

Finance and Public Administration Committee

11th Meeting, 2023 (Session 6), Tuesday 25 April 2023

Inquiry into effective Scottish Government decision-making

Purpose

1. The Committee is invited to take evidence as part of its inquiry into Public Administration – effective Scottish Government decision-making, from:

- Dr Helen Foster, Ulster University;
- Alex Thomas, Programme Director, Institute for Government.

and then from

- Sandy Begbie CBE, Chief Financial Officer, Scottish Financial Enterprise¹ and
- Paul Sheerin, Chief Executive Officer and Rebecca Rigg, Commercial Director, Scottish Engineering.

2. The submission from Dr Helen Foster and a summary of relevant work from the Institute of Government are set out in Annexe A.

3. In relation to Panel 2 members are invited to discuss key aspects of the decision-making process within the Financial and Engineering sectors as well as in relation to Scottish Government decision-making. A submission from Scottish Engineering is contained in Annexe B.

Public Administration – effective Scottish Government decision-making

4. On 6 December 2022 the Finance and Public Administration Committee launched its [inquiry into effective Scottish Government decision-making](#), which seeks to explore the following issues:

- Transparency of the current approach;
- Good practice in decision-making;

¹ The [website for SFC](#) explains that it is the representative body for Scotland's financial services industry. "On behalf of our members, we advocate for a stronger, more inclusive and sustainable financial and related professional services industry that can play its part in solving the big challenges of our time, both locally and globally."

- Roles and structure;
- Process and scrutiny;
- Information and analysis;
- Recording and reviewing decision-making.

5. The Committee issued a call for views and [received 28 submissions](#) and SPICe has produced a [summary of that evidence](#). The Committee also appointed Professor Paul Cairney as an Adviser to provide support to its inquiry, which included producing a research paper on decision-making within the UK and internationally, including by Government.

Adviser Research

6. Professor Cairney gave evidence to the Committee on his research paper, [What is effective Government?](#) at the Committee meeting on [14 March](#). This research paper highlights that key to understanding effective Scottish Government decision-making is understanding what effective Government is. It also notes that, while Governments may set out broad principles to describe this, those principles may be contradictory in practice.

7. Professor Cairney describes the different approaches taken to effective Government, including the Scottish Government's approach (or 'narrative'). He highlights the broad lessons to be learned from other Government narratives in the UK, Wales and New Zealand – "In each case, learning *what governments would like to do* is only useful when we learn *what they actually do*." Throughout his paper, Professor Cairney highlights key messages and questions for the Committee to consider as part of its inquiry.

Committee inquiry: oral evidence

8. At its meeting [on 28 March](#) the Committee took evidence from Audit Scotland, Carnegie UK and the Fraser of Allander Institute. A range of issues were discussed including:

- the importance of clarity of purpose at the start of policy development and clarity over what is to be achieved (without which value for money assessments can be hard to make);
- Governments can be good at being accountable for some particular targets and outcomes (which can in turn incentivise good or bad culture and behaviour) but less so when it comes to how the decision was arrived at;
- good decision-making processes exist in Government but capacity issues and speed of decision making makes prioritisation and following those processes challenging. It also favours decision-making focussed on firefighting rather than addressing longer term challenges and squeezes the time for data analysis and identification of data gaps at the start of policy development.
- cross-cutting issues need collective accountability, which is challenging to deliver especially when different departments are at different stages of the journey in policy development. Whilst different processes between policy

areas may be reasonable, there is a need for an overall framework in which challenge happens (on a proportionate basis).

- in relation to transparency there is a difference between ‘discourse’ and recording the outcome and why. Greater transparency is needed over the risks faced at the start of policy development. Record-keeping works well when it is integrated into the process.

9. At its meeting on 18 April the Committee explored the New Zealand approach to policy making with Diane Owenga from the Policy Project. The Policy Project seeks to build “a high performing policy system that supports and enables good government decision making”. Its focus is on policy development and advice rather than implementation and delivery. The Committee discussed the three frameworks - The [Policy Quality Framework](#), the [Policy Skills Framework](#) and the [Policy Capability Framework](#) used to foster improvement across all relevant organisations.

10. The Committee heard that the New Zealand’s Public Service Act 2020 was necessary in order to provide more mechanisms to facilitate effective working across departments and to tackle silo working. It also gave power to individual agencies to, at least once every three years, provide longer term Insights briefing on trends, risks and opportunities that may affect New Zealand, independently of Ministers. Although there has been an increase in external engagement during early policy development and through the process for developing longer term Insight briefings, it remains a challenge to enable greater engagement with those in more marginalised communities.

11. The quality of policy advice by civil servants is measured across the New Zealand public service using the same approach including 1) assessment by a panel of a sample of policy advice papers and 2) Ministerial policy satisfaction surveys which enable feedback to be provided. Of greater importance and value are the overall trends and supporting continuous improvement arising from these measurements rather than necessarily individual scores. This approach has raised the profile and value of improving policy advice as well as encouraging greater learning from best practice between policy areas. As part of a longer term move towards greater transparency, Cabinet Papers are proactively published within 30 business days of the final decision being taken by Cabinet, unless there is good reason not to publish all or some of the material.

Engagement

12. The Committee has also undertaken engagement with former Ministers, former special advisers, former civil servants and current civil servants. Summary notes from the discussions on [28 February](#), [14 March](#), [16 March](#) and [21 March](#) have been published.

Next steps

13. The Committee will continue to hear evidence from witnesses at its meetings on 2, 9 and 16 May.

Committee Clerking Team
April 2023

Submission from Dr Helen Foster, Ulster University

What are key methodologies, processes and principles that should underpin an effective decision-making process in Government?

The policy arena has been described as complex, contradictory and full of tension (Keevers et al, 2008) and is influenced by contextual factors, including the constitutional environment, culture, economy and political styles. One size does not fit all, and the unique characteristics of the Scottish Parliament will determine the best approach. The Scottish Parliament was established as an opportunity to enter an era of “new politics” characterized by government by consensus, cross-cutting aims and outcomes-based measures of success (Cairney et al 2006). When discussing environmental policy Kirsop-Taylor (2020) states that when given discretion the devolved nations have developed policy that reflected their “unique national policy character and identity”.

The policy cycle (Goodin et al, 2006) comprises a number of distinct phases involving different players:

- Problem identification
- Agenda setting
- Consideration of potential actions
- Implementation
- Evaluation

Ideally, lessons learnt from this cycle should inform future policy making. As we can see the start of the policy making process is problem identification. Information of issues requiring policy consideration may come from a range of sources, including members of parliament, the public and the media. Policy making needs to consider the views of those diverse groups impacted by policy decisions (Exley 2021) operationalizing OECD 2009 principles.

The Scottish Parliament has been recognised as particularly active in reaching out to get public engagement in policy, with Carney (2017) arguing that the Scottish approach to policy making is built on high levels of consultation with stakeholders and a willingness to form partnerships with local policy makers. However, Bevan (2021) argues that media attention may be a stronger driver in Scotland than the majority of government agendas in other countries.

The views of others, including experts, must also be taken on board. As Jill Rutter (2022) explained, the unforeseen consequence of the Truss-Kwarteng partnership

sidelining of the Bank of England and the Office for Budget Responsibility when planning their fiscal event has been to make these institutions “more important and untouchable than they would have been before the Truss-Kwarteng interlude”.

A question which must be asked at this stage is: is the issue within the competency of the parliament? Like the other devolved administrations of the UK the remit of the Scottish Parliament is a limited one, set out in statute (Bevan, 2021). His research demonstrates that Scottish policy making extends to areas which are technically non-devolved.

Having set the agenda, at the consideration of potential actions stage, decisions are made. Weible et al (2020) consider that it is not only the new policies and their effects that needs to be considered in any scenario, but also the effects of doing nothing -“non-decisions”.

Civil servants advise and ministers decide is a commonly held view. However, Bevan (2021) argues that modern bureaucracies (civil servants) are in practice far more independent than theory suggests and have a degree of capacity for some independent agenda building.

Developing policy is one aspect, but policy is not self-enacting. Implementation shapes how policy takes place on the ground (Weible et al 2020). There should be some overlap of personnel between policy making and implementation. This should focus attention at the policy development stage on whether plans for delivery are realistic (Sasse and Thomas 2022). It also reduces the opportunities to pass responsibility from one team to another.

Evaluation tends to take place after a relatively short period, while longer term evaluation is generally needed as the outcomes of many policies are not apparent until a number of years after adoption. Furthermore, where evaluation is concerned Cairney (2017) argues that the process may be distorted by using evidence selectively, to champion those policies which are intended to be rolled out further.

References

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What are the capabilities and skills necessary for civil servants to support effective decision making, and in what ways could these be developed further?

Much depends on the skills of both the politicians and civil servants when developing and implementing policy. The skills required of politicians include the ability to clearly articulate what it is they want to achieve. They also need to be able to bring people with them and to compromise. Officials need to have in depth knowledge of the policy area. Project management skills are a key requirement in policy development and implementation. Expertise may be required from stakeholders such as local government and public bodies. Meer (2020) when discussing race equality policy making states that much relies on civil servant capacity building and policy learning. Moreover, Rutter (2022) argues that as policy professionals who know how to translate ideas into action civil servants add more value than those from outside. Churn among civil servants is an issue across the civil service in both Whitehall and across the devolved administrations, which is encouraged for the development of generalist civil servants. This mitigates against the development of in-depth expertise. Researchers have also commented adversely about churn among politicians where short postings may result in little opportunity to build up expertise and networks in a policy area.

References

Meer, N. (2020) Race equality policy making in a devolved context: Assessing the opportunities and obstacles for a “Scottish Approach”, *Journal of Social Policy* 49 (2). p 233-250

Rutter, J. (2022) *ibid*

What are the behaviours and culture that promote effective decision-making?

Politics is about the choice of one set of values above another (Easton 1965). Therefore, the participants in the policy process need to share values and belief, as where there are competing agendas jockeying for position key arguments can be fragmented (Meer 2020). Sasse and Thomas (2022) argue that policy making is messy, often without a single right answer and the most important factor is having a minister with good judgment and a good idea of what they want to achieve. The ability to build consensus and compromise is also required.

In many instances there is a fine line between policy development and implementation, with ministers responsible for policy and civil servants responsible for implementation. However, the lines may be blurred, when one asks where policy ends, and implementation starts. The Institute for Government has argued that clearer dividing lines need to be drawn between ministers and civil servants and that this would be achieved by putting the civil service on a statutory basis which included a new duty to serve the public interest as well as the government of the day (Rutter 2022). This theme is supported by Gordon Brown in his Commission on the UK's Future document for Labour.

Sasse and Thomas (2022) reviewed policy making at Westminster and identified a number of problem areas. It is likely that these issues may also be evident in Scotland:

1. Short-termism
2. A lack of policy knowledge
3. Poor implementation
4. Poor cross-government working
5. Parochialism

It follows that taking a longer-term view; excellent policy knowledge; excellent implementation; good cross-government working, and a broader outlook are requirements for effective decision making. We cannot attribute short-termism to politicians alone, who are often accused of only looking as far as the next election. Wilkes and Westlake (2014) argue that the funding structure in place encourages short-termism when a long-term approach to policy would be more productive. Sasse and Thomas (2022) go on to argue that stronger accountability for policy

advice, decisions and outcomes is needed to improve the effectiveness of government policy making.

Increased accountability is required of both ministers and officials. Ministers must set clear policy objectives and create a questioning environment and be more accountable for the decisions they make, while officials must be held accountable for the advice they give. Sasse and Thomas (2022) argue that current accountability is too weak and reduces the incentives to make good policy. They suggest that outcomes need to be considered in the longer term. They further argue that there needs to be two lines of defense for good policy making- quality control by the civil service itself and scrutiny by the minister who receives its advice.

References

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Rutter (2022) ibid

Sasse, T and Thomas, A. (2022) ibid.

Wilkes, G. and Westlake, S. (2014) The end of the Treasury. Nesta. Available at [www.Nesta.org.uk/documents/end of treasury.pdf](http://www.Nesta.org.uk/documents/end%20of%20treasury.pdf) [accessed 30 January 2023]

What is best practice in relation to what information is recorded, by whom and how should it be used to support effective decision-making?

There is no evidence to suggest that a central repository of experiences exists upon which policy makers can draw. This leads to policy reinvention and the same mistakes been made again. There is a growing tendency for ministers to have unrecorded meetings without civil servants being present or notes taken (Durrant et al. 2022). Inquiries undertaken by the PAC have provided evidence of the inadequacy of an audit trail, for example, the Westminster committee inquiry into the award of Covid contracts to Randox and the Northern Ireland committee inquiry into Renewable Heat Incentives. Transparency is good in itself, but Rutter (2022) argues that greater transparency would force the civil service to improve the quality of the policy advice it gives. Moreover, transparency and accountability function together (Harrison and Sayogo 2014).

The advice given and a justification for the decisions taken should be recorded, and published retrospectively as in New Zealand (Rutter, 2022).

References

Durrant, T, Lilly, A and Tingay, P. (2022) Whatsapp in government: How ministers and officials should use messaging apps- and how they shouldn't. London: Institute for Government

Harrison, T and Sayogo, DS (2014) Transparency, participation and accountability practices in open government: A comparative study. *Government Information Quarterly*. 31. P513-525.

Rutter (2022) *ibid*

Background on the Institute for Government

The Institute for Government (IfG) describes itself as the UK's leading independent think tank working to make government more effective. It is non-partisan and explains that through in-depth analysis, expert commentary and influential public events it explores how government works – and how it can work better.

To that end it has published a number of reports which are relevant to the Committee's inquiry into effective Scottish Government decision-making. In March 2022 its [Better Policy Making](#) paper the IfG identify 5 main problems that have restricted the ability of successive elected administrations to address the big issues the country faces:

- short terminism
- lack of policy knowledge
- poor implementation
- poor cross-government working
- Whitehall parochialism

They argue that stronger accountability for policy advice, decisions and outcomes, more transparency about the evidence and analysis used to make decisions, more diverse and expert civil service teams, and a strengthened Cabinet Office – to agree the government's policy programme and hold departments to account – would improve the effectiveness of government policy making in the UK.

In its paper, [A new statutory role for the civil service](#), the IfG argues that the civil service urgently needs a new statutory role to clarify its purpose, reinforce its standing, enhance its accountability, and to strengthen the partnership between ministers and civil servants upon which government depends. This they contend would address the civil service's lack of clear identity, and defined responsibilities, which is one of the obstacles to the UK government becoming more effective – “A new statutory role would define accountability within the civil service, and between ministers and officials, avoid unnecessary mistakes, blame games, improve long-term planning and help governments better learn important lessons.” In addition, a more authoritative and confidence civil service, giving better policy advice and operationalising it more effectively, while also being held to account more robustly, would benefit government in the UK.

The IfG has also researched decision making in reality such as on early UK government pandemic decisions, reporting in September 2020 on [Decision making in a crisis: first responses to the coronavirus pandemic](#). Its paper in March 2021 on [responding to shocks](#), highlights 10 lessons that government should learn from its handling of the Covid crisis which it groups into three broad areas:

- Anticipating shocks: risk analysis and preparedness
- The mechanics of government: policy, operations and communication
- Checks and balances: accountability, propriety and effective scrutiny

[Behavioural Government: Using behavioural science to improve how governments make decisions](#) was published in 2018 and explores how elected and unelected government officials can be influenced by their own biases and how these can be addressed or mitigated. To do this, it focuses on three core activities of policymaking:

- noticing - how information and ideas enter the agenda for policymakers,
- deliberating - how policy ideas are discussed and developed by governments (including that evidence shows that group discussions can actually make some decision biases worse), and
- executing - how policy intentions are translated into actions with a common theme arising that people tend to be overconfident in their judgements.

In 2016 the IfG published a paper on [Making policy stick: Tackling long-term challenges in government](#) in which it looked at four cases studies where the policy had endured and had achieved what it set out to achieve to identify what lessons could be learned.

In its report on [Show your workings: Assessing how government uses evidence to make policy](#) the IFG explored if it was possible to develop a rapid assessment tool to rate government departments on their use of evidence in policy decisions. That resulted in a [Evidence transparency framework](#) which was then used [in 2016](#) and again [in 2018](#) to assess UK Government departments. In 2016 the report found that “the public and researchers would struggle to follow the government’s reasoning, with standards of transparency varying widely between and within departments.” In 2018 a general improvement was found since the 2016’s report albeit there was considerable variation between departments but more consistency within departments.

In 2014 the IfG report on [Lessons from four case studies of policy implementation](#) in which it considered why policies that seemed good in principle struggled when govts tried to make them work.

In 2011 it published three reports on policy making:

- [Policy Making in the Real World](#) looked at how the theory of policy making in government has worked out in practice based on practice over the previous 14 years
- [System Stewardship: The future of policy making?](#) in which the IfG argues policy makers need to see themselves as stewards of systems with multiple actors and decision makers; and
- [Making policy better: Improving Whitehall's core business](#) where the IfG proposes a series of changes to embed better policy making into the system (including a public statement by each department on how they will meet a set of new “policy fundamentals” and a new responsibility for the permanent secretary to ensure that ‘good policy process’ has been followed).

1. What are key methodologies, processes and principles that should underpin an effective decision-making process in Government?
 - Efficiency
 - Transparency
 - Collaboration and consultation with industry, trade bodies, stakeholders etc
 - Clear and Consistent Communication
 - Good Governance

2. What are the capabilities and skills necessary for civil servants to support effective decision making, and in what ways could these be developed further?
 - Civil servants should be impartial, act with integrity and honesty, and use objective measures to evaluate and support decisions. They should be able to remain calm in times of disagreement, applying logical thinking and the ability to critically review information.

3. What are the behaviours and culture that promote effective decision-making?
 - Starting with an open mind, willing to consider all relevant input before approaching decisions.
 - Genuine listening and consideration as consultation with stakeholders, avoiding tick box processes.
 - Rational approach, after weighing up all options and considering the impact of each.

4. What is best practice in relation to what information is recorded, by whom and how should it be used to support effective decision-making?
 - There should be a clear and transparent guideline outlining the systems capturing:
 - Objective and subjective evidence considered as part of the decision making process
 - Stakeholders consulted as part of the decision making process
 - Evaluation of identified options and logic leading to final decision



5. What does effective decision-making by the Scottish Government 'look like' and how should it learn from what has worked well and not so well? Please share any best practice examples.

- Worked well: Aerospace Response Group as a response to the significant pandemic impact on Scotland's aerospace sector
- Not worked well: Reaction to the current skills crisis and the time critical requirement to address

6. To what extent should there be similarities or differences in the process for decision-making across the Scottish Government?

- The guidance and principles identified and agreed should be consistent across Scottish Government.

7. What role should 'critical challenge' have in Government decision-making, when should it be used in the process and who should provide it?

- Critical challenge is essential to good decision making and should come from stakeholders with relevant skills and expertise. Its absence would indicate absence of diversity of thought leading to decisions made without considering all options.

8. What is considered to be the most appropriate way of taking account of risk as part of effective Government decision-making?

- Risks should be identified and costed as part of the decision-making process.

9. How can transparency of the decision-making process be improved?

- Not sure we know how decision-making processes are shared today.

10. How can decisions by the Scottish Government be more effectively communicated with stakeholders?

- Significant editing to summarise in shorter, more readable (and therefore more read) communications.

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