



## SPICe briefing: Evidence session ten – Scottish Government

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### Today's meeting

Today's meeting is the tenth in a series of evidence sessions reviewing the SPCB supported bodies landscape. The Committee will hear from:

- Ivan McKee, Minister for Public Finance
- Angus Macleod, Head of Public Bodies Support Unit

The Committee has previously heard from:

30 January: The Commissioner for Ethical Standards in Public Life in Scotland and the Standards Commission for Scotland

6 February: The Scottish Public Services Ombudsman.

20 February: The Scottish Information Commissioner and the Scottish Biometrics Commissioner

27 February: The Scottish Human Rights Commissioner and the Children and Young People's Commissioner Scotland

13 March: Audit Scotland and MSPs proposing new SPCB supported bodies

20 March: Academics from the UK Parliament/University of Manchester, University of Glasgow, Reform Scotland, and Institute from Government

3 April: Clerk of the House of Representatives, New Zealand Parliament

1 May: Mental Welfare Commission for Scotland, Scottish Fiscal Commission, and HM Inspectorate of Constabulary in Scotland (HMICS)

## **Introduction**

The SPCB Supported Bodies Landscape Review Committee (SSBLRC) has been established in response to a recommendation in the Finance and Public Administration Committee's (FPAC) report on [Scotland's Commissioner Landscape: A Strategic Approach](#). The Committee called for a review of the SPCB supported bodies, drawing on the evidence and conclusions set out in its report, and that the review should be carried out by a dedicated Parliamentary committee.

The report was debated on 31 October 2024, and the Parliament agreed:

- to the creation of a dedicated committee,
- that it should complete its work by June 2025, and
- “there should be a moratorium on creating any new SPCB supported bodies, or expanding the remit of existing bodies, while recognising that, for proposals within bills that have already been introduced, these are now for the Parliament to take a decision on, respecting the lead committees' roles in scrutinising legislation within their remits.”.

Additional background information can be found in the [SPICe briefing](#) from the meeting held on 30 January.

## **Theme 1: Creation of Public Bodies**

The Committee has explored the creation of SPCB supported bodies as part of the review. SPCB supported bodies sit within the wider public body landscape, which includes non-SPCB supported bodies. An understanding of the overall process for creating new public bodies is therefore helpful when considering decisions to create them as SPCB supported bodies? The [Deputy First Minister's letter to the Finance and Public Administration Committee](#) on 7 March 2024 sets out more information on the Scottish Government's Ministerial Control Framework (MCF), which aims to ensure evidence-based and cost-effective decision-making in the establishment of new public bodies amid significant pressure on public spending. The MCF, which applies where a proposal or consideration for a new body comes from within Government, is guided by three key principles:

1. “Scottish Government’s policy is that any new public body should only be set up as a last resort.
2. When consideration of all other delivery mechanisms has been exhausted, that the approval process for setting up a new public body through the Ministerial Control Framework must be followed.
3. Approval for setting up a new public body must be sought formally from Cabinet before any decision, or announcement is made.”

In his [letter to the Finance and Public Administration Committee](#) on the Scottish Government’s wider public service reform programme dated 23 September 2024, Ivan McKee, the Minister for Public Finance, provided a copy of the draft MCF. He explained that “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.” Responding to a request from the FPAC, the Scottish Government confirmed in a [letter dated 4 December 2024](#) that it will delay finalising the MCF to accommodate any recommendations from the SSBLRC’s review of the Commissioner landscape.

The [draft MCF](#), provided by Minister for Public Finance also states that a new public body should only be taken forward if the proposal meets the following Scottish Government criteria test:

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 be funded from the Scottish budget?
7. Will the public body report directly to Scottish Ministers or the Scottish Parliament?”

The [written submission](#) from the Scottish Government Public Bodies Support Unit also explains the process of using the MCF:

1. “Work on proposals is undertaken by Project Teams within the relevant Portfolio. The Public Bodies Support Unit (PBSU) and other relevant policy colleagues offer guidance and support.
2. Once all alternative service delivery options have been explored and ruled out, Project Teams prepare an outline business case recommending the

establishment of a new public body. This is reviewed by PBSU and Finance Business Partners ahead of a further review by the SG Senior Executive Team. The business case is then submitted to Cabinet to make a final decision.

3. Once approved by Cabinet, the MCF process is complete. The Project Team then goes about establishing the new public body following the Guidance on the Establishment of New Public Bodies. PBSU and other relevant policy colleagues offer guidance and support throughout the process. There is also a network of Project Teams that share their experience with each other.”

The submission from the Scottish Government Public Bodies Unit also states that the MCF guidance strongly encourages that where there is the potential creation of a new SPCB supported body, the “merits of that decision must be discussed with the Chief Executive’s office of the SPCB at the earliest opportunity”.

The Committee has previously heard evidence suggesting that SPCB-supported bodies are proposed when independence from the Scottish Government is considered to be a primary requirement.

However, the Committee has also explored how public bodies that are not SPCB supported are able to achieve the required independence from Government and how this works in practice.

The Scottish Fiscal Commission detailed that its enabling legislation allows for the Commission to remain independent despite not being an SPCB supported body. Section 9 of the enabling Act states “The Commission cannot be directed or controlled by any member of the Scottish Government in relation to the performance of its functions. This safeguards the operational independence of the Commission, which is to be free to determine how it fulfils its functions.” John Ireland, Chief Executive, told the Committee that other safeguards in relation to its independence include a framework document with the Scottish Government, the requirement for a five-year independent review, and its relationship with the Scottish Parliament.

Julie Paterson, Chief Executive Officer, Mental Welfare Commission for Scotland also argued that the framework document which sets out the relationship between the Scottish Government and the public body is more useful for understanding the body’s independence of Government than the classification system (i.e. Health Body, Non Ministerial Office etc).

Of the current and proposed SPCB-supported bodies, the following were/are Government Bills:

- Commissioner for Ethical Standards in Public Life in Scotland
- Scottish Biometrics Commissioner
- Scottish Human Rights Commission
- Scottish Information Commissioner
- Scottish Public Services Ombudsman

- Standards Commission for Scotland
- Patient Safety Commissioner
- Victims and Witnesses Commissioner (Stage 3)

The submission from the Public Bodies Unit also states “Any preference of the Scottish Government (SG) to establish a new Parliamentary Commissioner would be determined by necessity after all other alternative service delivery options had been explored and discounted. The MCF requires this for all newly proposed public bodies.”

## Public Service Reform

This review of the SPCB supported body landscape is being undertaken against the backdrop of wider public service reform in Scotland. This has been a focus of the Scottish Government following the [Christie Commission report in 2011](#) which highlighted the need for “a radical change in the design and delivery of public services” and a shift of resource from tackling symptoms to prevention. In response to the Christie Commission report, the Scottish Government published, [Renewing Scotland's public services: priorities for reform in response to the Christie Commission](#) in 2011 and in 2013 [The three-step improvement framework for Scotland's public services](#). In 2015 the Scottish Government introduced the [Community Empowerment \(Scotland\) Act 2015](#) “to strengthen the voices of communities in the decisions that matter to them.”

More recently, following his appointment as Minister for Public Finance, Ivan McKee issued a letter on 20 May 2024 setting out his responsibility for Public Service Reform. He highlights the following opportunities for reform:

- “how we secure more effective spend across public bodies and across portfolios, including through Scottish Government’s Single Scottish Estate and Shared Services programmes
- how we leverage collective expertise to maximise effectiveness of expenditure, through the use of collaborative procurement frameworks and cost effective implementation of digital technologies
- opportunities to shift resources to front-line services through review of the public bodies landscape, sharing of back-office functions, removal of duplication and measurement of front-line to back-office spend ratios
- that public bodies are implementing ‘best practice’ and driving Continuous Improvement, including implementation of standardised assessments of organisational effectiveness and performance
- productivity improvements, including as a first step ensuring that appropriate productivity measures and productivity improvement plans and targets are in place
- reformed digital public services, including through reuse of digital components and infrastructure to increase the pace of change and reduce cost

- optimal deployment of the workforce, within and across public bodies
- improved data on spend within public bodies on estates, IT, back-office costs, procurement and administration of grants (including how the new benchmarking tool can help)”

In his [letter to FPAC of 23 September 2024](#), the Minister sets out the “characteristics of a reformed system”, including amongst other things that “the public service landscape is the right size and composition” and “communities influence the public service landscape”. He further states that “the near-term activity of the public service reform 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”.

The Minister for Public Finance was [quoted by the BBC on 17 February 2025](#) stating that “some work has happened on that but we need to do more of that at scale across the system” when speaking about the recommendations the 2011 Christie Report.

A recent change has been the recent [The Public Services Reform \(Scotland\) Act 2010 \(Part 2 Further Extension\) Order 2025](#) which came into force on 28 March 2025. This Order provides Ministers with order-making powers in ways that are more streamlined and flexible than primary legislation would require. The [policy note](#) explains that Ministers are now able “to add, remove or change the functions of public bodies to improve their efficiency, effectiveness and economy (section 14); and to reduce or remove burdens for any person resulting from legislation (section 17).”

## **Theme 2: Accountability and Scrutiny of Public Bodies**

### **SPCB Supported Public Bodies**

The Committee has been exploring the existing accountability and scrutiny arrangements of the current SPCB supported bodies.

Previous evidence gathered by the Committee suggests the following improvements to scrutiny:

- Committee scrutiny sessions should be held with the relevant officeholder annually as a minimum.
- Committee scrutiny sessions should be scheduled in the period between November and March each year, after the relevant annual reports and accounts have been laid.
- The SPCB should hear from SPCB supported bodies twice annually.
- One of those SPCB sessions should be exclusively on budgets and should be sequenced after the submission of the budget bid for the following year.
- There should be a separate committee for committee scrutiny of how SPCB supported bodies are fulfilling their functions.

## Scottish Government Supported Public Bodies

The Scottish Government is responsible for oversight of the systems of governance and assurance for public bodies. It does this in part, through the [framework document](#) required for all public bodies for which it has oversight, which includes the roles and responsibilities of the organisation, the Scottish Ministers and the sponsor teams.

Additionally, [the Scottish Government supports public bodies](#) through:

- “maintaining a [national directory of public bodies](#)
- providing [advice and guidance](#) for public bodies on governance, compliance, collaboration and establishment
- offering [support for new board members](#)
- appointing a diverse and effective public bodies workforce through open and transparent [public appointments](#)
- helping public bodies to work with other organisations to [improve public services](#).”

The [Scottish Public Finance Manual \(SPFM\)](#) sets out the lines of accountability for public bodies.

Of the 131 public bodies listed in the [Scottish Government public body directory](#),<sup>13</sup> hold the title commission or commissioner and are not SPCB supported bodies, including the Scottish Fiscal Commission, Mental Welfare Commission, and the Crofting Commission. Most of these bodies are Non-Departmental Public Bodies (NDPBs). The [written submission](#) from the Public Bodies Unit explains the accountability arrangements of NDPBs:

“NDPBs are directly accountable to Ministers, and through Ministers to Parliament. The Chief Executive, or Commissioner as they may be referred to in this case, is designated as the Accountable Officer responsible for the use of resources. However, Ministers remain accountable to the Parliament for the allocation of public funds.

A Board holds the Chief Executive to account and the relationship between Ministers, SG and the NDPB is set out in the relevant legislation and the Framework Document. For NDPBs this relationship is managed through sponsorship arrangements.”

## Theme 3: Auditing of Public Bodies

### Public Body Audits

Audit Scotland’s work is primarily focused around financial and performance audits of public bodies and the management of public services, policies and major projects. Audit Services Group within Audit Scotland [conducts the audits of around 120 public sector bodies](#) in Scotland.



[The Auditor General and Accounts Commission appoint](#) Audit Scotland staff in the Audit Services Group to undertake most of the annual audits of public bodies across Scotland. They appoint private firms to carry out the remaining annual audits.

Audits include:

- an annual audit plan
- an interim report
- an annual audit report
- any other reports specified in the audit plan.

All audit outputs are published online “unless there is good reason not to” and final versions are published after they have been considered by “relevant committees in audited bodies and after the laying of certain accounts in Parliament”.

In the Committee’s [evidence session held on 1 May 2025](#) with non-SPCB supported bodies witnesses discussed their audit processes. Whilst the Scottish Fiscal Commission and the Mental Welfare Commission are externally audited by Audit Scotland or an appointed private company, HMICS does not undergo a separate external audit but rather is part of the wider Scottish Government Consolidated Accounts audit. The Scottish Fiscal Commission stated that their external audit is proportionate and does add value. However, it described the Scottish Government’s internal audit process as varying over time in terms of quality and sometimes being “less good”.

## **SPCB Supported Bodies Audits**

SPCB supported bodies are subject to both internal and external audits. Internal audits cover the internal control system and are intended to ensure they are adequate and effective. They should comply with the standards contained in the [Public Sector Internal Audit Standards](#) and the [Internal Audit](#) section of the Scottish Public Finance Manual.

External audits of SPCB supported bodies are delivered by Audit Scotland with the purpose of examining, certifying and reporting on each statement of accounts.

The current high-level framework for annual external audits is set out in the [Code of Audit Practice \(2021\)](#) approved by the Auditor General and the Accounts Commission. It sets out the responsibilities, principles and scope, the integrated approach and the responsibilities and statutory duties of the auditors.

The written submission from the Auditor General for Scotland (AGS) explains:

“An annual audit report is published about each SPCB supported body. The audits of these bodies are carried out under the same auditing standards as any other public sector body, with a focus on governance and financial statements, particularly compliance with relevant regulations and standards.



The current SPCB supported bodies are all categorised as '[less complex bodies](#)' and the scope of the wider audit work for these may focus on review of the Annual Governance Statement, the financial sustainability of the body and the services that they deliver over the medium to longer term. Annual audit reports may also offer high-level commentary on, for example, financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes."

When deciding to adopt an audit approach for a less complex body auditors are required to consider whether there are any audit risks or particular risks to the entity or public interest matters which would make it inappropriate to consider it a less complex body.

In evidence with SPCB supported bodies, several themes were discussed in relation to the current model of audit. These included:

- Rosemary Agnew, Scottish Public Service Ombudsman (SPSO) suggested the fees for audits are disproportionate to the accounts and budgets.
- Nicola Killean, Children and Young People's Commissioner Scotland stated that recommendations provided during the audit can be generic.
- David Hamilton, Scottish Information Commissioner shared that the work required from smaller organisations for an audit is disproportionate compared to audits on larger organisations.

More information on SPCB supported body audits can be found [in the briefing for the 13 March 2025 Evidence Session with Audit Scotland](#).

## **Theme 4: Shared Services**

The Committee has been taking evidence on the current, and potential future, arrangements for shared services for SPCB supported bodies. This can include shared accommodation, as well as shared services such as HR and finance systems.

Of the current SPCB supported bodies, the majority are currently based at Bridgeside House. In previous evidence sessions witnesses gave evidence in support of the shared services at Bridgeside house:

- The [Scottish Public Service Ombudsman](#) highlighted that this arrangement is positive in efficiency terms as it creates savings through running one site instead of four.
- The [Scottish Public Service Ombudsman](#) also highlighted the benefit it brings to smaller SPCB supported bodies such as the Scottish Biometrics Commissioner, that now benefits from higher quality services including financial processing, HR, ICT support and facilities management services. The Scottish Biometrics Commissioner re-iterated these points in its written submission, describing its function as "intentionally 'lean by design'".

- The [Scottish Biometrics Commissioner](#) also suggested examining the potential of shared services outwith the SPCB supported officeholders to wider sector-specific shared-services opportunities including with the independent officeholders supported by Scottish Government.
- The [Scottish Information Commissioner suggested](#) increased co-habitation between public authorities: "I would be keen to explore opportunities to share space, and I have made the offer to the corporate body to do so. If the change were forced upon me, I would look at options to share with other public authorities. For example, Fife Council has a footprint in north-east Fife that we would explore using."

The Committee has also explored different models including a 'hub and spoke model' proposed by the Biometrics Commissioner. This model entails certain core services, HR, finance, and facilities management, being provided by a central office whilst the SPCB supported bodies maintain their independence related to their functions.

In the [evidence session held by the Committee on 1 May 2025](#) with non-SPCB supported bodies witnesses gave evidence on their shared services arrangements with the Scottish Government. These included being co-located as a tenant within public sector estate buildings and use of the SCOTS IT service, and HR. Witnesses had varied views on the efficiency of these arrangements.

- HM Inspectorate of Constabulary in Scotland (HMICS): Questioned whether shared services produced the best value for his small organisation and whether being within the Scottish Government system gave the impression of the HMICS being part of the civil service when it is independent.
- Scottish Fiscal Commission: Found the shared services to be largely beneficial. Stated that they are located in a public sector estate building but in a completely separate building to the Scottish Government order to maintain their independence.

## Single Scottish Estate Programme

In the Programme for Government 2023-24 the Scottish Government committed to delivering a more efficient approach to public sector property management, minimising costs and maximising best value. This approach, [The Single Scottish Estate Programme](#), is part of the Scottish Government's wider public service reform programme overseen by the Minister for Public Finance, Mr McKee.

The Scottish Government sets out that the Single Scottish Estate Programme will:

- "support 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 and release surplus space
- take a location-based approach to identify opportunities for short, medium and longer-term improvements and will align with the review of public services and our collective duty to deliver Net Zero commitments

- support public bodies to work collaboratively to achieve improvements in property data for strategic planning, location-based reviews, setting short, medium and longer-term property KPIs and actions, working across silos and organisational boundaries
- minimise costs and footprint whilst supporting efficient business delivery and enabling bodies to step towards a net zero estate with fresh guidance and policies and a strong stakeholder engagement plan
- deliver expert advice and lead pathfinder solutions as the programme builds on existing work to innovate, transform and improve the Scottish public sector estate.”

Recently, on 19 February 2025, the Scottish Government published the [Property controls: guidance for public bodies](#) as part of this programme. In his Ministerial Introduction, Mr. McKee, Minister for Public Finance states:

“We are working in collaboration and co-operation with our partners across the Scottish public sector to ensure efficient use of existing buildings. Careful strategic asset planning and best practice estate optimisation, supported by these new property controls, will help us deliver the best possible services to the public where needed and when required.”

**Kelly Eagle, Senior Researcher, SPICe Research  
May 2025**

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