountable Officer following the AO assessment guidance, business case and pre expenditure assessment process as described in the following link: [Financial accountability and assurance](#).

### Legislation

Public bodies which have an executive, administrative, commercial or regulatory role are normally established through primary legislation. Some public bodies, as described above, can be established through administrative action, but to secure necessary accountability a legislative basis should be secured within 5 years of any public body (apart from Executive Agencies) established by administrative action.

### SG Public Appointments Team

The [Public Appointment Team](#) can advise on the process and policy on making regulated ministerial appointments to the boards of Public Bodies. These are appointments to a body listed in [schedule 2](#) to the Public Appointments and Public Bodies etc. (Scotland) Act 2003. In most cases, these appointments are enabled by legislation, although some exceptions do apply.

Regulated appointments are so called as the appointment process is regulated and monitored by the Ethical Standards Commissioner (ESC), and the appointment process is subject to the [Code of Practice for Ministerial Appointments to Public Bodies in Scotland](#).

The management of regulated appointments is overseen by the Scottish Government Public Appointments Team. **Please refer to** [Public appointments](#)

### **Nomenclature**

Public bodies should be named in a way which clearly sets out their function/purpose and supports transparency. For example, care should be taken to avoid including the term 'agency' in names, where this is not in fact the administrative classification of the body.

### **Incurring Expenditure**

Statutory bodies cannot hold corporate legal existence until Royal Assent to the enabling legislation has been obtained. Consequently, expenditure on the new body, including the costs associated with the recruitment and appointment of board members and the chair, should normally be delayed until after Royal Assent. Some expenditure may be incurred in advance, but only where it can be justified in terms of the public interest.

Financial Management Directorate advice must be sought before any advanced expenditure is incurred. Approval by the **Scottish Government Remuneration Group** will be required prior to the setting of daily fees, advertisement and the appointment of the chair and members of the new body. Advice should also be sought from the Scottish Government Finance Pay Policy Team over whether the chief executive and staff of the body is subject to the Scottish Public Sector Pay Policy. The final decision may be one for Ministers, but it is not necessarily determined by the type of body or the proportion of its budget raised externally. The Privy Council Office must be consulted where this is considered a possible option. Where the Public Sector Pay Policy does not apply, careful consideration must be given to the appropriate regulatory and tax treatment of any sums paid. Finance Business Partners must be consulted before any payment is agreed.

### **Shared Services**

All public bodies require operational, corporate and support services – for example, procurement, payroll, HR, IT, Finance, Estates, Legal and communications. Public Bodies must ensure that they achieve value for money in the development and delivery of these functions. Plans for the provision of these services must demonstrate to the relevant Portfolio Accountable Officer that the arrangements selected are the most effective way of achieving efficient service delivery and value for money to the taxpayer and that the potential to access corporate functions through shared services or collaborative contracts and property colocation has been fully explored.

### **Public Sector Estate**

The accommodation for a new public body must balance effective service delivery with the best possible value for money. The availability of existing accommodation within the Scottish Government and wider public bodies estate should be considered first when planning accommodation for the new public body, as should the cost of recruiting, relocating and retaining staff in that accommodation. Early consultation with Scottish Procurement and Property Directorate: Property Division is essential.

**Exiting the European Union**

Proposals for new entities being created as a consequence of the United Kingdom exiting the EU will also need to follow this approval process as well as bodies that are not classified as public bodies and already in existence into the public body landscape.

## Chapter 6 – Writing the business case

Any proposal for creating a public body must be supported by a proportionate, well structured, and fully costed business case. The business case development process is key to making a decision, in terms of its scoping, options analysis and evaluation. The business case must never be perceived as simply the vehicle for gaining approval for the proposal, because the process itself is by nature an iterative one of development and policy areas should allow sufficient time for its development.

### The business case must:

- Follow HM Treasury's best practice Five Case Model<sup>1</sup> and should make the strategic case for change, the economic case, the commercial case, the financial case and the management case. The Treasury's 5 case model is the means of developing proposals in a holistic way that optimises the social/public value produced by the use of public resources.
- Include an assessment of the service or function in question.
- Clearly show that the area has explored the full range of options for delivering the service or function in question including an assessment of a long list of options, a fuller assessment of the short listed options and a full cost and benefits analysis of the final preferred option; and
- State how the body will be set up, what the governance arrangements will be.

More detailed guidance on what needs to be included in a business case proposing the creation of a new public body is below.

### Strategic case

The strategic context for the proposed entity should be set out:

- What is the current situation, including providing a picture of the overarching context?
- What is the case for change (why does the entity need to be established, and why now?), and how does this fit with/support wider policies?
- Why does the change require a public body to be set up?
- Why does the entity need to be a public body? What category of public body is proposed?
- What will be the impact of setting up/not setting up the body (current and future)? This should include any benefits and risks.
- What are the constraints and dependencies for this proposal to go ahead.

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<sup>1</sup> HM Treasury, [The Green Book: appraisal and evaluation in central government - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/362222/green-book-2016.pdf)

### **Economic Case**

Public value should be demonstrated by showing that a full assessment of alternative options was considered:

- A set of Critical Success Factors (e.g. strategic fit, objectives to be met, benefits optimisation, supply side capacity and capability, risk and achievability, affordability) for the proposal should be identified, against which the options will be measured.
- A long list of options should be identified and assessed. In addition to the preferred option, a “do nothing” option and other potential alternative delivery options should be considered (see Chapter 4). A strategic options framework should be used to identify the best shortlist; and
- Once a shortlist of options has been reached, an appraisal of costs and benefits (Cost Benefit Analysis) of the options should be carried out, to identify a preferred option.

### **Commercial Case**

The Commercial Case demonstrates that the “preferred option” will result in a viable procurement and well-structured proposal:

- It should outline the procurement and contracting implications of the preferred model.
- Where relevant, it should set out the commercial elements of the organisation (charging mechanisms, cost recovery for service provision, income generation); and
- Demonstrate that implications in terms of personnel (TUPE and COSoP) have been considered.

### **Financial Case**

This should summarise the overall affordability of the “preferred option” over the life of the investment and identify the capital and operating funding requirements:

- the financial analysis of the preferred option should demonstrate that it is affordable;
- show the incremental cost of delivery through the preferred option above that of delivering through the directorate or an existing body;
- demonstrate that appropriate contingencies have been made for risks and uncertainties;
- what the proposed cost of the proposed entity is over its expected lifespan/over the long term; and
- set out where the funding will come from.

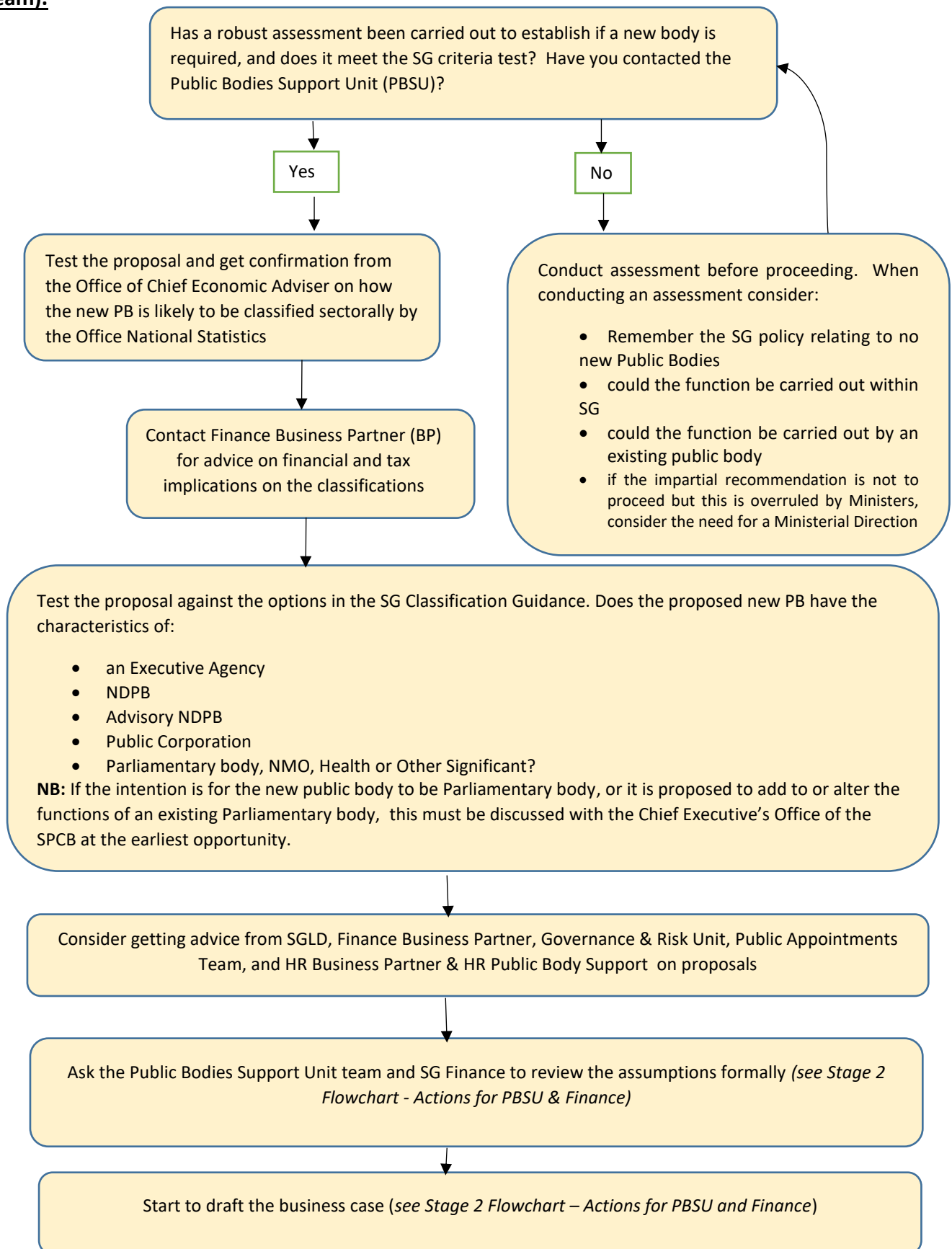
### **Management Case**

The Management Case demonstrates that the “preferred option” is capable of being delivered successfully, in accordance with recognised best practice:

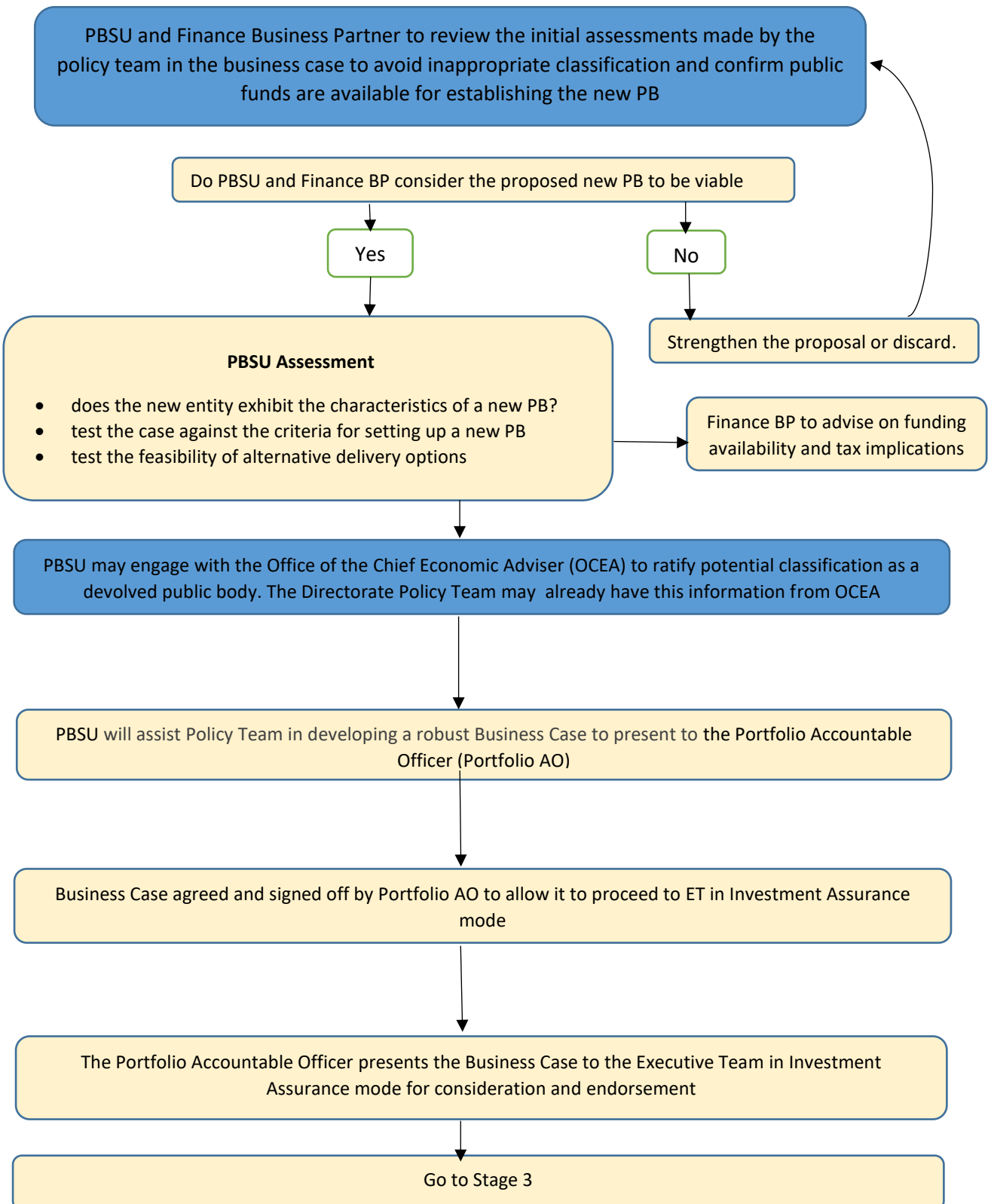
- there are proper processes and structures in place to manage its implementation;
- the governance structures between the relevant directorate and the proposed entity have been set out; and
- the governance structures for the body are described clearly.



**ANNEX A: APPROVAL PROCESS FLOWCHART - STAGE 1 (actions for SG Directorate Policy Team).**



**ANNEX A - APPROVAL PROCESS FLOWCHART - STAGE 2 (actions for Public Bodies Support Unit, Finance & Cabinet Assurance).**



**ANNEX A - APPROVAL PROCESS FLOWCHART - STAGE 3 (actions for Cabinet Assurance & approval)**

