

Fixing Broken Government

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Our
Scottish Future



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Professor Jim Gallagher has had a long and distinguished career as one of the country's leading authorities on devolution. He has been head of the Scottish Justice Department, private secretary to two Secretaries of State for Scotland and twice a member of the No 10 Policy Unit. In 2007, he was the UK Government's most senior official advising on devolution and the constitution. He is a visiting professor at Glasgow University and an honorary professor at the University of St Andrews. He was a Fellow then Associate Member of Nuffield College, Oxford and is a Fellow of the Royal Society of Edinburgh.

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Contents

Fixing Broken Government	2
How well is government in Scotland doing?	5
Fixing Broken Government: What we heard	16
Fixing Broken Government: Why are we in this state?	26
Fixing Broken Government: What is to be done?	37

Fixing Broken Government

"Something is seriously wrong with ... government in Scotland. It is not that services have stopped functioning. The trouble is not so obvious as that. It is rather that the ... government system as a whole is not working properly – it is not doing the job that it ought to be doing."

This was the verdict of the Wheatley Commission on Scottish local government in 1969.

Today it is even more apt for devolved government in Scotland. Something is broken, and needs to be fixed. Economic stagnation, social inequality and poor health and educational outcomes all tell their own story. Scotland is doing worse than the rest of the UK on these vitally important measures. Indeed after 18 years in government, most of the outcomes which the SNP wished to improve are staying the same or getting worse. The evidence of this report is of a government which is focused on announcing, not achieving, on publishing multiple plans and strategies, but failing to implement them - on saying, but not on doing.

Public services are unreformed and unmodernised, and a long series of short-term financial decisions means the Scottish Government faces a looming financial crisis, despite having much higher public spending than the rest of the UK. Numerous Audit Scotland and Fiscal Commission reports, expressing increasingly high levels of concern, bear this out. Failed high profile projects such as can and bottle return, gender recognition reform, or the ferries fiasco graphically illustrate the problem, but they are the tip of the iceberg.

Problems are not unique to Scotland. Governments across the UK and beyond are struggling to meet the demands on them. But we have a devolved administration in Scotland with wide autonomy and substantial resources, so we should start at home to understand why government isn't working here and what we can do to put that right.

Whoever forms the next Scottish Government after the 2026 Scottish Parliament election needs to get a grip on how to govern effectively. Otherwise, we are sleepwalking into a crisis.

To understand this and figure out what to do about it, *Our Scottish Future* has been talking not to politicians, but to senior public servants, those who run Scottish public bodies and local authorities, and others who have worked inside the Scottish Government itself. Without exception, these senior public servants were anxious to speak to us, concerned about the performance of government in Scotland, and desperate to improve things.

The public servants we spoke to all painted a similar picture. Politics and presentation had overwhelmed public policy making and delivery. They saw a government in stasis and unable to get things done, and unwilling to allow others to do so; driven by short term tactics and presentation; indifferent to implementation and unsuccessful at delivery; inward looking and unresponsive; and ruthlessly centralising, with a hunger for control,

but poor at 'joining up', and regarding other parts of the public sector not as partners but as agents to be controlled or managed.

Much of this was seen simply as the political approach, priorities and choices of SNP ministers, but concerns were expressed too about the official machine. Despite having many dedicated officials who want to do well, it too seemed to be struggling: overwhelmed by presentation and politics, and focussed on the immediate not the strategic; having lost some of its ethos of proper professional distance from ministers, and of the skill or craft expected of a permanent, professional civil service.

The reasons for this, in our analysis, are mainly rooted in politics. Eighteen years of a government whose overriding priority is independence and 15 years campaigning in and for referendums means day to day public policy has played a poor second fiddle. Easy options have been taken and unpopular choices avoided or postponed. SNP politicians pay little electoral penalty for poor public services or failures to implement ambitious promises. Blame can always be shifted, and they retain their core vote among those who prioritise identity and independence over all other issues. Couple this with a relentless doom loop of 24-hour news and social media and the conditions for announcing to replace governing are ideal.

But there are issues with the official machine also: it has grown hugely and radically changed its working practices since COVID and seems to have taken its eye off the ball in inculcating a robust professional ethos of skills and values.

Addressing this problem begins with acknowledging it openly. What was so striking about our work is that everyone we spoke to knows there is a problem with government capacity and capability in Scotland. But often, as the academic Stephen Pinker has pointed out, it's only when everyone knows that everyone knows that problems can get solved. Our analysis therefore needs to be shared and confirmed. This should be started during the pre-election period, so the next government knows what everyone else already knows: there's a big problem here and something must be done about it.

Something must indeed be done. The 2026 election offers an opportunity for change over the term of the next Scottish Government, whoever wins the election. A wholly new government could make a fresh start, but must learn from the errors of its predecessors. Even an SNP government which campaigns for independence needs to find a way be able to run the country well at the same time (as they aimed to do before 2011). Our recommendations will help do this - bridging the gap between announcement and achievement and creating a government that delivers.

Our recommendations

Radical decentralisation - if government cannot deliver it must let those who can get on with it. This needs:

- ➡ New regional structures, including Mayors in some places, especially to promote economic development
- ➡ Local government re-energised, through a thorough reset of the local government finance system to allow local initiative to replace central control
- ➡ Resetting the relationship with arms-length public bodies to let them get on with their work.

Rebalancing government away from short term politicking and press notices and towards implementation, changing the unhealthy culture by:

- ➡ Cutting the number of ministers and special advisors - too many add too little value.
- ➡ Resetting the relations between the civil service and ministers so that officials can give frank advice and help politicians make their aspirations into achievements, not just announcements.
- ➡ Better training and development for officials in the ethos and skill set of permanent civil servants.
- ➡ Looking at greater transparency in the provision of official information and analysis.

A new approach to the stalled project of badly needed Public Sector Reform, flipping the Scottish Government's approach on its head:

- ➡ Instead of the endless essays from central government, reform should be driven by entrepreneurial public servants, who should be able to bid for resources to develop and implement new approaches.

And new mechanisms to bring back the financial discipline which has been lacking

- ➡ A much stronger finance function inside Scottish Government, supported by authoritative independent expertise of a new Exchequer Board with full access to the figures and discussions.

But the first step in solving this problem, as with any problem, is to acknowledge that it exists. In truth, just about everybody in the Scottish public sector knows we have a big problem. Everyone to whom we spoke was clearly well aware of it and broadly shared the picture we paint here. But this reality needs to be acknowledged, as it's only when everyone realises that everyone knows there's a big problem that we can start to fix it. The people of Scotland need broken government to be fixed.

How well is government in Scotland doing?

We begin with a review of results: how well is the Scottish Government doing on the outcomes that matter to the people of Scotland?

Some might say – read the news, and the litany of problems and failures reported, like ferries or bottle recycling. But that is too superficial. The media have a strong incentive to report problems and scandals, and to ignore dull, solid progress. Government success is not news. We need to look for wider, and ideally more objective, measures.

One option is to look at the indicators that the Scottish Government has chosen to assess its own success. Another is to look at relative performance: are we making more or less progress than others facing the same issues? The whole point to devolution was in Donald Dewar's words "*Scottish solutions for Scottish problems*". All UK governments will have a mixed scorecard – but how are we doing compared with the rest of the UK on challenges we share?

The first of these two lenses is the so-called National Performance Framework adopted by the present Scottish Government in 2007. This elaborate system had 11 'national outcomes' and 81 indicators. The idea was that outcomes would be mandated on public bodies, and publishing the indicators would both show and encourage improvement. Indicators are carefully chosen – e.g. the economy is 'improving' if there is any growth at all, and there appear to be data issues, with 6 indicators still 'in development' after 18 years. Scottish Government staff have assessed progress (without external audit)¹ over the past 18 years, but the results are distinctly underwhelming: in 2024, only 21 of 81 indicators are said to show performance improving, the rest no progress or indeed backsliding. It is striking that none of the indicators is comparative, and Scotland would still be 'improving' if it were making less progress than every other country.

Performance Rating	National Indicators
Performance Improving	21
Performance Maintaining	35
Performance Worsening	14
Performance to be confirmed	5
Indicator in development	6

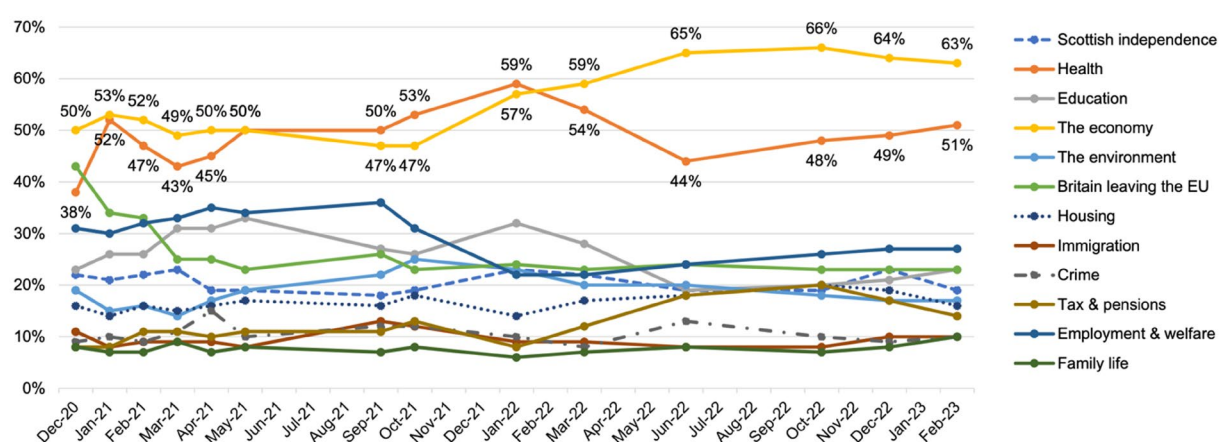
In June 2025, the Scottish Government announced that the whole system would be reviewed, and it stopped updating the indicators, and archived all the data.

¹ <https://webarchive.nrscotland.gov.uk/20250311153942/https://nationalperformance.gov.scot/national-outcomes/explore-national-outcomes/economy/measuring-progress-economy#Access-to-superfast-broadband>

We have therefore looked at some areas of relative performance. The rest of the UK is not the only possible comparator, but it is the obvious one. We have selected the results the people of Scotland say matter most to them and then look to the major issues of public spending and public service reform. Of course these are not all the Scottish Government does, and it has had to cope with hugely disruptive events such as COVID, but these give a reasonable overall picture of performance.

Typically, the three most important issues for people are **health**, the **economy** (including the cost of living and jobs) and **education**, as seen below. Each of these is wholly or substantially the responsibility of the Scottish Government.

Figure 1. The most important issues for Scottish voters²



Are we healthier?

Whether the population lead long and healthy lives is the most basic indicator of a society's success. The simplest measure is life expectancy at birth. Scotland continues to have the lowest life expectancy of any UK country. This has not substantially changed over 18 years of SNP government. It ceased improving around 2012 (in common with, though marginally ahead of, the rest of the UK), and still differs markedly between the richest and the poorest areas. That gap appears to be growing³, driven largely by decreases in the life expectancy of the poorest⁴.

Healthy life expectancy measures the number of years people might expect to live in good health. It too has been falling across the UK over the last 10 years, but by more in Scotland than in England⁵. In Scotland it has now fallen to a near ten-year low⁶. The gap between the richest and poorest areas is now around 25 years, having *risen* by five years over the

² Found here: www.gov.scot/binaries/content/documents/govscot/publications/foi-eir-release/2023/08/foi-202300359025/documents/foi-202300359025---information-for-release---2/foi-202300359025---information-for-release---2/govscot%3Adocument/FOI%2B202300359025%2B-%2BInformation%2Bfor%2BRelease%2B-%2B2B2.pdf

³ <https://www.gov.scot/publications/long-term-monitoring-health-inequalities-march-2023-report/pages/5/>

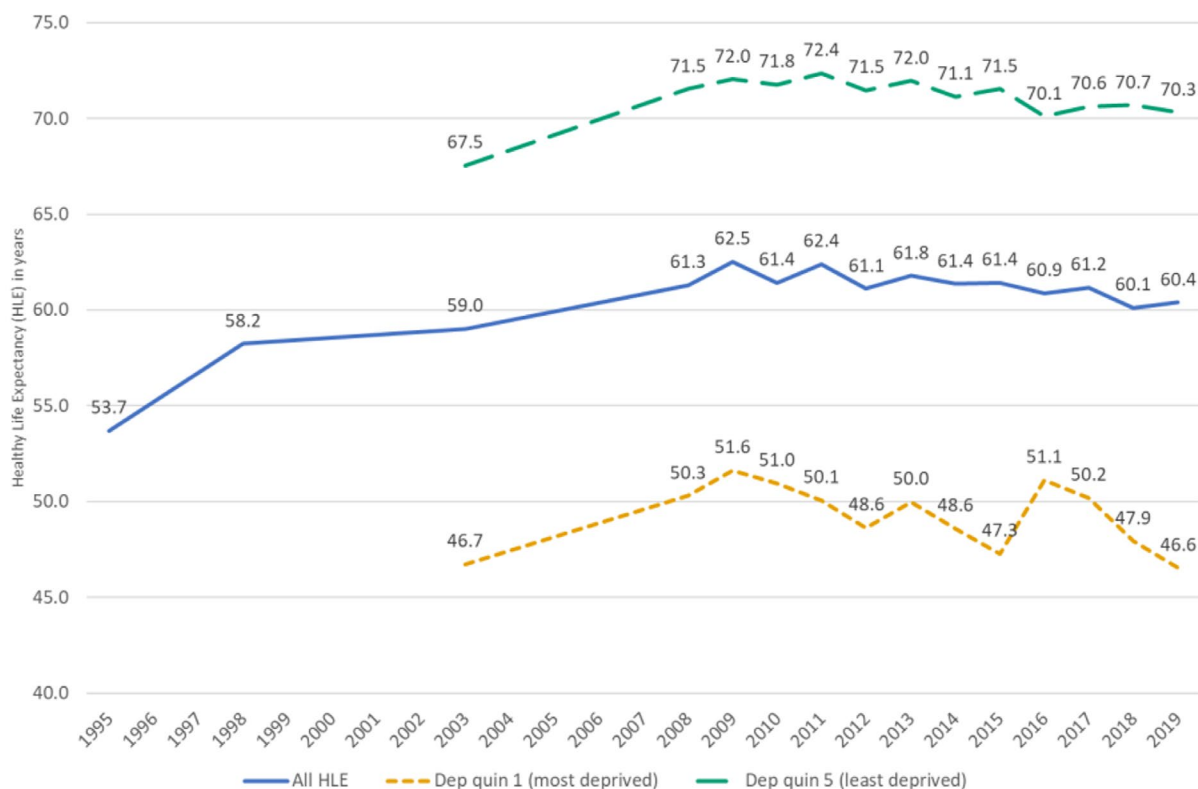
⁴ Compare difference in LE for most and least deprived decile from 2013-15 and now <https://www.gov.scot/publications/long-term-monitoring-health-inequalities-march-2022-report/pages/6/>

⁵ <https://www.nrscotland.gov.uk/publications/healthy-life-expectancy-2021-2023/#>

⁶ <https://publichealthscotland.scot/news/2025/july/healthy-life-expectancy-in-scotland-falls-to-near-ten-year-low/>

last decade or more, similarly driven by a decline in the poorest⁷, and by somewhat more than in England⁸.

Figure 2. HLE for All Scotland and 20% most and least deprived populations 1995-2019⁹



At the same time Scotland's NHS is still struggling to recover from COVID, despite some remarkable successes. Waiting lists are higher and waiting times longer. This is despite substantial increases in the number of doctors and nurses (partly offset by reductions in their working week agreed in Scotland). The Institute for Fiscal Studies (IFS) summarised the comparison as follows

"Hospital activity remains below pre-pandemic levels in Scotland, but ... not England. NHS hospital activity in England is now substantially above pre-pandemic levels ... hospital activity in both Scotland and England is increasing, but Scottish activity remains substantially below pre-pandemic levels. This is despite ... hospital activity in England [being] reduced by industrial action, which has not occurred in Scotland."

NHS expenditure has been a *relatively* low priority for the Scottish Government since 2007. Since then, total spending on public services by the Scottish Government has remained

7 <https://www.gov.scot/publications/long-term-monitoring-health-inequalities-march-2023-report/pages/5/>

8 www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/bulletins/lifeexpectancyforlocalareasoftheuk/between2001to2003and2021to2023#toc
www.nrscotland.gov.uk/latest-news/healthy-life-expectancy-continues-to-fall/
www.nrscotland.gov.uk/publications/healthy-life-expectancy-2019-2021/

9 https://www.gcph.co.uk/assets/000/000/521/Changing_mortality_rates_in_Scotland_and_the_UK_-_an_updated_summary_original.pdf?1700036424

consistently 25% or more per head higher than in England. Although health has grown to be the largest share of the Scottish budget, the extra expenditure on health compared to England has reduced. In 2007, health spending in Scotland was 16% per head higher than in England. In the most recent year, it was only 7% higher¹⁰. Some but not all of this difference can be attributed to resources diverted from the NHS to free personal care for the elderly¹¹. Public satisfaction with the health service is at record lows (as in England), and around 70% now say standards are falling¹².

The determinants of health are many - and some beyond the control of any government - but the record of the last two decades in Scotland has been of a people who continue to live lives which are shorter and sicker than in England, and getting somewhat more so, while inequalities in health are large and growing; public satisfaction with services is lower than it has ever been. Perhaps no government could have reversed all these trends, but the present Scottish Government has clearly failed to make an impact on them.

Scotland's Economy: are we wealthier?

The economy, the cost of living and jobs have consistently featured near the top of public concern. The present Scottish Government has had a challenging time - the 2008 financial crisis, the gradual run down of North Sea oil, Brexit, and the effects of COVID.

Over this time, the UK economy has performed badly compared to other developed economies, with productivity stagnating and growth low. Scotland's economy has however underperformed even that low benchmark (Figure 2). Growth in recent years has been lower than every other region of the UK (including Wales and Northern Ireland) bar only the North East of England, which it has equalled. The population of England has grown more than Scotland's (itself a sign of greater economic success) but even per capita GDP has struggled.¹³



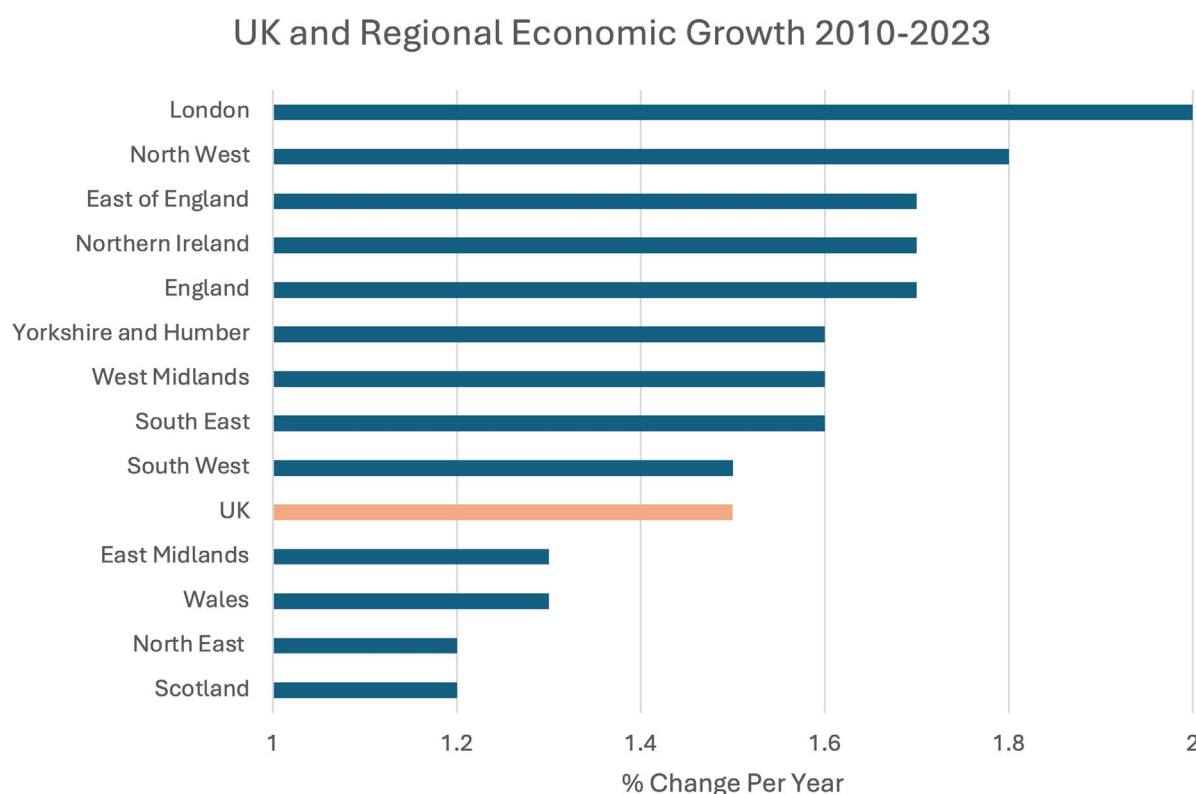
¹⁰ https://assets.publishing.service.gov.uk/media/6874fa6f92691289bdb7d393/Public_Expenditure_Statistical_Analyses_2025.pdf

¹¹ <https://ourscottishfuture.org/scottish-and-english-spending-compared/>

¹² <https://www.gov.scot/publications/scottish-social-attitudes-survey-2023-attitudes-government-economy-health-service/pages/5/>

¹³ It is only fair to point out that a recent Scottish government paper on independence claimed, using a particular measure of real terms GDP and a chosen time period, that per capita growth had marginally exceeded England's: but the hard fact remains that English GDP remains about 8% per head higher than Scotland's, so not a lot of catching up there.

Figure 3 UK Regional Economic Growth 2010-23¹⁴



A lot of public money is spent supporting the economy by both the Scottish and UK Governments, most recently during COVID. But even in the most recent year over £2bn has been spent in Scotland on promoting enterprise and economic development, roughly 40% more per head than in England, and similar amounts have been spent every year since devolution¹⁵. But the results are hard to see. If the effect of this investment had been to raise the per capita growth rate of the Scottish economy even to the UK average since 2007, it would now be nearly 4% bigger (yielding, for illustration, £3-4bn more annual tax revenue).

Education: are we (or our young people) wiser?

Scotland's education system has historically been seen as one of its great strengths, perhaps going back as far as the post-reformation widening of literacy to allow more direct access to the scriptures. Total public spending on education is higher per capita than in England (by about 20%) but this is largely accounted for by not charging fees for Scottish university students. Spending on schools is roughly at English levels per head of population, but spending *per pupil* has rocketed in recent years as the number of school age children, but not the number of teachers, has declined. Spending per pupil in Scotland is now around 20% higher than in England¹⁶.

¹⁴ <https://commonslibrary.parliament.uk/research-briefings/SN06924/>

¹⁵ Source : HM Treasury PESA at <https://www.gov.uk/government/statistics/public-expenditure-statistical-analyses-2025>

¹⁶ <https://ifs.org.uk/publications/scottish-school-spending-teachers-and-pupil-numbers>

There are many potential measures of educational success such as the number of young people in higher education (where Scotland does well), but the most common, and internationally comparable, is outcomes for school children in core subjects of English, mathematics and science. Additionally, on becoming First Minister in 2016, Nicola Sturgeon declared that closing the 'attainment gap', the difference in educational attainment between the least and most well-off pupils, was to be her government's "defining mission"¹⁷¹⁸.

Since then however reality has been disappointing. On the internationally recognised PISA measures, educational attainment has overall decreased, and inequality somewhat widened. From 2006 to 2012, Scotland scored comfortably above the OECD average in all three core subjects but has since declined on maths and science, with greater declines among the poorest pupils. Professor Lindsay Paterson of Edinburgh University summarised recent evidence for *Our Scottish Future* as follows¹⁹:

"Scottish attainment has been falling, it has been falling particularly badly among students from low-status families, and social inequality is now notably worse than in England mainly because low-status students are doing much better in England than in Scotland."

Between 2012 and 2022, in science, attainment in Scotland fell by the equivalent of 23 months [time spent in education] in the low-status quarter but by 14 months in the highest-status quarter. In mathematics, the decline was 22 months and 11 months. In reading, it was 12 months and 3 months. So inequality rose by 9 months in science and reading, and by 11 months in mathematics. In England, by contrast, inequality actually fell by 3 months in science and reading, and by 1 month in mathematics. The reason for the fall of inequality in England was mainly that the lowest-status students progressed more than the highest-status."

Professor Paterson attributes this decline to the curriculum approach taken under the Scottish Government in recent decades, which no longer emphasises gaining knowledge, but skills. Others may note the apparent success of English reforms. Whatever the reason, it can only be described as a failure in the SNP government's defining mission. Despite now having markedly more teachers per pupil, Scottish children learn less than they used to, and the poorest children suffer the most.



17 <https://www.snp.org/raising-attainment-in-schools/>

18 <https://www.gov.scot/publications/summary-statistics-for-attainment-and-initial-leaver-destinations-no-7-2025-edition/pages/key-points/>

19 <https://ourscottishfuture.org/the-knowledge-we-need/>

Reforming the Public Sector

All institutions require constant change, to improve performance or stop slipping into regress, or deal with new challenges or opportunities. Public institutions are not subject to the market signals which will put a private enterprise ceasing to meet its customers' needs out of business, and so require active management of change.

Unfortunately, the Scottish Government's public sector reform record is weak. Despite a steady stream of publications, meaningful change in how our public services are delivered has been limited. The most recent (June 2025) iteration of the government's reform policy identifies nine public sector reform 'successes': one every two years.

Three are changes in how services are delivered, two health related. Childsmile is a programme initiated by the coalition government around 2000 which has successfully reduced the amount of tooth decay. The family nurse partnership, first implemented in England, supports young mothers in deprived areas and is said to have made measurable improvements. The third is recent: removing under eighteens from the criminal justice process, to be dealt with instead in children's services. Evaluation of this change will take some time.

Three are new, or additional, spending programmes. The largest is the popular Scottish Child Payment, and one is increased spending on early learning. These could deliver long term prevention benefits; the third is a small spending programme, financed by confiscating proceeds of crime, to divert youngsters from antisocial behaviour. Nationalisation of the Scotrail franchise is listed as another reform, as is the extension of the community right to buy from rural to urban areas.

The one "transformational" change in public services took place 12 years ago: centralising police and fire services. It is claimed to have produced savings of £2.5bn. This important change had a very rocky start over issues of governance. But the claim about savings is disingenuous. Over the period of the national police service, savings *have* been achieved – essentially by removing the extra 1000 police officers the first SNP government pledged to gain Conservative support for their first budget. Marched up to the top of the hill and down again.

One notable public policy success in Scotland over the last 20 years has in fact been the reduction in homicides, halved since 2005. This is attributed to the locally driven work of the Strathclyde, now Scottish, Violence Reduction Unit, and is an example of change successfully driven from the bottom up. The present Scottish Government do not claim any credit: fair enough – it was started under a previous administration by a police force they abolished. But it does show how local initiative can drive wider national change.

The Scottish Government's Public Service Reform Strategy does at least acknowledge that there are issues that need to be addressed about the efficiency and affordability of public services. However once it gets into any detail it becomes a woeful word salad, with four "foundations", three "pillars", 18 "work streams" and about 80 defined actions ("We will..."). Of the 80, only three resemble quantitative targets, and around 20 are the publication of further Scottish Government documents. It is asserted that millions of pounds may be saved by centralising back-office services and the public sector estate. But no concrete plans, no timetables, no budget provision, and no targets for savings from individual programmes, are set out to achieve any of this. The public sector workforce,

which has been increasing at over 2% a year since 2007 is said to be going to start reducing by 0.5% a year, eventually saving hundreds of millions. Priority is to be given to 'frontline' over 'back office' functions, but these are not defined. Detailed implementation plans are wholly absent.

At several points it is acknowledged that the current requirement of detailed financial accountability for individual programmes can be problematic if work across different 'siloes' is envisaged or money is to be diverted into prevention. It is asserted that, somehow, this will be overcome. But once again no further analysis of the problem or concrete proposal is made for precisely how to achieve this. One can say with confidence that it will not happen.

A Looming Fiscal Crisis

Scotland enjoys unusually high levels of public spending. Total public expenditure is more than £2000 per head over the UK average. Most of the extra is in devolved areas, and so the spending power of the Scottish Parliament on public services has been more than 25% per head higher than equivalent programmes in England.

This has been brought about by the Barnett formula, under which the budget consists of a baseline carried forward from the previous year, plus a population share of changes in comparable programmes elsewhere in the UK. Because Scotland's population has been declining relative to England, Barnett does not (as might have been predicted) drive down spending to the same per capita level as UK spend. It has instead remained broadly steady at around 25% higher than south of the border. The extended tax powers available to the Scottish Parliament give the Scottish Government (at the price of some complexity in the financial system) additional fiscal flexibility, which they have used.

Two results might be expected. First, the additional expenditure might be expected to provide higher quality public services and better results: there is, bluntly, no sign of this. Second, the Scottish Government, having a cushion of around 25% above English spending levels, might find it easier to cope with spending reductions or other shocks to the system. Experience however has shown if anything the opposite.

The Scottish Fiscal Commission was set up to perform a function similar to the Office for Budget Responsibility in the UK, setting out long term tax income, the implications of spending decisions, and the drivers of public expenditure. A series of reports from the Commission, increasingly worried in tone, have pointed to a looming fiscal crisis for the Scottish budget. Their most recent estimates of the funding gap based on the Scottish Government's own (highly optimistic) Medium Term Financial Strategy²⁰ are opposite.

20 <https://www.gov.scot/publications/scotlands-fiscal-outlook-scottish-governments-medium-term-financial-strategy-3/>

Table 1 Resource and capital gaps in the MTFS (Figures in £ millions)

Resource	2026-27	2027-28	2028-29	2029-30
Funding	53,975	55,235	57,100	59,099
Spending	54,938	57,132	59,453	61,723
Gap	-963	-1,897	-2,353	-2,624
Capital (excluding Financial Transactions)	2026-27	2027-28	2028-29	2029-30
Funding	7,109	7,004	7,059	7,067
Spending	8,180	8,501	8,962	9,213
Gap	-1,070	-1,497	-1,903	-2,146

In part this has been caused by a series of short-term budgetary decisions made in Westminster, driving the Scottish Government's budget for one year at a time, making it very hard for them to plan forward. In practice the Scottish Government has made spending promises in the hope that Barnett consequential will turn up in later years to enable them to fulfil the commitments they have made. So far they mostly have, but they are highly likely to run out of road in 2026.

A series of Scottish Government decisions over a large number of years have contributed to the compound pressures on the budget becoming more than can be sustained.

- **The first is a commitment to universalism, and more free services.** Obvious examples are free personal care for the elderly, begun before the SNP, and free tuition for Scottish students at Scottish universities. Other free provision includes bus travel for the elderly and the young, prescriptions, and abolishing bridge tolls. Travel has also recently been subsidised by ending peak fares on Scottish railways. None of these is necessarily wrong: free provision is popular, and a good case can often be made for universal provision, but the cumulative cost is several billions of pounds.
- **A second is employing more public servants and paying them more.** Public servants are 22% of the Scottish workforce, versus 17% in England²¹. In recent years, the Scottish Government avoided strikes seen elsewhere in the UK by agreeing more generous pay and reduced working hours. The most recent Scottish Fiscal Commission update expresses concern about workforce growth and also how the pay exceeds the Scottish Government's own targets²². That price too is carried forward in all future budgets.

21 www.gov.scot/publications/public-sector-employment-in-scotland-statistics-for-1st-quarter-2025/pages/devolved-public-sector-employment-in-scotland/

22 <https://fiscalcommission.scot/wp-content/uploads/2025/08/Fiscal-Update-August-2025.pdf>

- **Another big source of additional budget pressure was imposing a council tax freeze on local authorities for a decade.** The exact cost depends on how much the tax would otherwise have risen, but the net loss of revenue is likely to be between £0.5bn and £1bn a year. Perhaps the council tax could not have sustained that – certainly not in one step – but it was open to the Scottish Government to make the tax fairer, more progressive, and more up-to-date. After a reckless promise to abolish it, they did virtually nothing about it for 18 years.
- **The demand which has caused the Scottish Fiscal Commission the most recent concern is the Scottish Government's welfare policy.** Aspects of Social Security were devolved after 2014, and the Scottish Government has used these powers to make more generous provision for a number of groups. The Scottish Child Payment is undoubtedly welcome to many families in difficulty, as UK benefits have been constrained e.g. by the 'two child cap' and could be seen as preventive spend for the future. But the welfare budget is funded by analogy with comparable benefits elsewhere in the UK, so extra spending has to be found from elsewhere in the Scottish budget. So do the £200m annual administration costs of the separate agency set up to administer Scottish benefits, and the cost of the child payment itself (nearly half a billion pounds a year).
- **The largest such demand comes from adult disability payments.** The Scottish Government's disability benefit is the same amount as the UK payment it replaces. But it was designed to be easier to get, and the result is that a payment, increasing all across the UK after COVID, has gone up markedly more in Scotland, with every sign of continuing to do so. This additional expenditure is not funded from the UK grant, and the resultant "black hole" in the Scottish budget is estimated by the Fiscal Commission to be likely to grow in the next few years to around £2 billion a year²³.

It is hard to escape the impression of a government which moves from year to year, making popular decisions that can be afforded in the short run, but building up problems which will one day have to be addressed. In a significant development, the Auditor General for Scotland recently used the annual audit of its accounts²⁴ to say the Scottish Government "needs to move away from short-term measures to address a stark forecast gap between its spending plans and funding".

Reality is finally catching up.



23 <https://fiscalcommission.scot/publications/scotlands-economic-and-fiscal-forecasts-may-2025/>

24 <https://audit.scot/news/short-term-measures-not-addressing-gap-in-public-sector-finances>

So after 18 years in office how is the Scottish Government doing?

Not everything has gone badly: COVID has been endured, and largely survived; the side effects of the Ukraine war have been coped with; some policies have proved popular, such as baby boxes and the child payment. But there have also been some spectacular delivery and policy failures, such as on ferries or recycling or gender issues. Looking at results overall, Scotland is not much healthier, wealthier or wiser. Despite high levels of public spending, public services are struggling, with no plausible strategy to reform or improve them. Irresponsible decisions have left the next Scottish Parliament facing a financial crisis.

To understand how this has come about, *Our Scottish Future* has been talking to the people who have been trying to make the Scottish public sector work, senior officials and managers. Their eye-opening responses form part two of this report.



Fixing Broken Government:

What we heard

Against this worrying background, *Our Scottish Future* conducted a series of conversations, held in confidence, with senior public servants from across Scotland. These were chief executives and senior officials of local authorities, public bodies and in the third sector. Some had experience inside the Scottish Government; all had engaged extensively with it from outside. *Our Scottish Future* also held a series of “exit interviews” with former Scottish Government senior officials. We respect both their insights and their confidences.

The most striking thing was how keen the individuals were to talk. Busy, very senior, people voluntarily gave a lot of their time and energy to discuss their relationship with the Scottish Government. No one we approached refused to participate: indeed, some suggested that the work was overdue – “I’ve been waiting for someone to ask these questions”. These are not people with a political axe to grind, but public servants concerned about how services are delivered and improved to benefit people in Scotland.

This is not a formal academic study, nor a comprehensive survey. In presenting it, however, we have sought to be as judicious as possible, and in particular not to present an idea or issue not shared by more than one individual, although in fact there was a remarkable commonality of opinion among those involved. What they had to say does not make comfortable reading for anyone, but mostly for the Scottish Government, at political or official level.

We heard about a Government in stasis and unable to get things done or allow others to do so: driven by short term tactics and presentation; indifferent to implementation and unsuccessful at delivery; ruthlessly centralising; poor at ‘joining up’; inward looking and upward looking. We also heard about a much bigger civil service struggling to perform its function properly, mired in short term presentation, losing its professional distance from ministers and often unable to deliver or implement successfully – despite having many dedicated staff who desperately want to make things better. How the political and official machines worked with one another proved to be a core issue in our discussions.

Tactics and presentation: announcing, not governing

All governments are in the business of politics, so the presentation of policy is always very important. But it seems to be wholly dominant in the Scottish Government. Public policy and public management are seen as secondary to tactical and presentational considerations. We heard of the insistent demand inside government for ‘announceables’, statements which ministers could make about policy: strategies which could be drafted, documents which could be published, promises which could be made. This is the mindset which leads to the premature launch of a ferry with painted on windows and pretend funnels, apparently because the event was in the first minister’s diary. The public servants we spoke to perceived that for the Scottish Government, the announcement was the objective. Ministers’ words were their (only) deeds.

"All governments always want nice announcements. I get that. But it seems as though the pace and the expectation of new announcements is just endless now. And the attention is on the shiny new announcement, not on the delivery, not on the follow through of the previous several hundred."

Former Scottish Government senior official

Our Scottish Future's paper, 'A Little Less Conversation'²⁵, described the Scottish Government's almost insatiable appetite for producing strategies and consultations. In one year, we counted on average 1.4 new strategy documents published *each* week, and a comparable number of consultations. Many 'strategies' were little more than new versions of documents issued a few years previously. Why bother with implementing a strategy when you know there is a new one coming soon? This is virtue signalling on an industrial scale, and a clear sign of an organisation not focused on delivery, but on looking good.

This "obsession with strategy publication and wordcraft", as one former senior official put it, also produced perverse incentives for civil servants – it is these skills that are rewarded instead of the measured, 'free and frank', advice and analysis that characterised the traditional role of civil servants. Over time, this has deskilled many in the civil service and limited their capacity to perform traditional functions.

Ministers are also seen to be very risk averse, avoiding or postponing unpopular decisions or choices, and avoiding conflict, e.g. agreeing pay rises with public service workers – avoiding industrial action but at the price of substantial unfunded commitments. Some interviewees saw this avoidance of difficult decisions as a symptom of an administration that had no unifying ideology except nationalism, and which was trying to hold together a loose coalition of interest groups to support (or not oppose) its overall constitutional ambition. As summarised by one recent insider:

"The short-term political advantage and maintaining support for a constitutional cause seems to have overwhelmed every other instinct, and perhaps that's not unsurprising, given that the one thing that the governing party is united on is its core belief in constitutional change."

25 <https://ourscottishfuture.org/wp-content/uploads/2023/11/Implementation-gap-report.pdf>

This narrowed the space for policymaking, as expressed by another former senior official:

“The requirement to avoid alienating any public support for the SNP and independence stymied politicians’ willingness to think about any idea that might require substantial short-term unpopularity. That grew and grew from 2010 to 2014 and it’s never diminished since then, it’s become an established way of thinking.”

This was not limited to risk taking – even where strategy and direction had proven effective elsewhere, there was a need to present a distinctly ‘Scottish’ approach. Throughout our conversations, we heard that the exchange of ideas and institutional knowledge between Scotland and England, at both a political and official level, had atrophied in recent years. One former senior civil servant noted that unless you made an effort to do so, it was unlikely that you would even know who your equivalent was in England. Another senior insider attributed the distancing from Whitehall to the referendum campaign:

“I think that we were supporting our ministers, they were supporting their ministers and things just broke down. So there was no breakdown in the sense that we kind of fell out with anybody. But just there was no reason or permission to engage with them.”

Indifferent to implementation

We heard very clearly again and again that the Scottish Government pays much less attention to implementing its policies than to announcing them. The idea of an implementation gap is now widely recognised, in the work of Audit Scotland and elsewhere. The most recent, excoriating, example is the implementation of “The Promise” to improve the lives of children taken into care. This was made more than five years ago, to much political fanfare, by Nicola Sturgeon. Audit Scotland²⁶ found that “from the outset there was no assessment of what resources and skills were needed” and five years later plans to implement it still lacked “lack detail and direction”. This fails some of the most vulnerable people in our society.

“The Promise was actually a good example of how public service needs to change to improve outcomes for most disadvantaged; the problem, in my book, was the failure of the Scottish Government to provide system leadership and help others to take the necessary risks”

Former senior official

The assessment of lack of interest, capacity or skills for implementation was widely shared among those we talked to, especially those working outside central government. They did not see getting things done as a priority for the Scottish Government, even describing its influence as a “cold dead hand” on otherwise viable projects.

²⁶ https://audit.scot/uploads/2025-10/nr_251008_improving_care_experience_pr.pdf

Insiders themselves reported frustration that the relentless ministerial pressure for announcements distracted from the necessary focus on implementation:

"You do need to be realistic about how much effort needs to go into to delivering on the stuff you've committed to. I definitely wasn't seeing a lot of that towards the end. You know, there were far too many things running. They weren't getting proper attention. They weren't necessarily being followed through properly. And meanwhile the political pressure was on: 'Can we just have more announcements? Can we have a new thing?'"

One suggestion made was that the Scottish Government frequently resorted to universal provision (e.g. removing fees or imposing council tax freezes) because it was easy to implement and gave quick results in terms of delivery, as well as popularity.

Ruthlessly centralising: a hunger for control

Those we talked to from local government were particularly critical of the Scottish Government's disregard for, and hunger for control over, councils. The most obvious examples were the removal of functions like police and fire, and freezing council tax. The freeze was lifted for a year then arbitrarily reimposed simply to allow the then First Minister to make an announcement at an SNP conference. This was done, without warning or consultation, a few months after government signed the so-called Verity House Agreement, which promised a new partnership with local government. It was junked for a headline (not even a very positive one, as it happened).

But the wider picture we heard about was more detailed and disturbing. Local government has been not merely disempowered and relatively underfunded, but systematically controlled on a detailed level, for example on the number of teachers to be employed in its schools. Numerous very specific grants with detailed conditions attached are imposed by government. These create not just an administrative burden (e.g. specific grants of a few thousand pounds, for which the cost of bureaucracy will exceed the value) but a deep sense of disenfranchisement. One participant described the Scottish Government's attitude to local government as one of "contempt".

The hunger for control, however, goes wider than local government. Public bodies, set up to discharge specific functions, are increasingly "arm's length in name only", as one person we spoke to put it. Rather than appointing members and agreeing overall budgets and strategies, government seeks detailed control of projects, spending, and (inevitably) announcements. Government's own executive agencies (which discharge functions which legally belong to ministers, but which are placed at a distance from them to concentrate on delivery) are also drawn back into the centre of government. We heard how public bodies simply "feed the machine" of government, and are subject to constant oversight and intervention. The debacle over ferries, for example, involved not just two legally independent bodies (Caledonian Macbrayne, which would run the ferries, and Caledonian Maritime Assets which would own them, as well as an executive agency, Transport Scotland, supposedly at arms length from ministers) but the mare's nest of contradictory demands and presentational requirements which turned what should have been a straightforward procurement into a national scandal which clearly emerged from the very centre of government.

“That’s the whole NDPB fudge because NDPBs are originally set up for a delivery function that would be semi-independent of government. But there is an increasing tendency for government to use NDPBs to deliver their policy agendas, but also to deny responsibility. And I think that’s quite an uncomfortable position to be in... They have virtually no operational independence in any place.”

Former senior official

Scottish Government insiders reported an unproductive cycle of ministers, special advisers and officials second-guessing the activities of public bodies. As one official said:

“With a view to NDPBs I think there’s too many ministers and too many SPADs. And ... they’re too focused on minutiae. And I think the civil service follow them in those minutiae... Rather than letting the NDPBs get on and potentially make mistakes occasionally, they’re on their backs the whole time.”

Those working in public bodies are scathing about large ‘sponsor’ teams shadowing decisions. One person we spoke to said:

“There were more people in Scottish Government second-guessing [the NDPB] than there were [in the body itself] which is just an extraordinary in-built inefficiency.”

Rather than viewing NDPBs, as might be hoped, as partners, the Scottish Government regards public bodies as “delivery agents” to be directed or “stakeholders” to be managed instead of independent actors.

Inward looking and upward looking

Viewed from outside, the Scottish Government appeared to our interlocutors as negative, unresponsive and inward looking. Some contrasted it unfavourably with Whitehall in this respect. Government did not, they said, see local or institutional problems or opportunities as things which they should facilitate or help with. Only the government agenda mattered. Decisions which public bodies need seemed to vanish into internal Scottish Government processes, often for years. Difficult trade-offs can be involved, and ministers appear incapable of making them, despite the problems this creates for others and the delivery of their own objectives.

“The government is no longer an externally facing institution beyond face value engagement; it is more concerned about stakeholder management than genuine co-design”

Third sector CEO

This surfaces repeatedly in Audit Scotland reports. For example, back in 2020 the Scottish Government set a target to reduce the amount of travel by car. For years since then, the Net Zero, Energy and Transport Committee has been calling for a clear delivery plan

explaining how the target is to be achieved. By 2025, Audit Scotland concluded that there was simply no delivery plan to guide different bodies involved on what they needed to do. The same dilatoriness and unwillingness to make the choices needed to set out clear delivery plans is seen in the Audit Scotland work on The Promise, discussed earlier.

The government is also perceived internally as indecisive and very upward looking. Few officials (and not many ministers) appear to have the authority to make decisions without reference upward. One official put it this way:

“When I took the civil service job, a friend said ‘You’ll be fine. No one ever makes a decision in the civil Service. They just refer up the way’. There is some truth in that. There are very, very long chains of decision making that I haven’t seen in local government or NDPBs.”

This creates obvious bottlenecks and a lack of clear accountability for ministers and officials. As one individual we spoke to put it, responsibility slowly “drifts” up the command chain. This makes it very difficult for outside bodies to do business with Scottish Government. One individual working in public affairs said:

“The multiplicity of junior ministers across different disciplines causes endless problems and frustrations because you can be given a meeting ... with a junior minister and they just simply say at the end of the meeting, ‘well, I must go and talk to my superior’ ... So you’ve got multiple potential tracks of influence in government, between NDPBs, between junior ministers, between different empires within government.”

‘Joining up’

‘Joined up’ government is a phrase often overused. Government does pursue multiple objectives. Careful coordination may sometimes mean all can be delivered but, in the real world, some will conflict and require to be traded off against one another. Several of our interviewees, however, drew attention to the difficulty of getting a coordinated response from the Scottish Government, as each of its directorates seem to be surprisingly independent of one another. Between this siloed thinking and an aversion to risk, we heard how the structure and culture was stifling initiative, with one person capturing the general attitude as “if I’ve not been told to, then I’m not doing it”. No mechanisms appear to exist for making the necessary trade-offs, and no effective management structures to decide on resolution one way or another. The relentless focus on supporting ministers with announcements and briefing meant that the capacity for joined-up government was eroded.

“Ministers are expecting more for less, and then people’s heads are down, and they don’t have the space or the capacity to do the cross-silo horizon scanning, investing in relationships.”

Former senior civil servant

Part of the purpose of the National Performance Framework mentioned above was to focus all of the public sector efforts on the identified national outcomes, to guide policy choices and actions and join them up; but it may be that an attempt to coordinate activities better has had the opposite effect.

DO LESS, BETTER?

"I worked for a number of years with Jack McConnell. There was uproarious laughter when he used the expression 'do less, better'. But actually, I think there's a lot of truth in that phrase."

"I would say the key for the civil service is doing less and doing what it does better and really focusing on quality rather than quantity and thinking through *what are we actually going to achieve by this, and how much does it really matter?*"

"[We need] a humane way of reducing the size of the civil service which includes reducing the 'ask'. Ministers need to reduce their expectations if they are going to reduce the size. [They need to] focus on fewer things."

- Former senior civil servants

The government machine: a struggling civil service

Civil servants work for ministers, advising them and putting their policies and decisions into effect. Those in the public sector whom we spoke to see a civil service which is struggling to do this at all well, and where senior officials are feeling frustrated and worn down by the circumstances in which they are working. The former officials we spoke to were keen to emphasise that many in the civil service were committed, hard working and talented, but unable to deliver for the public or even the ministers they served.

The devolved civil service is now much bigger than it has ever been; bigger than the police and fire services combined. This has been attributed variously to Brexit and COVID, and the accretion of additional functions. COVID is over and Brexit settling down towards some sort of stability, but numbers continue to rise - by 2.3% in the last fiscal year. This expansion of the civil service to respond to crises and challenges may have raised expectations amongst ministers about what it can and should be asked to achieve on a daily basis, crisis or not. Taken alongside the growth in ministerial positions and their need to be seen to be doing something, this has meant that the largest civil service Scotland has ever had is apparently spread thinner than before. We heard that the civil service was simply doing too much to be effective at its traditional functions, and how there was a need to 'do less and to do it better'.

Working patterns have also changed, with a great deal of working from home, though civil service management are now aiming to have more in-person working. A number of those we spoke to, however, expressed concerns about the effect on civil service productivity, skills and training. Many civil servants are relatively new to the job and have spent most of

their careers working from home around four days a week. As one of our interviewees put it:

"Imagine you wanted to design an organisation which required complex and intensive teamwork in a fast-moving environment. Would you propose that its staff worked four days a week from home?"

A recent senior official reported that:

"Civil service leadership still hasn't faced up to the fact that we're now several years beyond the pandemic but are still allowing people to work as if they were in the middle of the pandemic. And I think that creates a huge challenge around productivity and efficiency and that has created a huge cultural issue that I see no sign of being addressed."

Our interviewees suggested that Scottish Government civil servants had lost some of their traditional skills, values and capabilities. It was suggested, for example, that they had less professional distance from ministers and their policies than in the past. Some attributed this to 18 years of one government. A majority of the Scottish Government's civil service employees have known nothing other than an SNP administration, and two or three generations of top officials had been appointed under the SNP. Officials were perceived as not consistently challenging ministers or advisors, or adopting an appropriately sceptical attitude to policy ideas. Some, it was suggested, even appeared to see themselves as advocates and even campaigners for particular policy positions. While some interviewees cited examples where officials were still giving frank advice to Ministers, there were disturbing observations about this being discouraged. As expressed by a former senior official:

"People would get hung out to dry if they actually took action and called out stuff that they saw going wrong or highlighted areas where they saw stuff that could have gone better... this sent a powerful message that you cover your own back. You don't actually do what's necessary for the broader organisation"

- Former Senior Official

Another former official was even more brutal:

"[Offering frank advice] could be effectively career limiting. It shouldn't be, but that's how it works. It's Scotland. Everybody knows everybody. If you come a cropper with senior influential politicians, they could be in power for the next 10 or 15 years. Why would you do something that risks your career when they tell you to make another unfunded spending commitment? It's a kind of personal preservation thing that anybody would do. But I think it comes from no sign of there ever being any political change that would reset things".

Others suggested that the civil service seemed to have lost the "craft" of civil service work, which includes translating political objectives into deliverable programmes; instead,

the craft has become writing undeliverable strategies. As expressed by a recent career senior civil servant:

"I knew how to sift evidence, how to apply it to the law, how to create things within the framework of public expenditure and how to work out whether they were likely to be any good or not ... You had to have something worthwhile to say, and in addition also be broad minded enough to understand or to observe elements of social change ... you had to be a person who was thinking ahead about how society was changing. But honestly, I felt like a dinosaur by the time I left the government, I felt like an emblem of the past. So all of these ideas I think are buried now."

Many of our interviewees suggested that officials, especially at the senior level, were wholly absorbed in tactics, announcements and presentation of policy, and no longer had the space or capacity to think strategically. Questions were asked about the role of directors general, who are no longer heads of traditional 'departments', but are responsible for groups of directorates and for ensuring coordination across issues. It appeared to our interviewees that this was not working: directors general did not appear to have authority to decide upon or even facilitate resolution of issues.

Concerns were raised also about civil service investment in training and development, especially to instil the core civil service values of impartiality and objectivity (basing advice on evidence) especially for new and senior entrants. New people had come into the civil service and got promoted quickly without having developed the necessary core skills. One said:

"There was no basic introduction to how use the systems and the culture. So it's something that you have to kind of pick up from watching other people and in my case, from making a great many mistakes as you learn 'that's not how that is done here'."

There was also an apparent lack of managed exchanges with Whitehall departments to gain perspectives and skills, which meant skills weren't being shared, and best practice was being lost:

"There is a huge loss of craft. I mean *really* huge, and it needs to be addressed. I remember going on lots of training courses when I was an early career civil servant and they were very helpful. Also there were senior people who really were steeped in it and knew what they were doing and really helped somewhere along the line. With all the expansion we seem to wind up with a lot of people working for people who aren't necessarily that experienced and at the same time they hadn't been through the training... I don't know what policy training is being done, but my impression is not very much. I used to see all these submissions [to ministers], the quality was in some cases really desperate."

Former senior civil servant

Civil servants are expected to be both politically neutral and objective, that is to say led by evidence in the advice that they give, but we heard real concerns that the balance had shifted: evidence was used to justify policy, not form it. As one insider put it to us:

"I always thought that you had two roles as a civil servant. One, to advise ministers, the other to support ministers. So, whatever the government's policy of the day, you're there to support it and to help it. But I think we switched much more to supporting rather than advising. So, it wasn't about offering the best possible advice. The challenge was 'you've made a decision; how do we then provide the support for you to justify that decision or implement it effectively?'"

These complaints were not reflections of individual grievances or political frustration. These were shared concerns from professionals despairing over the problems facing Scotland today. How did we get to this position? In the following section, we trace the roots of these problems, demonstrating that the distinction between symptoms and causes is often blurred, with each reinforcing the other.

Fixing Broken Government:

Why are we in this state?

"All happy families resemble one another, each unhappy family is unhappy in its own way"

Anna Karenina

Many governments worldwide are struggling, often with the politics of identity and populism but, as in Tolstoy's aphorism above, each goes wrong in its own way. What is it about Scotland, its politics and its government, that has led us to this? Is it simply that our political system has thrown up ministers of limited ability and vision, and that the public servants who support them are weak and ineffective? Maybe. But it is not self-evident that simply putting different ministers in post or just recruiting some different officials will transform the performance of Scottish Government. We should instead look for the specific causes of dysfunction in the way our specific devolution settlement has turned out. Some of these are political. Others, closely related, are about how the machinery of government is working at official level.

Too long in office?

18 years is too long for any party to be in government, not just the SNP. After years in office, political parties' talent pools are mined to exhaustion and their stock of ideas emptied; ministers are typically intellectually and physically worn out. Nicola Sturgeon was continuously in senior ministerial office for nearly 16 years. The present first minister almost continually for 18 years. So some degradation in performance is to be expected: the 2007 to 2011 SNP government is widely regarded as having been more effective than later ones. And while no doubt present ministers welcome the idea of more years in power, they are also deprived of time in opposition to regroup, refresh themselves, their teams, and their policies. But there's more to this than fatigue.

The significance of identity politics and the constitutional question...

For the last half century or so all Scottish politics has been tied up in identity. From Winnie Ewing's 1974 by-election victory, the "It's Scotland's Oil" slogan, through the failed devolution project of 1978 and the devolution referendum of 1997, issues of Scottish identity and autonomy have been front and centre. A substantial proportion of the Scottish electorate continue to regard identity as the dominant consideration, and Independence as the only real question. The referendum of 2014 asked it, but did not answer it.

"[The present administration is] essentially a single-issue government [and] the devolution settlement wasn't really designed to deal with that, as it allowed for endless blame shifting."

Public sector CEO

Although independence has never secured a firm majority in Scotland it has been sufficiently supported to ensure a minority or majority SNP government for the last 18 years.

Since at least 2011, the SNP government has been overwhelmingly devoted to campaigning for constitutional change. From 2011 to 2014 Scottish politics was wholly consumed by the independence referendum. Given the close outcome, debate did not stop, and was given new life by Brexit. For a decade and a half the referendum question has dominated political debate, and been front of mind for the SNP government. Political attention and energy has not been on other public policy questions, which have played a poor second fiddle to the SNP's core purpose.

But the aim of independence gives no guidance on public policy, except maybe to maximise Scottish autonomy. 'In a Scottish way' is not a helpful answer to questions like 'how is the economy to grow'. Under Nicola Sturgeon 'in a Scottish way' was identified as a kind of lazy progressivism, as that was seen to be where the centre of gravity of Scottish opinion was. Its consequences can be seen in such policy issues as gender reform, but it lacks the rigour of either right of centre economics or the principles of a genuinely left party.

The campaigning effect is however deeper in two ways. First, it was widely recognised among those we talked to that the focus on a referendum strongly influenced SNP politicians to avoid alienating groups in society whose support would be needed. A referendum was either happening, or for the subsequent decade was always just around the corner (until suddenly it wasn't). Independence must not be associated with choices that will disappoint some group. But to govern is to choose, and unwillingness to choose is unwillingness to govern.

"I sometimes think the Scottish Government acts like they're trying to show the world that democracy can work but [only] if you involve everybody. But if you want success, difficult decisions have to be taken. There has to be clarity at the start. That clarity requires certain interests to be told 'Sorry, you're not in this one'."

Former official

The second (deeper still) effect is this: politicians are motivated by retaining office. That's how democracy works: those who don't deliver for the voters lose their jobs. But the SNP's core vote wants to be represented for their identity and constitutional preference. So long as SNP politicians can persuade voters that they represent Scotland and Scottishness, idealised in independence, they're guaranteed around 30% of the vote. And in Holyrood's partly proportional electoral system, over 30% of the vote guarantees approaching 50% of the seats. So SNP politicians do not have a strong incentive to do well on anything other than being seen to stand up for Scotland. Back in 2007, the first SNP administration had an incentive and an explicit objective to demonstrate good government, so as to legitimise their aims of independence. But today they do not pay a noticeable electoral penalty for poor performance in government.

"Political leadership is lacking; choices are simply not being made. Ministers are clearly struggling with taking ownership of trade-offs and this lack of sign off at a ministerial level stalls action across the board"

-Third Sector CEO

... in a generally degraded politics...

Disappointment in government performance is not unique to Scotland. Trust in governments worldwide is falling, and there is a sense of degradation in politics. Some of this may be down to individual politicians' bad behaviour (of which Scotland is not free). More may be down to the economic doldrums since the financial crisis. But much is also due to the changing nature of political discourse, driven first by the 24-hour news cycle and now by social media, which incentivises sound bite over substance.

There is markedly too much politics in Scottish Government, and not enough actual governing. Nicola Sturgeon had 18 special advisors, John Swinney 17. So there are 40 political appointments on the Scottish Government payroll, including 11 cabinet ministers, 10 junior ministers and two Law Officers. Every minister needs not just a job, and a staff and a press officer team (the Scottish Government employs nearly 150 press staff) and to be shadowed by a special advisor, but the opportunity to create strategies, make announcements, undertake visits, make speeches, launch policies. There was consensus throughout our discussion that this ultimately distracted from delivery.

...where we have announcing, not governing...

All this creates the ideal circumstance for announcing to replace governing. Announcing is easier and more congenial, and better suited to politicians' skill set, than making unpopular choices and decisions. We heard for example from one senior local authority figure who would welcome clear political choices even if it meant another area was given priority over theirs instead of wasting their time and resource 'shouting into the void' for answers. Failure to 'kill' proposals which were not going anywhere was creating "unnecessary fog over ultimately dead end policies and proposals". The hard yards of detailed implementation, and the trade-offs which may alienate some while pleasing others, count for less than the sugar rush of a successful announcement.

"[We need to] focus really hard on delivering stuff well or being willing to say, do you know what we had this idea, this sounded like a great idea, but we're trying and it's not working and we just need to guillotine that and move on. Let's go and spend our time and energy on something better."

Former senior official

The constant 'press release politics', combined with the yearly spectacle of the *Programme for Government* event has broken the basic cycle of policy/ implementation/ evaluation/ repeat. This is despite the good quality evaluation work of Audit Scotland, which regularly and with increasing frequency draws attention to implementation failures, because the parliamentary processes which should follow from that are largely ineffective. To be clear, SNP ministers don't want their announcements to fail badly. They would much prefer them to go well, but in the end for them, politically, outcomes don't matter as much as they would for other politicians, whereas announcements do.

... but still a hunger for control and centralisation...

Why then is there such a hunger for control? One explanation goes back to the demand for responses. Ministers who fear that they will be blamed for everything in the 24-hour news cycle seek control over it. That was seen even pre-2007, where ministers found it hard to answer that something was a matter for the local authority, public body or executive agency.

But this is also at one with the inward and upward looking culture of the present Scottish Government, certainly under Alex Salmond and Nicola Sturgeon. In both cases government was presidential in style: paradoxically, more so under Sturgeon, a less flamboyant but more controlling figure. Decisions were consistently referred inwards and upwards to the first minister and a small team of advisors. No real distinction was made based on the status of public body involved, certainly not where there were 'announceables' to grab.

It is nevertheless still hard to understand the disdain in which the Scottish Government holds local authorities. Surely at least those which are SNP led would have some influence over ministers? But it seems not. Politically, for most of this period, those too have been driven by independence, so they have endured disempowerment and defunding with remarkable loyalty. But the way they have been treated implies a central machine which does not regard other elected institutions as significant, or even legitimate.

"There is a tendency to assume that the person in Saint Andrew's House knows best and not actually to think about it from the perspective of the stakeholder who's affected"

CEO

Against that background, the unresponsiveness to external bodies which the evidence suggests is hardly surprising. A centralised machine cannot react flexibly or swiftly, and sees no reason to do so, and does not see them as sources of ideas or initiatives, but rather as 'delivery agents'.

...underpinned by the pernicious notion of "delivery agents" ...

The notion of 'delivery agents' speaks of a model of government in which everything comes from the top, driven by national outcomes, and public bodies (and indeed third sector ones) are seen simply as 'agents' to deliver objectives and plans chosen by the government. This was the model adopted with enthusiasm by a new SNP government in 2007, which had not really expected to be in office and had no governing experience or philosophy other than independence.

This is a superficially appealing but potentially pernicious model of government. It fails to account for what might be described as the constitutional elements in the governance of any country: separation of powers, which matters. The courts and police for example are not 'delivery' agents of the justice minister – not agents of the state, but officers of the law. Local government is separate from central government because it has a different mandate, and so that power is geographically distributed, and so that not all delivery eggs are in the one basket. Public bodies are created to focus on particular services or functions at a distance from politics because experience shows that works better. Having multiple centres of power, capacity, and initiative is a much more effective way of generating innovation and improvement in public services than a hyper-centralised bureaucratic machine with its outcomes, strategies, targets, objectives, work streams and the like. In recent years Scotland has tested that latter model to destruction. It is ironic, but not surprising, that a party whose aim was constitutional has so disregarded other constitutional distributions of power.

"Scotland is at a competitive disadvantage with England – the English system is prioritising delivery at all costs, including much of the discussion on 'what' is actually being delivered, but no one is saying that or pushing delivery at a leadership level in Scotland"

Senior Local Government Officer

...which virtually guarantees an implementation gap...

The gap between aspiration and achievement displayed throughout the work of the Scottish Government follows naturally. A government which has weak incentives to get things done, strong political incentives to avoid decisions but to look good, and a culture of centralization, control and indecision is unlikely to be successful at implementing complex changes in the public services. All the senior public servants to whom we spoke wearily recognised this reality. Audit Scotland reports are full of criticism of government for weak preparation for and delivery of change. Its absence has significant effects on lives, health, wealth and achievement in Scotland.

"The devil's in the detail and we're very good at strategy. We're very good at these things. But what we're not so good at is actually implementation."

- Former senior civil servant

...and a struggling civil service...

But what about the civil service? Can they not fix this? Surely politics and administration are separate, and an efficient machine can still develop and implement policy, allowing ministers to pursue their political dreams while it gets on with delivering public services, changing and improving them?

It seems not. In our system, the civil service, while neutral in party political terms and objective in the sense of being evidence based, nevertheless serves the priorities of ministers. That is why (for example) it devoted very substantial resources to preparing an independence white paper in 2014, which some argued was a purely party-political document. (The officials involved did not have to be personally committed to the idea; many were not but they worked for ministers. It is a nice question just how far this undermined the capacity of officials to win the trust of future ministers with a different view.)

"[We need an] exercise of taking some stock and thinking, what do we want the civil service in Scotland to be like, and how do we want it to go about its business? And doing that separately from 'we're here to delight ministers' or 'we're here to implement government policy'. But actually having a very clear articulation, what's the civil service there to do?"

- Former senior civil servant

The civil service is also quick to read the political weather. Officials can read opinion polls and may expect no change. So it is perhaps understandable, after 18 years, that many of the values, style and priorities of the SNP administration have become embedded in the official machine, perhaps unthinkingly or unconsciously. Indeed, it's also entirely possible that individuals attracted to the SNP agenda, especially Nicola Sturgeon's approach on social issues, have actually been drawn into the administration in order to pursue them. In any event most Scottish civil servants have known no other administration.

"Now the people who are now doing those jobs have known nothing different... and it is to them, as the sea is to fish, and it's maybe harder to spot the things that are not going the way you want."

- Former senior civil servant

There appears to be an issue about training in civil service skills, values and culture, particularly the culture of working for ministers whilst remaining politically neutral and evidence based. One official told us:

‘There is a policy profession which I found out probably after about two years in the civil service. Every now and then you would get emails from them. But it was never very clear to me who they were or what they did. I’d been there for a long time before I even knew that they existed.’

More profoundly, however, there emerged at the most senior level in the devolved civil service a view that it is officials’ job to ‘delight’ ministers. This is dangerous nonsense. Of course, officials must try as hard as they can to achieve ministers’ objectives, to serve them as well as possible, and hope that their work is appreciated. But they are professionally obliged to give advice even when unwelcome, to tell a Minister her idea won’t work or even that it is illegal; sometimes to try to persuade Ministers to avoid making choices which will blow up in their faces; and sometimes even to seek written direction when a Minister wants to spend public money unwisely or improperly. When the predecessors of today’s Scottish officials told Conservative Ministers that they would live to regret the poll tax, they were not trying to delight them but to help them avoid a major error. They were right, and right to do so. Delight is not an objective: delivery is.

FREE AND FRANK?

“I remember a former Permanent Secretary] once saying to me ‘our job is to delight ministers. And I said no, it’s not. In my book, our job is not to delight ministers. Our job is to advise ministers on how best to develop their policies implement their policies. ‘I don’t think you’re being very corporate’, he said.”

As reported by another senior recent SG insider:

“The Civil Service moved to the position of being pleasers, amenable to giving ministers what they want and not putting them in a position where they have to take difficult decisions...It did seem to me that we weren’t giving the same degree of rigorous and honest assessment of proposals, there was a huge reluctance to say no to ministers.”

So the loss of a degree of professional distance – professional scepticism about policy ideas, willingness to challenge the effectiveness of ministers’ approaches – is disappointing but unsurprising. Also disappointing but more surprising is the apparent loss of another of the key elements of the civil service policy skill or craft: turning political ambitions and ideas into deliverable programmes which will actually work on the ground.

The Scottish Government has been able to get some things done. Its Executive Agency, Transport Scotland, successfully delivered the Queensferry crossing eight years ago. But the same Agency became mired in delivery problems over building Caledonian Macbrayne ferries. The first was an example of competent people being given a clear task and mandate and allowed to get on with it. The second was not.

A recurring theme in Audit Scotland work is that major policy announcements have been made without clear delivery plans attached to them. A recent example, cited above, is the public sector reform plan with its pillars, foundations and workstreams, but almost no detailed, concrete, deliverable actions. This is a failure of policy making, as well as of delivery. If policies are drafted and announced in yet another strategy document, without properly thinking through how they will be put into practice, they are little better than speeches. And some of the examples seen – such as the car kilometre targets above – look very like speeches promising a desirable thing, but with no real clue what will be done in practice to make it happen.

Part of the craft of the civil service is to help ministers make policy decisions that *aren't* like that. Famously, politicians are said to campaign in poetry and govern in prose. Officials are supposed to write the prose. They now seem less able to achieve that than they should be. One reason may be the changing relationship between officials, ministers and special advisers. This is hard to get a clear picture of, but the large number of special advisers around ministers have been highly influential. Most appear to have been consumed in presentation. The kind of relations between ministers and officials which subsisted when special advisers were two or three in number, may have been replaced by one in which a special advisor is the intermediary between the official machine and the minister.

One thing we certainly heard repeatedly about the official machine is that senior staff are often wholly absorbed in the business of tactics and presentation and do not have the time for strategic thinking or planning. As one CEO said to us:

“In most organisations the more senior people spend their time looking further ahead, with more junior people working on day-to-day issues: in the Scottish Government civil service it is the reverse: senior people are wholly absorbed in day to day crises, and only junior people have any time to think ahead.”

It may not be surprising, therefore, that they are perceived as unresponsive and unhelpful by the external agencies with whom they deal.

It is perhaps no surprise then that these experiences, combined with the pressures of the pandemic, meant that a common theme with interviewees recently inside government was that they had emerged ‘shredded’ from their time trying to achieve things. Most emphasised that there were strengths and values to be protected that would provide a foundation for change, but all believed that there was a pressing need for change if civil service talents were to be used effectively.



...leading to an unmodernised public sector...

A government, and government system, like this is going to struggle to make complex and difficult reforms to public services. The political incentives to take on risky and potentially unpopular changes are very low, as the potential political rewards to the present administration are likely to be dwarfed by the short-term pain and the risk, especially if the next referendum is always just round the corner. The civil service, submerged in delighting ministers in the short term, is not focused on long term, and the strategy for public service reform, despite its many pillars and foundations, is essentially dysfunctional. The real roots from which reform can emerge, in the public services and public bodies themselves, are disregarded, seen only as agents of delivery of whatever priorities the government currently wishes to announce. Local government, which has always had the potential to be the source of innovation and different ideas, is disempowered and defunded and regarded in practice with something hard to distinguish from contempt.

But perhaps the most crucial fact of all is that the generosity of the Scottish budget has rendered radical reforms less necessary than elsewhere in the UK. This comfort is however coming to an end, as Scottish Government faces a looming fiscal crisis.

...and a looming fiscal crisis

"What are we looking at? An £850m black hole. I think that's where we're at in terms of the Scottish Government budget. It's because certainly during Nicola Sturgeon's tenure, there was a complete loss of control and unfunded policy announcements. Those were being made sometimes in the face of Civil Service advice. But I don't think there was enough pushback from the Civil Service about where money was going to come from."

Former senior Scottish Government official

Devolved public finances are inevitably complex, though the big picture is in fact perfectly clear: public expenditure in Scotland is much higher than the UK average, as a result of the operation of the Barnett formula. The Scottish Government relies substantially on its very large grants from Parliament at Westminster, which are passed across without any strings attached. It also has tax raising powers of its own, which can make it difficult to know exactly how much money is going to be available in any one year, e.g. as tax income trickles in over time. But the Scottish Government has borrowing powers to cope with this (albeit limited), and the ability to carry underspends forward from one year to the next. It is supported in this work by the independent Scottish Fiscal Commission, whose reports have been referred to already, and scrutinised by Audit Scotland.

In recent years, however, UK public finances have been unstable because of the effects of Brexit and COVID, and UK governments found themselves resorting to one-year decisions about spending and taxation. This is difficult for the UK government itself, as its departments do not have clear forward budgets, and can also be challenging for the Scottish Government. Additionally, frequent UK 'fiscal events', generally budgets or spending reviews, produce additional Barnett consequentials for the Scottish Government during the course of a year. There are no examples of its budget being cut overall thereby, but the uncertainty and unpredictability of the additions makes budget management more challenging. These are the consequences of the Barnett system, which the Scottish people were promised in the 2014 referendum would be retained, but it does make the job of Scottish Finance Minister quite a complicated one.

SNP ministers make much of the fact that the Scottish Government balances its books each year, as evidence of fiscal responsibility. In fact, it usually underspends (in the most recent case by about £2bn) and carries the money forward to the following year.

But as we have seen above, SNP finance ministers have found it difficult to avoid making commitments which in the long run they simply cannot afford. Indeed, we have been told that there has hardly been a Scottish budget announced, purporting to balance the books, which was not immediately followed by a private, internal search for savings to achieve that objective. In recent years, the two scrutiny bodies, the Fiscal Commission and Audit Scotland, have published increasingly shrill reports, referred to above, about the long-term consequences of these decisions. The most recent, by the Auditor General for Scotland, is unprecedented. Something will now have to give.

This is not simply down to the incompetence of Scottish finance ministers, though there has been considerable variation in the strength of the politicians who have occupied the post. It reflects both institutional factors and incentives. The main institutional factor is the relative weakness of the Scottish Government finance function. Unlike the Treasury in Whitehall, it is in no sense dominant, and it has neither the capacity nor the authority to exercise that role. The Auditor General is able to comment on money once spent, and the Fiscal Commission to produce forecasts of demand and supply. But neither has the authority to prevent ministers making spending commitments they cannot afford. That means that spending ideas are insufficiently challenged, analysed and if need be rejected in Scotland. Nor, despite various best value duties, is there a regular, demanding internal scrutiny of whether programmes offer good results for the expenditure. Instead, public bodies and others, we were told, play 'small p political' games to get their priorities and projects agreed. So long as the year's budget can cope with it, it seems, announcements can get made. But as we've seen, they can add up to unsustainably large future commitments.

“Rationality [in resource allocation] has been displaced by short term politics, so that people in the public services play political games to get the decisions they want.”

Senior NDPB official

Once again, the political incentives matter hugely. The Scottish Government runs neither a sovereign state nor a local authority. If it were a sovereign state, it would have to be mindful of the market discipline imposed by its need to borrow (as the UK Government has found in recent years). The underlying reason for the UK Treasury’s great power over public spending is that it has to borrow the money. On the other hand, if the Scottish Government were running a local authority, it would be subject to a series of professional codes and disciplines, generally described as prudential; its officers, notably its chief financial officer would have more professional independence; and it would be subject not only to regular audit but to very detailed review and conceivably intervention from central government. But the devolved government is answerable only to the Scottish Parliament, in which it typically controls a majority, not to the UK government or Westminster. The formal constraints are weak, and the scope for blame shifting in the event of commitments turning out to be unsustainable is both obvious and (to the present administration) attractive. So, we should not be surprised at the budget position in which the Scottish Government finds itself.

Finally, the dog which is not barking...

The institution which is absent in this analysis is the Scottish Parliament. With good reason: it is largely irrelevant. Parliament is not in any meaningful way a location where the performance of the Scottish Government is challenged and improved. It has excellent resources in Audit Scotland (one of the success stories of devolution) providing the information which would enable an effective parliamentary system to hold the government’s feet to the fire. But they are barely warm.

The 1997 vision of a parliament which would be different in style, less confrontational and less party controlled than Westminster has not been delivered. Holyrood is now a more tightly controlled institution than Westminster has been for the last 20 years. Committees are heavily government controlled, and even those such as audit or finance which have some degree of independence can only snipe at the government’s poor performance. Their analysis, even when well founded, has little impact and seldom changes government behaviour. Some MSPs on the government benches as well as in opposition are very keenly aware of government’s shortcomings but can see no way to influence them. It is an irony that devolution to Scotland has reproduced some of the worst failings of the British parliamentary system, only more so.

Fixing Broken Government:

What is to be done?

So government is not working at all well for the people of Scotland. Politics has overwhelmed public policy. It is not delivering as well as it should on health, the economy or education, or on the many measures it set itself. Announcing has largely replaced governing; delivery and implementation are failing; reform and modernisation of public services has stalled. An unresponsive, badly overcentralised, system is in stasis. A fiscal crisis is looming. Our politics is perhaps the main root of this, but the civil service machine is also struggling to perform well. **What is to be done?**

The context here is the May 2026 election. There might be a wholly new administration, or a change in the makeup of the present administration. Whatever the result, it could offer a new start, but only if we take the chance now to reflect, quickly and deeply, on why government is not working right and what should be done about it. *Our Scottish Future* is no supporter of independence, but it must be possible to support and even campaign for independence and still allow devolved government to run well. The recommendations we make here would help make that possible for such a government and would also help a different government run it better than it has been run in the last decade or more.

The first step to solving any problem is to acknowledge that it's there. The striking thing about everyone in the public sector who talked to *Our Scottish Future* for this project is that they all know there's a big problem and are pretty clear about what it is. But that has to become explicit, not implicit, knowledge. As the academic Steven Pinker²⁷ puts it, it's not just that everybody knows something, but when everybody knows that everybody knows, we can make progress.

Our first proposal therefore is that the Scottish Government Civil Service, during the pre-election period, should conduct a swift review, at least as deep as and broader than this one, to look at how the civil service is seen, how it interacts with Parliament, ministers, local government and the wider public service, and what its staff really think of it. If they ask the questions as openly as we have, they may well be shocked by the answers. We look to them to be open, honest and not defensive. The aim would be to prepare advice for any incoming administration on how to improve government capability and run government better.

27 When Everyone Knows That Everyone Knows, Pinker 2025

A number of recommendations for change already emerge from our analysis.

The issues of delivery or **implementation failures and excessive centralisation** are connected. To put it at its simplest, if government cannot deliver, it should get out of the way of those who can and are better placed to do so, and allow them to get on with it. Since 1995, there has been a region-shaped gap in Scottish governance. All the evidence tells us that the regional level, usually based around a big city, is the best and most effective way of driving local and indeed national economic growth. These arguments are set out in full in Our Scottish Future's "Innovation Nation" paper.

In recent years, City and Region Deals have started to revive regions' initiative for growth. But regions cannot and should not do everything, and the obvious partner for central government has always been local authorities. Different arguments might be made about whether the present boundaries and allocation of responsibilities are right, but the last thing Scotland needs is local government reorganised; it needs local government re-energised, with greater fiscal flexibility and genuine respect from central government. We therefore recommend:

- 1. Rebuild the regional level of government**, through a model of combined authorities and mayors suitable for Scottish circumstances, to focus primarily on economic development at the regional level. The present city regional partnerships should form the basis of this, with additional powers in relation to transport and regional planning as necessary. Not all may choose the directly elected mayor model, but those who have that or other equally effective systems of governance can reasonably expect greater power decentralised to them. *Our Scottish Future* sees real advantages to the governance of Scotland as a whole from the redistribution of political power so that Holyrood has substantial regional figures who can speak with authority to it about the interests of their areas.
- 2. We need also much more active decentralisation into existing local government.** This will require a wholesale change in attitude from the centre, and the key enabler is the local finance system. At a minimum this means reviewing and modernising local taxation, and ceasing national interference in local spending decisions, reverting to a system of unhypothecated grant based on relative needs and resources. Using grant distribution as a way to bully councils into accepting centrally determined local tax decisions should not only be stopped, but prohibited by law. There are well established ways of distributing central grant as objectively as possible but leaving spending choices to local government. If government wants local government to act as its agent for a particular function, then it should agree a contract and a price. A wider power of general competence may also be needed²⁸.

²⁸ The Scottish Government are presently consulting on the idea.

Many functions will nevertheless still need to be delivered at a national level, whether by public bodies or executive agencies. Too crowded a landscape will benefit from rationalisation, for example in the many bodies dealing with economic development. We do not favour going back to the routine review of individual bodies, which almost invariably finds them necessary and adds some extra epicycles of governance, but rather a strategic look at different broad areas of public policy to see how the institutional framework can be substantially simplified. Economic development will be a good place to start; education might follow.

But the more important issue is **a reset of the relationship between ministers and public bodies**, which are intended to be at arm's length from them. They too must be enabled to get on with their work and not simply regarded as agents for whatever ministers want to announce at any given point. A revised relationship with public bodies will also increase the efficiency of the civil service, as much low-value-added second guessing work could be cut by properly defining the proper roles and autonomy of public bodies. So, we recommend:

- 3. The institutional landscape should be reviewed, area by area, with a view to simplifying it and reducing the number of bodies through abolition or merger.** The first area to be reviewed would be economic development.
- 4. Arms must be lengthened** so that public bodies have scope to discharge their remit. A new relationship for each continuing public body or Executive Agency should be codified in a new 'Framework Document.' (If ministers want direct daily control over a particular function, then those discharging it should no longer be in an Agency.) The implementation of these new frameworks should be regularly monitored by parliament, with support from Audit Scotland. Parliament should take an active role in promoting this by regular and public and private dialogue with public bodies.

Government at the centre also needs to change quite profoundly, and reset the balance between short term tactical politics and long-term public policy and its effective implementation. This is not straightforward, as it requires a change in behaviour by politicians and advisors, and a different relationship with the official government machine – to see it not simply as a source of politically advantageous announcements, but an institution which pursues the public interest. This is also linked with the growth in the scale of central government, which has not been matched by growth in its achievements: quite the opposite. So, we propose a series of measures:

5. First, **put a (legal) limit on the number of ministers and special advisers, markedly cutting the latter**. There is simply not enough useful work for all of them to do at present, and the devil has undoubtedly found work for idle hands. There should be a statutory limit on the number of ministers, as there is at the UK level, and a rule that there are fewer special advisers than there are cabinet ministers. This should free up some political talent to perform more active and effective parliamentary scrutiny, and liberate the civil service from the disproportionate industry of managing events and announcements to maintain the profile of a bloated ministerial team and re-focus effort onto implementing policies and projects.
6. At the same time, **the overall scale of central government needs to reduce**. It has simply gotten too big. Decentralisation should enable a marked reduction with work and perhaps staff moving elsewhere, which must be planned in as careful a way as possible: but the civil service needs to stop growing and start shrinking. Wise use of new technology may help here, but the key at the centre of government in Scotland is indeed to do less, but do it right.
7. The **management structure of the Scottish Government requires to be reviewed**, as the approach of having multiple apparently autonomous director level commands has failed to produce the necessary coordination. There needs to be a clear requirement on its top management for developing a coherent approach that enables ministers to make the necessary choices and trade-offs so that issues can be taken forward.

The Scottish Government approach to public sector reform at least acknowledges that there are issues to be addressed. But its top down, elaborately conceived style is wholly ineffective. Reform is badly needed, and all the evidence suggests that the most effective reforms come not from endless government essays, but from imaginative people working in the public services and keen to improve them. The violence reduction approach is a good example. The public sector reform strategy for Scotland, therefore, should be turned on its head – rather than government telling public servants what to do, public servants should be enabled to bring their ideas to government, just as entrepreneurs bring their ideas to investors, for support. We therefore recommend:

- 8. A new approach to public sector reform, with investment funds in defined areas available for entrepreneurial public servants.** Where reform is most keenly needed, public servants could first apply for proof-of-concept funds, then for seed money, and finally for scale up financing to invest in actual reforms. This could facilitate new loci of initiatives to see if ideas make sense, can be made actually to work, and if so to be rolled out more widely.

None of this will work without rigorous and effective financial and budget management by the Scottish Government. As we have seen, in part due to the culture of and incentives on the government, an unsustainable series of financial commitments has been allowed to develop, which will require a painful process of readjustment. If the Scottish Government were disciplined by the market in the same way as the UK government, corrective action would have been forced on it. But it is not, and nor (rightly) is it treated like a local authority. Nevertheless, an institutional framework needs to be developed which imposes an equivalent kind of discipline on the it. Long term fiscal issues are already well dealt with by the Scottish Fiscal Commission, and high-quality evaluation of actual expenditure by Audit Scotland. But there is a gap in between. If the Scottish Government and the Scottish Parliament do not take steps to create that discipline, then the UK Government and Parliament, who may find themselves in dealing with the fiscal consequences, will face a strong temptation to intervene. This should be avoided, by taking action as we recommend here:

- 9. The Scottish Government needs much more effective central financial function,** to avoid the situation in which ministers can make unsustainable commitments. The senior official in what will in effect become a Scottish Treasury should be supported by authoritative outside experts in a **new Exchequer Board**, similar to and working alongside the Fiscal Commission. This body should have full access to internal spending data, tax information, and all of exchanges with ministers on spending issues. It should be given the remit to get the Scottish Government budget into a position of fiscal sustainability, no later than 2029. This will require open public debate on the difficult choices faced and exploring dilemmas like universalism versus targeting, and openly discussing the reforms that will deliver more for less.

It was clear from all we heard that a core issue for the performance of government has been the relationship between the political and official halves of government: ministers and civil servants. The officials we spoke to were keen to emphasise the positives: able civil servants, often submerged in the short term and desperate to 'do less, better'. But we also heard from them, and from those elsewhere in the public sector, of concerns about a loss of the key civil service values and skills. They are right. Our conclusion is that the culture of central government badly needs to be reset, re-establishing across the piece the capacity of officials to give free and frank advice without fear or favour; and once again to exercise the core skills which enable them to make ministers' policy aims practical realities. This matters if there is a new government, who will be unfamiliar with their environment, but also if there is some continuity so that a new working relationship can be established that enables government to get things achieved, not just announced. Several steps are therefore recommended:

10. At the outset of the new administration, there should be **a conscious effort to reset and redefine relationships and working practices between ministers and officials, based on the existing civil service code to develop shared understanding of mutual expectations expected of them**. Having fewer ministers and special advisers will help, but changed behaviour may best be instilled through a common training programme for ministers, Civil Servants and special advisers of how to work together in government, and of mutual expectations. Some work on the core elements of the civil service craft which we gather has already begun may contribute to this.
11. There is also a clear need for investment in **training civil servants themselves, perhaps via a new UK school of government** and in managed exchanges with other parts of the United Kingdom, especially for high potential staff. Being part of the home civil service should be an asset for the Scottish Government to use, not an infection to be avoided. Officials always need to be ready to serve a government of a different party. But even if the same party is elected for a long time, that merely emphasises the need for training to preserve core values and well-defined skills.
12. One other potential recommendation is made here for discussion - **would greater openness in civil service advice improve the quality of government?** Civil service advice to ministers is traditionally private. One can see why. Advice should be frank and plain, setting out contrary arguments and alternative options as necessary. But once ministers have decided, the policy of the government is what officials implement and explain. This is much harder to sustain if the advice (setting out risks etc.) is also publicly available. By contrast, formal local government advice to council committees is normally publicly available, and will often contain the factual analysis and recommendations, although in practice they will almost certainly have been informal previous stages (in oral discussion possibly) at which options are argued. **There may be advantage in a more open approach in the Scottish Government**, under which at the least the background analysis and information on any given issue - which should in any event be released under Freedom of Information request - is routinely published, even if the covering advice remains confidential.

These recommendations are aimed at the Scottish Government, but unless the Scottish Parliament does its job well, and in particular scrutinises the performance and behaviour of government in a way which has impact and effect, their value will erode over time. That the Parliament also has problems is something else which 'everybody knows'. The finance and audit committees have shown on occasion real independence and insight, but even their most trenchant observations are simply ignored, as Parliament as a whole will not enforce them. Various suggestions have been made for addressing them. Shifting the balance of numbers between ministers and backbench MSPs might help shift the balance of power inside Holyrood, but other changes, such as the election of committee chairs, may well have a role to play as well. In the long run, however, the effectiveness of government depends to a substantial degree on the integrity and competence of those elected to the Scottish Parliament. Who they are is for the voters to decide.



