

Cabinet Secretary for Finance and Sustainable Growth
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Dear Colleague

RELATIONSHIP BETWEEN THE SCOTTISH GOVERNMENT AND PUBLIC BODIES

The relationship between the Scottish Government and public bodies has been discussed at recent meetings of the Public Bodies Strategic Group, whose membership includes a number of Agency and NDPB Chief Executives as well as Scottish Government Directors. As a result of this work, I believe there would be value in securing a clear understanding about the 'terms of engagement' between the Government and public bodies to help bodies align their activity in support of the Government's National Performance Framework; to maximise the contribution which public bodies can make to delivering national outcomes and targets; and to give scope and responsibility for bodies to get on with delivery.

I thought it might be helpful to write to you to set out the terms of this relationship between the Government and public bodies. My Cabinet colleagues and I have endorsed this as a basis for delivering on key outcomes for the people of Scotland in the challenging times which lie ahead. We do not of course seek to constrain the way in which public bodies discharge duties or functions which are independent, judicial or semi-judicial, expert or advisory in nature.

Our intention is that the terms of engagement between public bodies and Government should be reflected in the business planning process including framework documents and should inform and underpin the relationship at every level. They are intended as a framework which will provide a point of reference and the basis for developing more detailed guidance on sponsorship and relationships in consultation with Chief Executives and Chairs. We will be in touch with you further as this work is taken forward.

JOHN SWINNEY

THE RELATIONSHIP BETWEEN THE SCOTTISH GOVERNMENT AND PUBLIC BODIES

The Government has set in hand a series of initiatives both in relation to public bodies and public services reform more generally. These include:

- The Government Economic Strategy and the National Performance Framework, which provide a clear focus and direction for the whole of the public sector in Scotland;
- The Concordat between the Scottish Government and local government, which provides greater freedom and flexibility for local authorities to deliver agreed outcomes;
- The simplification programme, which will deliver the First Minister's commitment to a 25% reduction in the number of public bodies by April 2011;
- Developing an outcome-based approach to ensure that all public bodies are aligned in support of the Government's Purpose and National Performance Framework;
- Delivering the Efficient Government programme and the drive towards sharing services across the public sector;
- The streamlining and improvement of scrutiny.

The Government believe strongly in the ethos, value and importance of public services and the importance of everyone in the public sector striving to achieve continuous improvement for the people of Scotland in delivering those services. Public bodies play a vital role in delivering improved public services and better outcomes for the people of Scotland.

Against that background, the following terms of engagement should inform and underpin the relationship between the Scottish Government and public bodies:

- **A clear framework of operation:** the Government have set the strategic direction and the overarching outcomes for the public sector in Scotland through the Government Economic Strategy and National Performance Framework;
- **Clear alignment of functions:** there should be a shared purpose between Government and public bodies to ensure that the respective plans, objectives and business processes are aligned in support of the Purpose, national outcomes and targets set out in the National Performance Framework;
- **Trust within this agreed framework:** this should ensure a coherent national approach but also create the conditions where bodies are given scope to determine how best to deliver the services for which they are responsible while seeking to avoid imposing unnecessary burdens or bureaucracy.
- **Improved governance and accountability arrangements:** the relationship between public bodies and their sponsors in Government should be underpinned by clear and transparent arrangements which support the successful delivery of agreed outcomes;
- **Effective partnership:** public bodies should actively look for ways of working collaboratively with each other, and with other partners notably local authorities, the third sector and the private sector: sharing services and integrating their activities wherever possible, to reduce duplication and focus on delivering continuous improvements in the services they provide and better outcomes for the people of Scotland.