

# **NORTHERN EXPOSURE**

*Lessons from the first twelve years of  
devolved government in Scotland*

*Sir John Elvidge*



## ***Inside*OUT**

*A series of personal perspectives  
on government effectiveness*

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# Foreword

It is twelve years since the establishment of the new administration in Scotland. Over that time, Scotland has started to do things very differently from the UK. Many in Whitehall and Westminster have been oblivious to those changes. That is why the Institute for Government was keen to rectify the balance and asked Sir John Elvidge, former Permanent Secretary in the Scottish Government, to capture his thoughts in *Northern Exposure: Lessons from the first twelve years of devolved government in Scotland*.

Last year Whitehall realised that it had some living expertise on its doorstep on coalitions and minority government – and John was invited in to help UK civil servants think through how they would cope with either eventuality. In this *Inside Out*, he captures that experience in a detailed insider account.

But he also highlights the very radical change that he introduced as Permanent Secretary to the structure of Scottish government – an end to departments, a unified approach to government, which was accompanied by a political decision by the incoming government to reduce the number of Ministers. As Whitehall goes through its major change programme, Ministers and officials would do well to reflect on the experiences that John outlines.



Andrew Adonis,

The Rt. Hon. Lord Adonis, Director, Institute for Government

## About our *InsideOUT* series

There is little systematic attempt to capture the knowledge and insights of people who have worked closely with government and share them with a wider audience. The Institute for Government is keen to remedy that. Our *InsideOUT* series gives people with an interesting perspective on government effectiveness an opportunity to share their personal views on a topic that sheds light on one of the Institute's core themes. The Institute for Government is pleased to be able to provide a platform to contribute to public knowledge and debate, but the views expressed are those of the author.

## About the author

[Sir John Elvidge](#) was Permanent Secretary to the Scottish Government from July 2003 until his retirement in June 2010. Prior to that he had been Head of two of the Departments of the then Scottish Executive: the Scottish Executive Education Department (1999–2002) and the Scottish Executive Finance and Central Services Department (2002–03). He had returned to Scotland when devolved government began in May 1999, following a period as Deputy Head of the Economic and Domestic Secretariat within Cabinet Office responsible for co-ordination of UK domestic policy, the planning and management of the UK Government's legislative programme and for civil contingencies. His earlier Civil Service career, from 1973 to 1998, was spent within The Scottish Office. He was born and brought up in London and educated at Sir George Monoux School, a state comprehensive school, and St Catherine's College, Oxford. He is a Fellow of the Royal Society of Edinburgh and an Associate of the Institute for Government.

# Executive summary

My central proposition is that we are making less use than we could and should within the UK of the opportunities for transferable learning from the experience of devolution. In relation to the scope for transferable learning from the first twelve years of devolution in Scotland, my key arguments are:

- I. We have demonstrated that our constitutional arrangements are capable of adapting to cover some previously unfamiliar or unprecedented government configurations, including minority government by a single party with only 36% of the Parliamentary seats as well as 8 years of coalition government. This has involved the use in unfamiliar contexts of many familiar processes and relationships within government. This blend of tried and tested tools and willingness to embark on novel government arrangements provides a basis for confidence in our future ability to adapt successfully to changing circumstances. It also suggests that the UK may be as well placed to offer useful models to other countries to adapt in the future as it has been in the past. That may be why, in my experience, interest in the UK's devolution experience is currently greater in other parts of the world than it is within the UK.
- II. Alongside a group of politicians who have embraced the challenges of forms of government unfamiliar to them, the Civil Service has also played a central role. As well as providing essential continuity of understanding about the processes of government, it has displayed agility and energy in assisting the adaptation of that understanding to fresh challenges. It has also explored new issues about the role of the Civil Service in facilitating the formation of governments and refined techniques for fulfilling that role.
- III. In partnership between Civil Service and political leadership, a radical Scottish model of government has developed since 2007, building on the learning from the earlier period of devolution. It is based on the effort to have government function as a single organisation, working towards a single defined government purpose based on outcomes, and establishing a partnership based on that purpose with the rest of the public sector which is capable of being joined by other parts of civil society. It rests on an ambitious conception of what is achievable through such a partnership between the public sector and civil society. It places strategic leadership and the facilitation of cooperation between organisations and sections of society at the heart of the role of central government, rather than a managerialist view of the relationship of central government to others. It is an explicit rejection of Departmentalism as a basis for effective government and involves the abolition of a Departmental structure within the Scottish Government.

Nothing I have written is directed towards expressing a view on the competing arguments about how the constitutional settlement in Scotland should evolve in the future. Although it is written about Scotland, this publication is written for the benefit of those in countries other than Scotland.

# 1. Introduction

The creation of devolved governments in Northern Ireland, Wales and Scotland was a fitting way to close a century of enormous constitutional and political change. It may prove, over the course of the present century, to have created the pre-conditions for further fundamental constitutional change.

It has already evolved substantially, over little more than a decade. Primary legislative powers have been extended to the Welsh Assembly, aligning that aspect of its powers broadly with those of the Scottish Parliament and Northern Ireland Assembly. The fiscal powers of the Scottish Government are about to be significantly extended, as part of a change to the financial relationship with the UK Government which would render the arrangement for Scotland more distinct from those for Wales and Northern Ireland. Each of the devolved legislatures contains a political party represented in substantial numbers which has as a core objective the dissolution of the United Kingdom, in respect of the relevant part of its present territory. Between May 2007 and May 2011 those parties formed either the government or part of the government in each of Scotland, Wales and Northern Ireland and this remains the case in Scotland and Northern Ireland, in both of which the Parliamentary representation of those parties grew in the May 2011 elections. The UK Parliament contains, as well as small numbers of representatives of all three of those parties, one major party whose current policy is that there should be a federal structure covering all of the constituent parts of the UK. That party has been since May 2010 a partner in the current UK coalition government.

Whatever else one might say about the actions of the 1997-2001 Labour Government in creating the legislative framework for all this, it would be difficult to dispute that their decisions and actions unleashed dynamic political forces. My central purpose is not to add to the speculation about where those forces will take us in the course of the present decade or the rest of the century. It is to argue that we are neglecting the rich opportunities for learning from what has already happened and to identify some of the aspects of the Scottish dimension of the devolution experience which it might benefit those in government elsewhere, including in London, to study further.

Those in government in various parts of the world beyond the UK need no prompting to understand this but that understanding has been much less evident in London. This is ironic. Of the three frameworks for devolved government, Scotland was the one which was designed initially to most closely resemble the framework of Westminster and Whitehall. Consequently, an exchange of experience between London and Edinburgh should be straightforward. There is no doubt that, at the inception of devolved government in Scotland in 1999, there was a conscious process of borrowing from or deciding to vary from Westminster and Whitehall practices. It is my belief that, after twelve years of devolution, Westminster and Whitehall now have more to learn from recent experience in Edinburgh than vice versa. If that generates disagreement, it would be better than the growing ignorance about Scotland and complacency about the neglected opportunity for learning.

Before going further into my analysis, I should say something about the standpoint from which my views are expressed. Although almost all of my 37 year career as a civil servant was spent in Scotland, my perspective is not an exclusively Scottish one. As a consequence of the time I spent in Cabinet Office in the early years of the Blair administration, I am one of only two people living who has sat in meetings of both the UK Cabinet and the Scottish Cabinet. (The other is my predecessor as Permanent Secretary in Scotland, who had also previously spent some time out of Scotland as a member of Cabinet Secretariat for the UK Government.)

The third person to have shared that experience, but from the Ministerial perspective, is sadly dead; Donald Dewar, the last Secretary of State for Scotland and the first First Minister of Scotland. The death of a political leader in office, at the height of his powers and energy, is one of several tests of the robustness of a political system which the fledgling system in devolved Scotland has faced and which does not form part of the modern experience at UK level. I hope it is one piece of potential learning which is not required by those elsewhere in a direct form. It did, however, illuminate one aspect of the functioning of coalitions: the value of having a Deputy First Minister from another party to provide stability of leadership when the main party is conducting a leadership contest. The experience of 8 years of coalition government in Scotland is the area of potential learning which I wish to examine first.

## 2. Coalitions

Scotland has had two periods of coalition government covering the periods of the first two post-devolution Scottish Parliaments: 1999-2003 and 2003-2007. Both coalitions were between the Labour and Liberal Democrat parties, which were, in both Parliaments, the parties with the largest and fourth largest numbers of MSPs respectively. As the Labour Party had been dominant in electoral terms in Scotland for several decades, it was widely assumed, until events proved otherwise, that this arrangement was likely to prove the enduring norm because the electoral system chosen by the UK Labour Government was believed to render a majority of seats for the Labour Party in the Scottish Parliament an unachievable outcome.

The electoral system combines: first past the post voting for seats in 73 constituencies and party list voting for 56 additional member seats in 8 regional constituencies. This system is designed to move towards overall proportional representation on a regional basis by wholly or partly offsetting the party balance of first past the post outcomes. Until the Scottish National Party's success in the election in May of this year, this was generally assumed to prevent any single party from being able to secure an overall majority of seats. Absence of a single party majority was widely assumed to require the formation of some type of formal coalition government, until the Scottish National Party succeeded in forming a minority government between 2007 and 2011 with only 36% of the seats and no coalition agreement with any party.

There was also a view that coalition governments were a natural way to give expression to the aspiration for a consensual approach to government expressed by the Scottish Constitutional Convention, which worked in the period from March 1989 to November 1995 to articulate the case for devolution and to set out a framework of guiding principles for a devolution settlement.

The experience between 2007-11 should not be regarded as irrelevant to the theme of coalition simply because there was no coalition agreement. It required the support, or at least acquiescence, of other political parties for a First Minister to be appointed through a vote by the Scottish Parliament; and the passage of legislation, particularly the annual Budget Bill, also required such temporary coalitions of support or abstention in Parliament votes.

### Coalition Formation (or not)

The main, perhaps only, occasion in the past twelve years when there has been sustained interest in London in learning from experience in Edinburgh has been in the year preceding the 2010 General Election. As it became clear that there was a stronger than usual probability that neither main party would be able to secure an overall majority in the UK Parliament, Sir Gus O'Donnell, as Cabinet Secretary, commissioned work on the mechanics of formation of various forms of coalition



governments. He ensured that study of the potential lessons from the Scottish experience was part of that work. I believe that proved useful.

There is a danger, however, that we define the transferable learning from the Scottish experience in terms of the use made of it in this one set of circumstances. There are aspects of the Scottish experience of which use was not made in this instance. I want therefore to provide a further account of that experience, in order not to lose sight of potential learning for future occasions.

Each of the three Scottish experiences of coalition or the possibility of coalition is different. In 1999, the key contextual feature was that the largest party following the first elections to the Scottish Parliament, the Labour Party, was already the holder of pre-devolution governmental power, as a consequence of the Party's electoral success in the 1997 election for the UK Parliament. One consequence of this was that the Labour Party's agenda for government for 1999-2003 was fully worked out, being essentially a continuation of the policies adopted between May 1997 and May 1999. This could not reasonably be the case for any party which was not in government. Consequently, the Liberal Democrats, as the party with which the Labour Party chose to enter coalition negotiations, started from an unequal position.

Another important consequence was that those politicians who had chosen to make the transition from the UK Parliament to the Scottish Parliament and who had held Ministerial office within the UK Government, most notably Donald Dewar, who had been Secretary of State for Scotland, were accustomed by 1999 to working with the Civil Service on the delivery of their objectives. They appear therefore to have regarded it as natural to deploy the Civil Service, both as logistical support for the conduct of the negotiations with the Liberal Democrat Party about the formation of a coalition government and as a form of support and information in relation to the substantive aspect of the negotiations. This was to prove an important precedent.

The combination of circumstances, together with the attitudes which flowed from the disparity between the size of the Labour Party's representation in the Scottish Parliament relative to that of the Liberal Democrat Party, led those on the Liberal Democrat side to feel that the negotiation process about coalition in the formation was not a level playing field. (The fact that the Labour Party at UK level was still at a peak level of popularity may also have influenced the attitudes of those engaged in the negotiations.)

Although the Liberal Democrat team was led by an experienced and able politician, Jim Wallace (now Baron Wallace of Tankerness), and the outcome of the negotiations demonstrates that he and his team secured negotiating objectives which were important to them, this perception about the absence of a level playing field in the negotiations was to have consequences for the dynamics of the coalition government and for the next set of coalition negotiations in 2003.

The outcomes of the negotiations were: an agreement about the share of Ministerial posts, including the principle that the leader of the Scottish Liberal Democrat Party within Scotland should be hold the role of Deputy First Minister (which has no specific statutory basis, unlike the role of First Minister) in addition to a specific Ministerial portfolio; some understandings about the

way in which government would operate, including the principle of collective Ministerial responsibility in essentially the same form as had evolved within UK Governments; and a Programme for Government, which recorded some agreed policies and objectives for the period of the 4 year fixed term Parliament.

The Programme for Government is in the public domain so it is unnecessary for me to describe its contents in any detail. The key point I wish to draw out is that its content was somewhere in between a set of agreed guiding principles and a comprehensive set of agreed policies. The specific policies it contained gave an indication of those which were deemed most important by the coalition parties, bringing a useful element of prioritisation to the work of government. The more general statements of policy intention that it also contained did not offer all the benefits of clearly distilled policy principles but they offered enough guidance on political intention to assist policy development by officials; and enough scope to allow that development to be based on evidence, policy making experience and engagement with those outside government with relevant knowledge or interests.

The function and effect of agreements of the nature of this first Programme for Government is an important issue, on which the first twelve years of devolution offers interesting opportunities for reflection. It was certainly a topic on which I felt impelled to offer my Whitehall colleagues some strongly held views in the period before the May 2010 UK election, against the possibility that they might experience the process of formation of a coalition government.

Clearly, the parties to a coalition negotiation have choices about the nature of the agreement which they enter into. Ignoring, for the moment, the choices between full coalition and alternative models, such as confidence and supply agreements, the core decision is about how much requires to be written down. It is difficult, when speaking about coalitions, to resist the obvious analogies with relationships between pairs of human individuals. As my first foray here into that territory, I invite reflection on the difference between those couples whose approach to marriage is essentially to give it a go, not necessarily interested even in the wording of the marriage vows, and those who enter into a pre-nuptial agreement to provide for various potential outcomes from the marriage, including its cessation. Pre-nuptial agreements are also used to protect assets, of course. In a political context, the assets that parties are most likely to wish to protect in the event of the dissolution of a coalition are their reputation for fitness to govern and their political distinctiveness, which they implicitly identify as something to be restored to them no later than the next election.

I think this analogy assists understanding of the centrality of trust to the decisions made about the nature of coalition agreements. This and the ways in which trust was bestowed or withheld between various groups, including the Civil Service as well as political parties, over the course of the three governments between 1999 and 2011 is my underlying theme in this publication.

The level of trust which is reflected in a coalition agreement is most obviously a product of the degree of trust which exists between the principals to the negotiations. It is also a product of the degree of trust which exists between each principal and the wider grouping of people to whom they feel themselves accountable, whether that is a limited group of political colleagues, the whole of

their Party's parliamentary representation, the wider Party membership or even the Party's broader electoral support. To revert to the analogy with marriage, coalitions tend to have more of the features of those marriages designed to secure alliances of interests between families or dynasties than of those marriages which are the product of romantic love between individuals. Political parties, in the UK at least, are Montagues and Capulets at heart.

The lower the degree of trust that exists between those constructing a coalition agreement, the greater the tendency will be to seek to increase the specificity of the agreement. This raises a dilemma for the participants, however. The more specific a coalition agreement is, the more it reduces the flexibility of the resulting government to respond to unforeseen or changing circumstances.

This is not simply a matter of relations between the political parties. The substitution of the dynamics which flow from treating the relationship with civil servants, local government and public bodies as one of setting tasks rather than one of bestowing trust to pursue the government's desired outcomes has pervasive effects. It fosters many of the behaviours which have been the common currency of criticism of government arrangements over most of my working life: risk aversion, avoidance of responsibility, silo behaviours, and preference for political, institutional and personal self interest over the common good. It discourages constructive challenge, creative effort and, above all, negotiation.

The proportion of election manifesto commitments by political parties which look as well judged in every detail at the end of a period of government as they did prior to the beginning of that period is, in my experience, small. Despite this, coalition agreements tend to constitute a combination of trading between the constituent parties' manifesto commitments and the products of some hasty synthesis of them. Single party governments have tended to create the political room for manoeuvre for themselves to adapt manifesto commitments to the understanding that they acquire over time in government. Parties involved in a coalition deny themselves that political advantage if they seek to maximise the perceived political advantage of tying down in great detail their shared commitments and the limitations upon each other's ambitions.

In relation to 1999, my perception is that the Programme for Government document which was published as the outcome of the coalition negotiations reflected quite a high level of trust and those policy commitments which it contained were not, in general, a source of regret or constraint to Ministers by the end of the 1999-2003 Parliament.

There were, I suggest, some identifiable extrinsic reasons for this. The period covered was known at the time of the negotiations to be one in which public expenditure was planned to increase much more rapidly than had been the case for many years, so competition between priorities was not strong. There was a high degree of consensus between all political parties about most aspects of social policy and the performance of the UK economy was strongly positive, so general political interest in the role of government in economic development (as distinct from macro-economic management) was at a relatively low ebb. It is also relevant that there was a widespread assumption that coalition government was a necessary corollary of the electoral system adopted in

Scotland after 1998 and that the electoral outcome rendered only one combination of two political parties feasible. In other words, neither party had anywhere else to go. Moreover, no one would forgive them for failing in the first formation of a devolved government; or for behaviours at the point of formation which fell short of the strongly felt aspiration for a 'new politics' in Scotland, a more collaborative approach between political parties.

The main intrinsic factors may have been related to the position of the two principals, Donald Dewar and Jim Wallace. They were both experienced politicians, who knew each other well from sixteen years of shared membership of the UK Parliament. They were both secure in their leadership of their respective parties, and were both seen as very recently having played important roles in delivering democratic endorsements of devolution, which was an important objective for many of those within both their political parties. They were therefore at the peak of their respective abilities to elicit trust within their parties for the judgements they made about the degree of trust to invest in each other, and the degree of reciprocal trust to assume that they would be able to rely upon in the relationship in government between the two parties.

As a general rule, the personalities of the leading participants in negotiations, although not necessarily only those of the party leaders, will have an influence on the nature of the negotiations. In particular, they are likely to influence the degree of trust which is 'in the bank' at the start of negotiations and whether that 'trust capital' is augmented or depleted as a result of the conduct of the negotiations.

The coalition negotiations in 2003 between the same two political parties offer some interesting contrasts. Some extrinsic influences remained the same. There was again a widespread external perception that it was their obligation to support the principle of devolution by conducting the coalition negotiation in such a way as to deliver continuity of stable and effective government. They were still the only politically feasible participants in a coalition government, given the electoral outcome from the May 2003 Scottish Parliament elections. There was, therefore, the same sense that there was nowhere else to go.

Some in the Labour Party would later regret that they did not give more thought to the possibility of minority government. A minority within the Liberal Democrat Party had always doubted the wisdom of being in a full coalition government. This thread of opinion, which was to prove important in 2007, was already becoming more evident but was still not strong among existing and potential Ministers.

It also remained the case that public expenditure was planned to grow strongly, so that competition between priorities was still weak. Such competition was reduced, in any case, by the effects of four years in government together in reinforcing a broadly shared policy agenda.

Some important extrinsic factors had changed, however. Most obviously, a second election provided politicians with a means of assessing the effects of the first four years of devolution on electoral support for them individually and their Party. For the Scottish Liberal Democrats, the result was no change, with 17 MSPs again. This outcome could have been interpreted positively, as

the Conservatives were the only other main party to avoid a reduction in MSP numbers. The interpretation seemed to lean more to the negative, however. My conversations with some Liberal Democrats in the days after the election suggested that they had been disappointed by the outcome. They may also have been disconcerted by the most unexpected aspect of the election result, growth in the success of minority parties and independent candidates in securing seats through the list system. The most dramatic and unexpected feature of the 2003 election results was that the Scottish Green Party increased its representation from 1 MSP to 7 and the Scottish Socialist Party from 1 to 6, while the number of Independent MSPs grew from 1 to 4. There was substantial discussion at the time of the possibility that the future trend for the Scottish Parliament might be a much greater plurality of political representation, although that has not transpired.

For Labour, the growth of minority parties might also have been a point of concern, although their general view of the election results seemed more positive, despite a decline in representation from 56 MSPs to 50. In particular, they were pleased that the electoral threat which most concerned them, from the Scottish National Party, had been held in check. The SNP had suffered a greater decline in MSP numbers, both in absolute and proportionate terms, from 35 to 27.

Alongside these varied reactions to the election outcome, there was a concern shared across party political boundaries that opinion polling evidence and media commentary suggested public dissatisfaction with the impact of devolution. My own view is that this was the product partly of very high public expectations in 1999. In addition, and with hindsight, I believe that it was also partly the product of a more rapidly developing sense in Scotland of the limitations of the managerialist approach to public services that constituted a common agenda between England and Scotland. I return to this analysis in a later section. At the time, the view of key figures in the two governing political parties was, broadly, that: from the Labour Party perspective, the managerialist agenda should be intensified; and, from the Liberal Democrat perspective, that their greater belief in dispersed discretion and localism had been underweighted in the balance of the first coalition government's approach.

Whatever differences existed in analysis about the lessons of the past, the coalition negotiation process produced a commonality of approach towards a 2003-07 Partnership Agreement which was significantly different from the 1999-2003 one. The difference consisted in the level of detail. The 2003-07 agreement contained over 460 specific individual commitments. It was later decided that those commitments were not to be the subject of any form of agreed prioritisation. The two parties had contrived to manufacture a shared straitjacket for themselves.

Before I explore what might have brought about that outcome, it may be helpful if I say something about the standpoint from which I was observing and engaged in this in 2003. In contrast to 1999, when I was not part of the support team for the negotiations and have relied for my understanding of the negotiation process on what was said to me by Ministers and colleagues afterwards, I was leading the team of civil servants who provided the support and advice during the negotiation process. (I was also in the curious position of having been announced as successful in the open competition for appointment as Permanent Secretary but working still alongside my predecessor,

who had chosen early July as his departure date. It is one of my strong views that the most senior civil servant within the relevant government structure should be clearly at the heart of the process of government formation; and my predecessor was very supportive in enabling me to take most of the role which he had taken himself in the coalition negotiations in 1999 and which I took in the different circumstances of 2007, which resulted in formation of a minority government.)

The process in 2003 was more structured than in 1999. It involved a larger cast list on the political side, partly because both parties had larger teams of Special Advisers with experience in the government process and partly because, to everyone else's surprise, the Liberal Democrats involved a number of party representatives who were neither elected MSPs nor people who had been or were intended to become Special Advisers. This appeared to me to imply less willingness by the membership of the Liberal Democrat Party within Scotland to trust the judgement of the senior leadership of the Parliamentary Party in Scotland, those who had been Ministers in the first coalition government. Possibly related to this, the roles of the two Party leaders, Jack McConnell for the Scottish Labour Party and Jim Wallace for the Scottish Liberal Democrat Party, were less hands on. They received reports of the progress of the negotiations, and were the final source of resolution of any impasse, but they were not direct participants for most of the time. There is no doubt, however, that the two principals were responsible directly for negotiation on the single most important issue in the negotiations: whether the Labour Party would accede to the Liberal Democrats' desire that the Partnership Agreement should incorporate a commitment to legislate for the introduction of proportional representation into the electoral system for local government. It is possible that Jack McConnell and Jim Wallace had reached a private understanding on that even in advance of the election.

The differences in the political dimension of the negotiation process between the 1999 and 2003 negotiations are bound to reflect, to some extent, the difference between the relationship of two parties who have not been in government together and the relationship between those who have been so for the immediately preceding period (and formally still were, until the necessary Parliamentary votes to enable a new government to be formed). In government, the parties become accustomed to formal due process underpinning joint decisions. Some of the more minor political players – whether junior Ministers or Special Advisers – strive to make a mark on the outcome; and the party leaders are likely to become accustomed to delegating much of the detail to their political colleagues.

These factors are not sufficient to explain the fact that the outcome of the negotiation was a Partnership Agreement which was so detailed; and which, in my judgement, stifled innovation in both the political and civil service dimensions of government. In my view, the key additional factor was the intensification of the managerialist conception of the role of central government to which I have referred. It is, to some extent, a natural tendency by two parties offering four more years of a broadly unchanged policy agenda to take the view that improved outcomes will be derivable from refinements to the delivery process, rather than from deeper policy reappraisal. It is the essence of political managerialism to believe that the policy agenda is right and that unsatisfactory outcomes are therefore a product of shortcomings in implementation. There was not in 2003 in Scotland, or

in England as far as I could see, much political interest within government in the view that doing the wrong things better gets you to the wrong outcomes faster.

The Civil Service dimension of the negotiations had its own differences between 1999 and 2003. It was taken as understood that the two parties, having used the support of civil servants in 1999 and having become even more accustomed to working with them in government over 4 years, would wish civil servants to provide full logistical support in 2003. It had also become apparent that there was an appetite to draw on the capacity of the Civil Service to provide evidence and analysis, which suggests that trust in the capacity of the Civil Service, at least in that respect, had grown as a result of four years of close working.

In the run up to any election, Ministers continue to make entirely proper use of Civil Service support for the normal business of thinking ahead as a government. It is inevitable that some of the advice provided for that purpose may end up being used by Ministers or their Special Advisers to feed the process of formulating policy positions which may be included in an election manifesto, despite the fact that the Civil Service would not provide advice for that purpose alone. Where there is a coalition government, there is a factor which makes it easier to maintain propriety in relation to Civil Service advice dealing with the period beyond the election. The parties involved in the coalition are likely not to wish to give each other insights into their thinking about possible manifesto contents. Consequently, assuming that it is the normal procedure in government that collective responsibility requires that advice sought and given must be visible to Ministers from each Party, it is necessary to introduce some special process to allow Ministers to commission advice which is not to be visible in that way. There are, of course, conventions which have grown up in the UK about the access of Opposition parties to information from the Civil Service during a defined period prior to an election. Jack McConnell decided in 2002 (and 2006) to modify those conventions to fit the context of elections to the Scottish Parliament by instituting a period of access to information from the Civil Service of 6 months prior to the end of the fixed term of the Parliament. This, in turn, provided a basis for seeking to treat private information to Ministers from the parties in government on the same terms as the provision of information to Opposition parties. This allowed the coalition parties to engage with the Civil Service without concerns about propriety on either side.

By the time of the post-election negotiations, therefore, the Civil Service was already part of the process of providing evidence and analysis relevant to the two parties' distinctive political propositions. It remains important, even if it feels artificial, to maintain a distinction between the support which the Civil Service delivers to Ministers in their capacity as the continuing 'old' government, which includes advice as well as information, and the support due to members of an individual political party which may be part of a new government, which remains restricted to information and analysis without advice. (As I argue below, there comes a point when advice can properly be provided to the negotiators jointly.)

Our solution sought to preserve propriety in relation to the role of the Civil Service, which is vital in providing a basis for trust by politicians in the integrity of the Civil Service, and to provide each

political party with a basis for confidence that they could trust in Civil Service integrity to ensure that their thinking would not become known prematurely to those in another party. To achieve this, we decided to structure the Civil Service support into three teams:-

- i. A single logistics team;
- ii. A single negotiation support team; and
- iii. Separate information support teams for each party.

The work of the logistics team is superficially mundane but solid planning for the location of coalition discussions and the provision of support services, including the supply of food, are vital in protecting the privacy of the political participants and ensuring that they are helped to stay 'in the zone' throughout an intensive process. Although the Scotland Act 1998 allows 28 days after an election for the Scottish Parliament to appoint a First Minister, the practicalities of politics dictate that there is pressure to complete the process more quickly even when, as in 2003, the outcome is to be the reappointment of the existing First Minister. Good logistics support speedy negotiations.

The negotiation support team has two functions: to be in the room while the parties are negotiating (or, in the circumstances of 2003, in one of two rooms in which negotiations on different policy areas took place in parallel); and, separately, to be the 'scorekeeper' maintaining the cumulative record of the agreements reached and shaping the emerging overall agreement into a text for final agreement and publication, which is best achieved through a single editor. The presence of civil servants in the room while negotiations are in progress is an important feature. It cannot be taken for granted that the political parties will wish to organise negotiations on that basis. I am aware also that some Whitehall civil servants have reservations about the desirability of civil servants being so closely engaged with a political process. Although I do not share those reservations, and I do not think they are a majority view, the existence of that view points to an area for potential debate.

In my experience from 2003, civil servants can fulfil several distinct useful functions.

First, they can use the work they will have done on the manifestos of each party before the election to map the areas of commonality and divergence between the manifestos of the parties involved in the negotiations. This offers a logical starting point for negotiations and deals expeditiously with the surprising degree of ignorance of each other's manifestos which can exist among the participants. It also deals neutrally with some of the political difficulty arising from the fact that those who are members of the negotiating team of an individual party may well be different people, with different views, from those who shaped the content of that party's manifesto.

Second, they can provide evidence to assist the negotiations. It is clearly not sensible for the political parties to reach agreements which may be based on misunderstanding of existing arrangements or some aspect of the relevant context. At this stage of events, civil servants can also reasonably provide common advice to both political parties in a negotiation, going beyond the



limitations of pre-election engagement. It would be highly artificial, and against the public interest, for civil servants to remain silent while the political parties in coalition negotiations agreed a common policy which the civil servants knew they would advise against if the putative coalition formed a government.

The civil servants in the support team for the negotiations can also provide evidence by acting as an interface between the political participants and the expertise of the Civil Service more widely, commissioning information and advice but ensuring that it is communicated back to the political participants by those who are attuned to the dynamics and sensibilities of the negotiations rather than by a succession of people who may be unfamiliar to the political participants, and in front of whom they may well be reluctant to reveal the content of the negotiations.

Third, they can ensure that agreements are clear and understood by both parties. It is a truism that it is easy for two people to conclude a conversation with different understandings of what has been said. This risk is intensified if the outcome of a discussion is intended to be a form of words for publication which is capable of being interpreted flexibly in political handling of the commitment, alongside a private understanding between the coalition partners about the interpretation which is intended. Civil servants can be useful lightning conductors for any difficulties which emerge from different understandings of the outcome of part of the negotiations. In doing so, they reduce the risk that one party will suspect the other of bad faith rather than genuine misunderstanding; and thus facilitate the achievement of a revised agreement, free of misunderstandings.

Fourth, the civil servants can transmit an informed understanding of the intended meaning of the coalition agreement to the wider Civil Service. When I joined the Cabinet Secretariat in 1998, I was told that one of the issues in the early months of the Blair administration was that Ministers and their Special Advisers were puzzled that some decisions which they had reached in closed informal discussions did not result in action by the Civil Service. This overlooked the fact that a mechanism is required to give the Civil Service an unambiguous and informed understanding of the policy decisions which it is expected to implement. Similarly, the wording of a coalition agreement requires to be translated into an understanding of the policy intent for the civil servants who have the responsibility for producing plans for action based on the agreement. Under a coalition government, civil servants must be scrupulous about respecting equally the interests of both parties. It is difficult for them to be sure that they are doing so unless they have an understanding, given to them by an objective source, of the terms of the coalition agreement and the spirit in which those terms were entered into. The scrupulous impartiality between the two parties that is required of the civil servants who are directly engaged in the negotiations and the demands on their time from direct engagement with every part of the negotiations are both obstacles to the same civil servants acting as the conduits through which each political party can access separately information and analysis from other civil servants.

In 2003, an important innovation was our decision to deal with this by allocating each of the political parties participating in the coalition negotiations a team of two carefully selected and briefed civil servants, who would commission information and analysis on behalf of that party's

negotiating team. They could take the requests and ensure that they were expressed in a form, and with any necessary context, which would enable those with the relevant expertise to provide a response which was likely to prove useful to the negotiators. They would quality control the responses, dealing with failures of understanding or any evident insufficiency or lack of clarity in the responses offered. In discussion with the negotiating team, they would formulate any further requests and, if necessary, arrange and manage face to face briefings. Part of their objective was to ensure that confidentiality was maintained around each party's thinking about possible negotiating positions, by ensuring that civil servants other than the small number connected to the negotiating process did not have more knowledge about what was happening in the negotiation process than strict 'need to know' principles dictated.

In December 2006, when we reached the point 6 months prior to the election which Jack McConnell had decided should be the beginning of access to civil servants for Opposition parties, it became clear that there was not the same degree of expectation as there had been in December 2002 that the next government would be once again formed by the Labour and Liberal Democrat parties. This was evident from the approach to initial discussions with me by both the Scottish National Party and the Conservative Party. It was also the case that Ministers from the Labour Party were showing interest in a wider range of possible forms of inter-party agreement than the form of coalition that had been adopted in 1999 and in 2003. Some Ministers from the Liberal Democrat Party were also showing signs of dissatisfaction with coalition.

Against this background, I engaged my Cabinet Secretariat team in planning for the possibility of competing parallel coalition negotiations. We were clear that such information as we had gathered about practice beyond the UK did not offer us a template. Our starting point was, therefore, that our arrangements in 2003 had delivered support which the political participants had found useful. It seemed sensible that our process of design of potential arrangements for 2007 should focus first on how the elements of the 2003 arrangements could be adapted to the potentially different circumstances we envisaged. I was confident that my discussions with party leaders had given me a basis for envisioning the various approaches by political parties to which we might have to respond. The need to respect the confidentiality of those discussions dictated that the process of design of contingent arrangements for 2007 was confined to a very small number of colleagues, with whom I could have iterative discussions to refine our planning.

My working hypothesis was that both the Labour Party and the Scottish National Party might seek to draw the Liberal Democrat Party into a coalition negotiation. We also planned for the possibility that the Scottish Green Party might be drawn into tripartite negotiation, and that there might be negotiation with the Conservative Party for support for a candidate for First Minister on terms other than formation of a coalition including them.

Our planning assumed that some form of coalition would emerge but not that it would necessarily be the same form as we had experienced over the first eight years of devolution. Consequently, we researched alternative models elsewhere in the world. We looked closely, for example, at 'confidence and supply' agreements, and we also looked at models which incorporated scope for

collective responsibility to be disapplied to Ministers from a particular party or to a particular category of government business.

Ironically, all this very thorough and detailed planning was to prove much more useful in assisting Whitehall colleagues with their planning in the period leading up to the 2010 UK Parliament elections than it did in Scotland in 2007. The outcome of the 2007 Scottish Parliament elections was finely balanced, with the Labour Party and the Scottish National Party only one seat apart and neither able to secure an overall majority even with the support of one of the other two main parties. Despite the fact that these were precisely the circumstances which our elaborate contingency planning had been designed to be able to accommodate, it quickly became apparent that we would have to adapt our preparatory work to an unexpected route forward.

### Minority Government

The crucial results on the final regional list for additional member seats were not declared until late on the afternoon of Friday 4 May. I think it is fair to say that, even at midday on that day, the general prediction of external commentators was that the Labour Party would remain marginally the largest party in terms of seats, although not necessarily in terms of share of the vote. By late afternoon, however, the Scottish National Party had emerged as the largest party by a single seat; and seized the initiative to assert their right to seek to form a government. The other parties appeared to regard the weekend as a natural opportunity for internal reflection about their intentions.

The initial sequence of events was therefore as follows. At the request of Alex Salmond and John Swinney, I met them, with one of my senior colleagues, Dr Andrew Goudie, on Friday evening at a city centre hotel. Alex Salmond outlined his intended approach to forming a government and I explained the support which I and my team could offer in that process. I agreed to a request that we should provide someone to speak to a meeting of the SNP MSPs the next day to explain the process; and Dr Goudie agreed to take on that task. Alex Salmond made clear that he did not foresee the need for other civil service support before Monday morning; and we agreed that I and my core team intended to support any coalition negotiations would be available to support him and his colleagues in our main office building on Monday morning. This allowed me and the core team to use the weekend to plan and carry out the intensive work required to be ready to provide support tailored to the new circumstances.

Alex Salmond had extended to us his provisional trust in our ability to support him and his senior colleagues in the unexplored territory which might lie ahead. Substantive trust would have to be earned by performance. I believe the provisional trust had itself been earned by the professional way in which my senior team had conducted themselves in the pre-election contacts with the SNP.

I think this demonstrates an important principle. If one wishes to receive respect, one should begin by showing respect to those from whom one wishes to receive it. The feedback I was given later from a senior SNP Minister was that my senior colleagues demonstrated their respect in the pre-

election engagement with the SNP through the seriousness and thoroughness with which they and their staff had analysed the range of SNP policy ideas.

On Monday 7 May, Alex Salmond told us that he had spoken to Nicol Stephen, as leader of the Scottish Liberal Democrats, by telephone over the weekend and that it was unlikely that they would enter coalition negotiations. He said that he wished to have discussions with the Scottish Green Party about the nature of any formal agreement they might wish to enter into, for the support of their two MSPs for his appointment as First Minister and possibly for other matters; and I explained our plans for offering support to the Scottish Green Party in that process and for any negotiations.

I and my team began also to offer our advice on the prospects of successful minority government and some of the approaches to minority government which might be critical to its success. We explained ways in which work which we had done in preparation for possible coalition negotiations might be adapted to the task of establishing a minority government.

I had inferred from the absence of any contact from Jack McConnell, as leader of the Labour Party, that he was not intending at that stage to seek to form a new government. As he was present later on Monday in the office building in which both our offices were located across a corridor from each other, in order to carry on his responsibilities as First Minister, I was able to establish from him that he believed that the election results conferred the right on the SNP to make the first attempt to form a new government, by virtue of being the largest party. He said that he did not wish to engage in any parallel process. I said that, on that basis, it was my intention to place myself and my core team at the disposal of Alex Salmond to support his efforts to form a government. I had explained to all the party leaders prior to the election that, in the event of competing efforts to form a government, I would hold myself neutral between those efforts and confine my role to supervising entirely separate support teams for each set of competing negotiations.

In the event, the Scottish Green Party agreed that its two MSPs would vote for the appointment of Alex Salmond as First Minister on the basis of certain commitments by the SNP on policy and on the relationship between the two parties on future policy making. The design of civil service support for negotiations between parties worked well, including the provision of a small team dedicated to supporting the Scottish Green Party in the negotiations. The discussions between civil servants and Alex Salmond and his key colleagues, Nicola Sturgeon and John Swinney, about the nature of minority government and the content of a programme which it could seek to deliver may have assisted the SNP to secure the abstention of Conservative and Liberal Democrat MSPs in the vote on the appointment of Alex Salmond as First Minister. The alternative for the other political parties was to oppose the appointment of Alex Salmond and, unless they wished to support some alternative new government, to force a new election through section 3 of the Scotland Act 1998, which provides for that outcome where a First Minister is not appointed within the 28 day period after an election stipulated by section 46 of the Act.

It is not my purpose to comment on the political judgements of any person or party during the first twelve years of devolution. It will be evident, however, that the most complex issue of judgement

in 2007 was that faced by the Scottish Liberal Democrat Party in deciding whether or not to seek to play any active part in the formation of a new government.

It may be that some or all of the political parties, other than the SNP, believed that minority government by a party with only 36% of the seats in the Parliament could not be sustained for long and that there would be either a second bite at the cherry, in terms of decisions about government formation, or a fresh election, in circumstances where the electorate might not blame the other parties for troubling them again prematurely. Such a judgement would have been understandable; but that is not the way in which events played out.

This is my cue to move on from discussions of the formation of coalition and minority governments to the separate topic of the ways in which these two types of government sustain themselves in power.

### 3. Sustaining coalition and minority governments

All three of the post-devolution governments which have had the opportunity to complete their maximum term have done so. It would be a mistake to infer from this that once a coalition has been formed all is bound to be plain sailing; and, by definition, a minority government leads a precarious existence. There is evidence from elsewhere in the world that, if one of the parties to a coalition perceives likely electoral advantage in a fresh election, there is a tendency to cut and run; and, with minority government, any signs of sustained unpopularity with the electorate are inevitably a source of temptation to the non-government parties. And yet Scotland has demonstrated a 100% record of stability.

What lessons might we seek to take from this? We might infer that there has been a consistently held view, across the main political parties, that the electorate are opposed to political instability, unless there is a very clear justification for seeking a premature election, and would be likely to punish a party which was perceived as causing an election to be held before the fixed term of the Scottish Parliament had been completed. Assuming that this is so, it is interesting that it should hold good during a period of steady economic growth and rapidly rising public expenditure, such as existed between 1999 and 2009, when the electorate might be thought to have not much to fear from some political turbulence. This would imply that any preference by the electorate for stability is a matter of positive principle rather than negative anxiety.

One might also ask whether the existence, in various forms, of published programmes intended to cover the life of a government is a factor. This is, after all, one of the distinguishing features which differentiate the first 3 post-devolution governments in Scotland from the established practice of single party majority governments in London. Certainly, in the forms adopted by the two coalition governments, such agreements provide a very clear basis for assessing whether a government has unfinished business, which might be one reason for the electorate to be ill disposed towards a premature election. (The different approach adopted by the minority government, which I describe in the next Chapter, may have produced the same view from the electorate through an emphasis on the long term nature of the key challenges for government.)

Such agreements also fulfil two other obvious functions. They bind the coalition parties clearly to a common agenda and, thereby, conjoin their electoral prospects, insofar as these are related to success in delivering a programme of government activity. They also act as a limiting influence on the scope for falling out between coalition parties, by reinforcing the principle of collective commitment to policy positions. This is one of the reasons for my belief that it is a duty of the Civil

Service to support the parties in a coalition negotiation to reach an agreement which is likely to prove durable in its implementation.

Part of the success of the two coalition governments was that the parties agreed between them that, on rare occasions, they could differ publicly on an issue of principle. This was most likely to be in relation to the position to be taken on something the UK Government was doing.

In relation to their own government decisions, the coalition parties made use of mechanisms drawn from the traditions of Cabinet government within the UK. It is relevant here that the formal elements determining the nature of devolved government in Scotland are much closer to the UK model than is the case in Northern Ireland or was originally the case in Wales, during the initial period when the Welsh Assembly was constituted as a body corporate similar to a local authority. In Scotland, anyone with experience of government in Westminster and Whitehall would recognise the accountability of Ministers to the Parliament, the collective responsibility of Ministers as a Cabinet, and the accountability of the Civil Service primarily to Ministers, with the exception of the personal accountability of Accountable Officers (the equivalent terminology to Accounting Officer in the UK context) to the Parliament in respect of the stewardship of the public finances. While politicians and civil servants in Scotland have blazed a trail through unfamiliar territories in many ways since 1999, I believe that we were assisted by having a tried and tested foundation of accountability relationships which the key political and Civil Service participants understood well.

It is ironic that the two coalition governments in Scotland relied heavily on the mechanics of Cabinet government, including a system of Cabinet sub-committees and Ministerial Groups designed to keep the agenda of Cabinet itself within manageable bounds, at a time when many commentators argued that Cabinet government had been more a matter of form than substance in Whitehall. I certainly observed that a great deal more discussion and decision making took place around the Cabinet table in Scotland than I had observed during my period in the Cabinet Secretariat for the UK Cabinet in 1998 and 1999. Both Cabinets were used as mechanisms for keeping Cabinet members informed about a range of government activities, although the expectations about the breadth of the information which would be shared were greater in the Scottish Cabinet than the practice which I observed in the UK Cabinet. One might argue that this is to be expected. Coalition governments need to pay explicit attention both to ensuring that the participants are bound into the actions of government across the board and to avoiding surprises, in order to maintain the disciplines of collective responsibility.

One of the innovations designed to ensure information sharing within the Scottish Cabinet, which has endured between coalition and minority government, is a formal paper to Cabinet every week containing the key information to be shared about activity across government and relevant new external developments. (As one might expect within government, it had an acronym - SCANCE, which is a Scots word meaning to reflect or think deeply and also an abbreviation of Scottish Cabinet Analysis of News and Current Events.) As well as working well as a mechanism for sharing information, it also rapidly demonstrated whether there were some Cabinet Ministers who were less keen than others to share information with their colleagues. I certainly found that a useful

pointer to the areas of business where extra vigilance was required on my part; and I suspect that the First Minister and Deputy First Minister were similarly alerted.

One of the interesting features of minority government was that there was regular, and often lengthy, discussion of SCANCE at Cabinet. This was despite Cabinet being significantly smaller than for the two coalition governments – a subject I shall return to – and informal relationships between Cabinet colleagues being close. This was no doubt partly because it suited the personal style of Alex Salmond, as First Minister, in keeping himself in touch. It may also tell us that Cabinet Ministers in a minority government have an even greater need than those in a coalition with a majority to bring the full focus of the senior political team to a wide range of government business.

I want to move on to focus on the lessons from the experience in Scotland of maintaining a minority government. I reiterate that this was a minority government with only 36% of the seats in the Scottish Parliament. As far as I have been able to ascertain, minority governments almost invariably have over 40% of the seats in the relevant legislature. It is difficult to find either precedent or parallel for the achievement of the 2007-11 Scottish Government in maintaining power and making continuous progress with its agenda with such a shortfall against a majority position.

In the initial discussions which I had with the key leaders of the Scottish National Party, in the interval between the 2007 election on 3 May and the vote by the Scottish Parliament two weeks later to appoint Alex Salmond as First Minister, I and my colleagues offered several key pieces of advice to assist the SNP to decide whether they wished to form a minority government.

We explained that a very substantial proportion of the business of government is carried out on the basis of executive power, often within boundaries set by existing legislation; and that the necessity to obtain the explicit consent of Parliament to the actions of Ministers was not a significant factor in the conduct of such government business. This is a characteristic shared with the UK Government but is more marked in Scotland because the shortage of Parliamentary time for Scottish legislation pre-devolution led to the development of an approach to legislation which built in considerable flexibility, in order to reduce the need to re-legislate as circumstances changed or policy evolved. It is open to the Scottish Parliament to pass motions on issues which involve the use of executive power by Ministers; but such motions have no automatic effect and it is for Ministers to decide to what extent to take account of them in making decisions.

Where Parliamentary support is required, minority government is, in a sense, a series of issue by issue coalitions. On that basis, we presented to the SNP leadership an analysis of the relationships between the election manifestos of all the political parties which we had prepared for the purpose of informing possible coalition negotiations. It demonstrated that on the majority of proposals in the SNP's own manifesto there was a substantial degree of overlap with the views of one or more of the other main parties. Consequently, there was a basis for believing that a minority SNP government would be able to progress a substantial proportion of its agenda, by forming varying alliances with one or more other political parties on specific matters where Parliamentary support was necessary, most obviously where legislation was required.



We discussed the necessity for setting different expectations about the ability to command majorities in Parliamentary votes. Up until that point there had been a continuation of the Westminster Parliament's approach to substantive defeats for the government, with the assumption that such an occurrence would raise the question whether the Government continued to enjoy the confidence of the Parliament. Given the probability of occasional defeats for a minority government, it would be sensible to make clear in advance that this should be regarded as an inherent feature of minority government and that, consequently, defeats would not automatically be treated as an issue of confidence. Avoiding the appearance of instability which would have been created by treating all Parliamentary defeats as issues of confidence was important not only politically but also, in our Civil Service experience, because developing effective relationships with those outside central government is hampered by perceptions that the authority of government is uncertain beyond the short term.

In subsequent practice, this was readily accepted by both the Parliament and the media; and it enabled the First Minister to make powerful use of defining certain issues as confidence issues. The votes on the annual Budget Bill were the most obvious examples but the First Minister also used it to discourage the tactic by Opposition parties of votes of confidence on individual Ministers, by making it clear that such a vote would be treated by him as if it were a vote of confidence in the Government as a whole.

Alex Salmond, Nicola Sturgeon and John Swinney also understood that a successful minority government would require both agility and coherence. Minority governments are inherently vulnerable to mishandling of key events, particularly unforeseen ones, and to the appearance of disunity, which invites Opposition parties to seek to drive wedges. It was important therefore that the SNP already had a manifesto commitment to reduce the size of the Cabinet, which they identified as a potential source of advantage in the circumstances in which they found themselves. It is an interesting political judgement, which their success in sustaining minority government for 4 years and winning an overall majority in the 2011 election suggests was a sound one. In coalition governments, the pressure to share out Ministerial offices between the constituent parties tends to create pressure to increase both the total number of Ministerial posts and the proportion which have Cabinet status, or at least the right to attend Cabinet. It is a cliché that even an individual political party is a coalition of different interpretations of the same broad political philosophy. The importance of unity for a Parliamentary group seeking to make minority government work might have led therefore, to a similar 'big tent' approach to Cabinet membership. It did not and, in my judgement, having a small Cabinet assisted the SNP's conduct of government by promoting both communication and trust between its members.

At the most basic level, a small Cabinet encourages discussion and allows every Minister to speak on any item they wish to without making Cabinet meetings excessively long. The SNP minority government started with a model of the First Minister plus 5 Cabinet ranked Ministers, titled Cabinet Secretaries, to which they initially added one Minister with the right to attend Cabinet, the Minister for Parliamentary Business (in Westminster/Whitehall terms a combination of Leader of the House and Chief Whip). For comparison, the Labour/Liberal Democrat coalition governments

had moved between 1999 and 2007 from having a Cabinet consisting of a First Minister plus 8 Cabinet ranked Ministers to one consisting of a First Minister plus 10 Cabinet ranked Ministers. Subsequently, the SNP minority government increased the number of Ministers entitled to attend Cabinet for all items by a further one, the Minister for Culture and External Affairs; and when the need to deal with the economic recession led to the Scottish Government's economic recovery strategy becoming a weekly agenda item, two further Ministers were invited to attend for that item.

The First Minister's emphasis on good communications was demonstrated by his insistence that, if a Cabinet Secretary was unable to attend a particular Cabinet meeting, a junior Minister from their team should attend in their place. Under the coalition governments, the practice was that deputisation was not normally permitted, in line with practice in the UK Cabinet.

The primacy given to preserving good communication seems to me to be helpful in considering the importance of the size of Cabinet separately from the importance of the nature of the relationship between its members. The team which Alex Salmond selected for his Cabinet did appear to share a high level of mutual trust, despite very different personalities and what seemed to me to be some variation in starting perspectives if one were to apply a conventional left to right spectrum of categorisation. His approach to deputisation suggests, however, a judgement that the success of the model depended more on the breadth and regularity of sharing information and views than on the workings of a group of Ministers moulded together by shared status and frequency of interaction.

There is a potential third factor influencing the success of the model, the style of the First Minister. I do not think it is a contentious judgement to opine that Alex Salmond is a dominating political figure. In a Cabinet context, he chairs meetings forcefully. It is, of course, impossible to assess the counter-factual by judging how the small Cabinet would have functioned with a different First Minister, although the Deputy First Minister chaired Cabinet from time to time and did so very effectively. As I also believe that smaller leadership teams are more effective, and as my leadership style is, in some key respects, very different from that of Alex Salmond, I offer the personal view that different leadership styles, provided they are effectively deployed, are not likely to make a significant difference to the degree of effectiveness of the small Cabinet model. I do believe, however, that small teams are inherently better at maximising value from the strengths of their leader and adding complementary value, provided they possess a diversity of strengths (and provided, of course, that the leader encourages deployment of that diversity).

Credit for sustaining either coalition government or minority government rests principally with the politicians involved. I also want to discuss, however, the contributions of special advisers and permanent civil servants. Special advisers play a useful role in any government. Ministerial time is one of the scarcest commodities in all governments within the UK because of the triple demands of Ministerial duties, Parliamentary duties and constituency duties. Special advisers who have a good understanding of a Minister's thinking can ease the bottlenecks caused by the difficulty in getting enough of Ministers' time, for both civil servants and external contacts.

Within a coalition, special advisers have potentially an important additional role as part of the glue which binds the coalition. They are best placed to engage in a continuous process of mutual sounding out about the risks that policy proposals or Ministerial actions not in the coalition agreement, or detailed proposals for giving effect to commitments which are in the agreement, do not fall foul of the political interests of either coalition party. By acting as a radar system for potential political problems they can enable them to be explored at an early stage. This helps filter the number of differences of view between the parties which require resolution either through the machinery of Cabinet and its sub-committees or through reference to the final source of political arbitration between the First Minister and Deputy First Minister, both of whose time is at an even greater premium than that of other Ministers. To assist the special adviser teams to fulfil this function they need not just have a good understanding of the views of Ministers from their own parties but also an understanding of the dynamics between Ministers across the coalition parties. Within Scotland's two coalition governments, this latter understanding was assisted by the First Minister and Deputy First Minister allowing one senior special adviser from each of their special adviser teams to be present as observers at Cabinet meetings, although they were not at the table and were not permitted to speak, and full freedom to attend Cabinet sub-committees, where there was some flexibility about their ability to contribute to discussion.

The position of special adviser in minority government is, of course, different. There is no need for them to focus on providing internal political glue, at least insofar as one can judge from the 2007-11 Scottish Government. Their added value derives principally from an external focus, particularly in terms of media handling but also in contacts with the other political parties or with various non-Parliamentary interests. It was interesting that, in order to enable them to discharge their role to the full, the First Minister permitted all special advisers to attend all Cabinet meetings. They were at the table (as were the civil servants present to provide the Cabinet Secretariat) and there was also no prohibition on them speaking during Cabinet meetings; although it would have been improper for them to be part of the decision making process, of course. This is interesting because, although the presence in the Cabinet room of the most senior special advisers had some precedent in the procedures of the UK Cabinet during the period when Tony Blair was Prime Minister, there is no such precedent, as far as I am aware, for special advisers being at the table or allowed to speak as part of discussions at Cabinet. If there is a lesson to be taken from it, it is perhaps that sustaining a minority government was seen as a process requiring the maximum possible level of political vigilance and, hence, the maximum possible contribution to the political perspective on the decisions before Cabinet.

Before I move on from the contribution of Special Advisers, it is probably useful to record that under both the coalition governments and under the minority government Special Advisers were organised as teams accountable to the First Minister (and, within the two coalitions, the Deputy First Minister). They were appointed by the First Minister or Deputy First Minister, within a maximum total controlled by the UK Government under administrative arrangements relating to the Civil Service (an arrangement superseded during the minority government by statutory arrangements for oversight of the arrangements for Special Advisers by the Scottish Parliament, as part of the placing of Civil Service matters generally on a statutory footing through the

Constitutional Reform and Governance Act 2010). They were not allocated to individual Cabinet Ministers, although their areas of specialism might sometimes overlap substantially with a particular Ministerial portfolio. The only exception to this was that the Deputy First Minister within the minority government had an allocated Special Adviser.

It is perhaps also useful to say that this team approach did not generally have as its corollary the creation of a chief of staff role to manage the teams; that model was used only for the initial years of Jack McConnell's period as First Minister, when the role was filled with distinction by Professor Mike Donnelly. There has been, however, a hierarchy of Special Advisers under all the governments and the Liberal Democrats had one senior special adviser, Sam Ghibaldan, throughout their eight years in coalition. My view is that the single team approach, the accountability to the First Minister or Deputy First Minister and the presence of one or more senior special advisers taking an overview of the whole of their party's interests within government are all aids to the political cohesion of governments, whether coalition or not.

The role of permanent civil servants relates, of course, to the operational cohesion of a government and the effectiveness of its decision making, rather than to its political cohesion or the sureness of its political touch. Their key contribution within a coalition is to ensure that good process supports collective decision making and that there is transparency in the provision of information and advice, so that both parties have equal access to Civil Service support. As I have indicated earlier, our arrangements for doing this in Scotland built substantially on our knowledge of the processes used over a long period to support effective Cabinet government in Whitehall. We adapted them in small ways to the needs and preferences of Scottish Ministers, for example by providing a more structured (and comfortable) approach to the opportunity for informal communication between Ministers immediately prior to Cabinet meetings than is offered by the gathering in the anteroom outside the Cabinet room in No.10. In general, though, we relied successfully on borrowing from Whitehall's tried and tested arrangements for facilitating collective decision making.

Within the context of a coalition government, it is worth saying that there is a need for civil servants to rethink some other established behaviours, which can easily conflict with the need to provide equality of support to each of the coalition parties. Loyalty to an individual Departmental Minister, rather than to the Government as a whole, clearly carries the risk of disproportionate support for and a perception of identification with the party from which that Minister is drawn. This risk is magnified when the Ministerial team within an individual Department is drawn exclusively from one or other of the coalition parties. Departmentalism, in all its forms, is at odds with the imperative to foster cohesion within a coalition government.

Within minority government, support for the effectiveness of Cabinet through good process remained important (although the smaller size of Cabinet substantially reduced the need for a supporting structure of Sub-Committees and Ministerial Groups). It was my impression that a group of Ministers with no experience in government was pleased to be able to make use of the strong collective understanding of effective government processes which the Civil Service strives to maintain as part of its professionalism. As I explain in the next Chapter, we also took radical steps

to seek to eradicate Departmentalism, although the need to assist the dynamics of coalition was no longer part of the rationale.

The key contribution of civil servants to minority government was different. As I have noted earlier, minority governments have a need to construct coalitions of support issue by issue. Securing such support from other political parties is easier if the body of informed opinion within wider society is broadly supportive of the Government's thinking. It had been central to my leadership message since 2003 that building and maintaining strong relationships with stakeholders, and facilitating discussion with and between them, should be a core role for civil servants. Under minority government, our previous investment of time and energy in developing relationships was able to deliver additional value. The trust which had been developed enabled us to discuss potential government proposals in confidence with stakeholders and to receive from them constructive responses and frank assessments of likely reactions. Sharing the fruits of this with Ministers assisted them to make judgements about the prospects of securing sufficient support for particular proposals.

Another key Civil Service contribution during the period of the minority SNP Government after 2007 was connected to the fact that this was the first time that devolution had produced a different leading party within the Scottish Government from that within the UK Government. For a variety of reasons, the civilities between opposing political parties which are part of the behaviour which assists transitions of power in Westminster/Whitehall were less in evidence in the reaction of the UK Government to the political change in Scotland. The harder it was to establish necessary dialogue through Ministerial channels, the more imperative it became, for the public interest, that civil servants maintained strong channels of communication. Whatever the arguments of principle about the decision in 1998 to retain the civil servants serving the devolved government in Scotland within a unified Home Civil Service, the sense of shared professional values which that decision sustained and the established network of personal trust which it helped maintain proved of practical value in this period. For my own part, I was very grateful to Sir Gus O'Donnell and my Permanent Secretary colleagues for the way in which they made it possible for the 'Wednesday morning meetings' of all Permanent Secretaries to be used as one of the channels of communication. It was, and remains, a peculiarly British form of pragmatism; but my favourite phrase from the Blair era has always been "what matters is what works" and it passed that test consistently over my three years as the representative of a Government with a complex relationship with the UK Government.

Another aspect of sustaining minority government which merits some coverage is the set of issues surrounding the preparation and passage of an annual Budget Bill. There are examples elsewhere in the world of governments which involve formal agreements by the main political party forming the government with one or more other political parties, which commit the other party or parties to support the government over "supply" (i.e. to enable the government to put in place a workable budget). One can either regard this as a minimalist form of coalition or as a form of underwriting of minority government. A key point about Scotland's experience of minority government between May 2007 and May 2011 is that there was no such agreement in place. Consequently, the passage

of each year's Budget Bill was an exercise which required the SNP minority government to secure the support of either two of the other three major parties or one of those parties plus the Green Party and the one Independent MSP.

The Scottish Parliament has procedures which require a draft Budget to be presented for consideration by the Parliament's Committees as least 6 months prior to the first financial year to which it relates. Following a period of consideration by the Committees, intended to allow them to propose alternative priorities and to inform recommendations by the Finance Committee for amendments to the Budget, a Budget Bill is presented to the Parliament, in the January preceding the new financial year.

In principle, the process of Committee consideration might have provided a process for the emergence of budget proposals which had cross-party support and which could form the basis of a Budget Bill. It was an aspiration on the part of those who designed this Parliamentary procedure that it should be part of a more collaborative approach to decision making within the Parliament, in contrast to the adversarial relationship between government and opposition parties which was seen as a hallmark of the Westminster system. Experience during the eight years of coalition government following devolution did not provide much evidence of the process fulfilling that aspiration. This might have been because the process embodied the discipline that any proposals for new spending were required to be accompanied by proposals for equivalent reductions from the draft proposals, with the inherent difficulty of getting majority agreement within a Committee to those potential reductions. Another factor might have been the focus which came to fall on the issue of end year under-spending, which gave rise both to the political perception that room for accommodation of additional spending existed within budget plans and that the operation of the end year flexibility mechanism provided a get out from the disciplines of a capped budget total.

Whatever the reasons, the process of consideration by Committees of successive draft budgets prior to 2007 had not developed into a foundation for developing bipartisan agreement to revised budget proposals in advance of production of a Budget Bill. In 2007 the new minority government sought to draw representatives of the other parties, and the one Independent MSP, into a separate forum for cross-party discussion, serviced by a small team of senior officials, headed by me. This proved useful in providing information to the participants, and clarifying some misunderstandings, but it did not become a focus for cross-party negotiation. This remained true in subsequent years, although John Swinney, who convened it as Cabinet Secretary for Finance and Sustainable Growth, ensured that the forum met from time to time, keeping open the possibility that it might develop further. In practice, the annual budget process involved bilateral discussions through political channels in which the other parties, including the Independent MSP, pressed for additions to the budget of various kinds.

John Swinney sought to accommodate those pressures to a sufficient degree to obtain the necessary number of votes to pass the Budget Bill. Although he might adjust the Scottish Government's own proposals at the margins, he generally sought to achieve the accommodation by stretching the envelope. I agreed, as Principal Accountable Officer, that the established pattern

of optimism in forecasts of the timing of spending would render it reasonable to over allocate the budget marginally, by less than 0.25%. I did so also on the basis that a stronger focus on even very fine margins of aggregate spend would assist us in managing expenditure (in the accruals accounting sense) sufficiently closely to deal with the risk of breaching the budget. On the basis of events over that financial year and the others which have been concluded since then, one can reasonably conclude that the performance of the Scottish Government (and, I believe, the Welsh Assembly Government) demonstrates that Departmental Expenditure Limit (DEL) expenditure is capable of being controlled to exceptionally fine margins – less than 0.1%. This is, I understand, a significant contrast with the average degree of variance between budget and outturn for Whitehall Departments, despite the fact that the Scottish Government's aggregate DEL budget is larger than the majority of individual Whitehall Departments' DEL budgets.

Reverting to the political dynamics, it is important to record that the First Minister made clear that passing the Budget Bill was a confidence issue and that he and his Ministers would resign if the Scottish Parliament refused to pass the Bill in any year. In 2009, in relation to the Budget Bill for 2009-10, the Opposition parties did vote against the Bill at one stage but reversed that decision the next week, after some very small further additions to the amounts provided for in the Bill. It is interesting that in 2010, there was no similar action despite that fact that the Budget Bill in respect of 2010-11 marked the beginning of the tightening of public expenditure in response to the effect of the recession on the UK public finances. The lesson perhaps is that minority government, even one with only 36% of the seats in the legislature, can be sustained, even in adverse external circumstances, for as long as there is not a view among sufficient other political parties to constitute a Parliamentary majority that an election would be in the interests of those other political parties.

I hope I have made clear in this Chapter that the challenges of maintaining coalition government are predominantly about internal focus, while the challenges of maintaining minority government are predominantly about external focus. The main caveat to this is that the absence of voting against the 2007-11 government by backbench members of the governing party suggests that strong internal party cohesion and discipline is an important asset in maintaining minority government. It is certainly an interesting contrast to the experience of behaviour by the backbench members of the parties constituting the two coalition governments, particularly the members of the smaller party. As the need to bind backbench MSPs from the coalition parties more closely to the interests of their government was perceived by the First Minister and Deputy First Minister to grow, one of the innovations during the second coalition government was the introduction of regular meetings between the First Minister and Deputy First Minister and representatives of their backbenchers, supported by me and my Cabinet Secretariat team and by special advisers, to discuss the Government's future plans. This process was not replicated by the 2007-11 minority government, which handled relations with its backbench MSPs as a party political process, without the involvement of civil servants.

## 4. The Scottish model of government

Between 1999 and 2007, the main points of divergence between the arrangements for governance in Scotland and those in Westminster and Whitehall from which they had been separated by the Scotland Act 1998 were Scotland's experience of coalition governments and the different procedures of the Scottish Parliament, particularly the emphasis placed on the Committee system. In 2007, the Scottish Government embarked upon a more radical departure in the organisation of government, at the heart of which is the concept of a government as a single organisation. It is, one might say, the idea of 'joined up government' taken to its logical conclusions.

We should not be misled by the frequency with which 'joined up government' has been used in recent years as a widely held aspiration, in comment about the nature of change in government, which various interests wish to see, into thinking that it is either the norm in practice or a universal ideal. Most central governments around the world are federations of organisations – the Minister or Department of this and the Ministry or Department of that – co-ordinated to varying degrees by central organisations with varying powers. This is true of the UK Government, within which a substantial degree of autonomy for individual Departments is underpinned by the Departmental basis of Parliamentary arrangements for voting supply and for the exercise of accountability for the use of public money. It is also worth remembering that it is only 20 years ago that the dominant idea about the organisation and conduct of government in the UK was the creation of Executive Agencies within central government and that the legacy of that is that a majority of the UK's civil servants are employed in those Agencies, rather than in the core of Government Departments. One might describe this as the elevation of operational specialisation and organisational fragmentation as the central principle of the conduct and organisation of government.

One of the first pieces of legislation by the Scottish Parliament, the Public Finance and Accountability (Scotland) Act 2000, sowed the seeds of a different approach. It provided, in section 14, that Civil Service financial accountability to the Scottish Parliament should come together in one post: the Permanent Secretary was made the Principal Accountable Officer for the entirety of the financial resources available to the Scottish Government. This was not a matter of carrying forward the pre-devolution arrangements. The Permanent Secretary of The Scottish Office had the same limitations on his financial accountabilities as the Cabinet Secretary and Head of the Home Civil Service has in the Whitehall context. It was the Heads of the constituent Departments of The Scottish Office who had Accounting Officer responsibilities to the UK Parliament for expenditure on the major programmes of activity; the Permanent Secretary was Accounting Officer only for the budget for the running costs of the organisation.

Between 1999 and 2007, this change made little practical difference to the conduct of devolved government. One of the consequences of coalition government was to strengthen the desire of individual Cabinet Ministers to maximise their own degree of autonomy and, consequently, that of



their Department. There was unhappiness when a Cabinet Minister with a relatively small portfolio did not have their own Department devoted exclusively to that portfolio and, by extension, their own exclusive Head of Department.

In 2007, separate but convergent political and Civil Service analyses came together to produce the elements of a different approach. I have outlined earlier that the SNP's thinking in advance of the 2007 election had led them to include in their manifesto commitments to: i) an outcome based approach to the framing of the objectives of government and to enabling the electorate to hold the Government to account for performance; ii) a reduced size of Cabinet, which was an expression of a commitment to an approach to Ministerial responsibilities that emphasised the collective pursuit of shared objectives over a focus on individual portfolios with disaggregated objectives.

During the 2003-2007 coalition government, I and some of my Civil Service colleagues had devoted increasing effort to strategic analysis across the whole of government. The First Minister, Jack McConnell, was active and engaged in exploring the potential uses of that work as a basis for future policy. His interest would have been a sufficient basis for me to give priority to the work but I also had my own motivation. I had returned to Scotland in May 1999, from my period in the Cabinet Secretariat, with a strong belief in the target driven approach which characterised the conduct of the UK Government; and my new role as Head of the Scottish Executive Education Department included responsibility for one of the policy areas in which that approach was most rigorously applied, the outputs of the school education system. Over the three years for which I held that post, I became progressively less persuaded of the adequacy of that approach. It delivered incremental annual improvements, which often compared favourably with those being achieved elsewhere in the UK; but the rate of improvement seemed to me insufficient compared to the scale of the progress required, particularly in relation to the proportion of young people who derived little or no benefit, as measured by educational qualifications, from a system capable of providing the majority with a basis for entry to tertiary education and which retained a reputation as one of the best in the world.

Over several years, I became increasingly focussed on the intractability of several problems with major social and economic impacts: educational outcomes for the least successful 20% of young people; health inequalities related to socio-economic background; geographical concentrations of economically unsuccessful households; and Scotland's rate of GDP growth relative to the UK average and to that of comparable countries. These problems had in common that they had been the sustained focus of policy interventions of various kinds, over several decades and often accompanied by substantial public expenditure, but had either remained unchanged or deteriorated. Work on future scenarios for Scotland's society and economy, involving my 50 or 60 most senior colleagues, revealed a high level of scepticism that the policy approaches being followed or discussed would have a positive aggregate impact. This conclusion was not a judgement on the coalition government's political judgement; it was a reflection on the limitations, in Scotland and elsewhere, of traditional policy and operational solutions.

The Civil Service response to this was to concentrate the work of our Strategy Unit and the regular discussions of our most senior 50 to 60 staff on drawing lessons from those policy areas in which we were already making use of more integrated approaches, such as the approach to the early years of children's lives. We used this approach also to explore the scope for more integrated approaches in other policy areas: both in relation to existing issues on which outcomes were not being improved, such as health inequalities or the rising prison population, and to identifiable strategic challenges, such as the potential effects of demographic change on labour supply and on demands on social care systems. Particularly in the work in early 2007 to identify potential areas of policy innovation which we might offer to an incoming government, it became clear that using an approach which looked across the full range of government functions offered the scope for some significant and unexpected fresh policy perspectives.

On the basis of this analysis and the need which it implied for a different approach to policy making and operational delivery, I reached two main conclusions.

First, that we were not exploring sufficiently the potential benefits of being able to address the wide range of responsibilities within a relatively compact central government structure, which had close working relationships with local government and the voluntary sector as well as with its own extensive range of NDPBs and Executive Agencies.

Second, that the strong emphasis on separate policy domains in the organisational structures of government was an obstacle to improvement. This was, of course, the opposite conclusion to that reached in the late 1980s and early 1990s in relation to the drive to increase the number of Executive Agencies.

Consequently, during the first three months of 2007, I developed a proposal for the abolition of an organisational structure of Departments, which had been integral to the development of The Scottish Office during the previous century and carried over into the post-devolution arrangements. The proposal was to seek to build on other features of our existing organisational arrangements to create a stronger sense of a single coherent organisation. Among those other features were that we already had common ITC systems and HR policies across our core Departments which, in some cases, also covered our Executive Agencies. I have already explained that there had been a conducive change which had unified the top level of financial accountability. This was reinforced by the financial relationship between the UK and Scottish Governments, which is focussed on the aggregate Scottish Government budget rather than its constituent parts. (The separate accountability arrangements between the Scottish Parliament and the Scottish Government were much more heavily focussed on separate budgets for each Cabinet Minister's portfolio, but this was of less practical significance than the nature of the financial relationship with the UK Government. The Scottish Parliament has subsequently, from the 2011-12 financial year, decided to give primacy to the aggregate budget in some aspects of financial control, without abandoning entirely accountabilities related to budgets linked to Ministerial portfolios.)

The key change required was to redefine the roles of my senior colleagues occupying what were then Head of Department roles, to focus them primarily on organisation wide responsibilities. This

was also a matter of building on features of our existing organisational arrangements, although more recently developed ones. I and the Heads of Department had been developing a stronger corporate Board over several years, refining the purpose of the weekly meeting of senior staff which had overseen corporate matters and co-ordinated functional activity over several decades – a Scottish version of the Wednesday morning meeting in Whitehall but with more shared corporate responsibilities. We had moved towards the more formal disciplines of a Board, with Non-Executive Directors drawn from the private sector, during the period of the first coalition government and before I became Permanent Secretary. During the period of the second coalition government, we had begun to make greater use of formal sub-groups of the Board to fulfil various functions on behalf of the Board, including taking most of the detail of common HR policy off the Board table. (This has some parallels with the way in which Gus O'Donnell has developed the role of Wednesday morning meetings, removing many detailed issues to sub-groups and allowing the full meetings of Permanent Secretaries to focus on larger strategic issues.)

So, in May 2007, two separate analyses of ways to define and pursue the objectives of government more effectively by changing the organisation and functioning of government – that developed by the SNP outside government and that developed by me, with my senior colleagues, within government – came into conjunction. It seemed to me that they were congruent. I invited the agreement of Alex Salmond and his two most senior colleagues, Nicola Sturgeon and John Swinney, to the essential feature of the changes which I wished to make – the abolition of the Departmental structure and the redefinition of the roles of the former Heads of Department – on the basis that I believed that it would improve the delivery of an outcomes based set of government objectives, of the kind they wished to adopt. They gave me their support in making the change, even though I told them that I could not point to a similar model for the organisation of central government elsewhere in the world.

It might be useful, before elaborating further on the model and how it developed in practice, to summarise the key features of the model of government as a single organisation which had emerged at this point:-

- An outcomes based approach to delivering the objectives of government
- A single statement of purpose, elaborated into a supporting structure of a small number of broad objectives and a larger, but still limited, number of measurable national outcomes
- A system for tracking performance against outcomes and reporting it transparently and accessibly
- Single leadership roles controlling each of the political and Civil Service pillars of government, supported by small senior teams
- Understandings of the roles of the members of the senior political and Civil Service teams which give primacy to contributing to the collective objectives of the team.

I hope that two things are clear from this summary and from the explanation I have given of the origins of the model. First, it derives primarily from thinking about the effectiveness of government, and from learning drawn from experience. It is an example of form following function, not an exercise in organisational or management theory. Second, it is a model for giving leadership and direction to a system of government, which leaves open a range of choices about the organisation of, and relationship with, the wider system to which leadership and direction are given.

The main choice made about the organisation of the wider public sector was to reduce the number of NDPBs by one third, taking a step further on from a similar programme of mergers and abolitions undertaken by the 1999-2003 coalition government. There was also case by case consideration of the position of some Executive Agencies, resulting in different decisions in individual cases about whether to retain their status or absorb them into the core of government.

The more significant and universal change was to the substance of the relationships, by using the Purpose and National Outcomes as a consistent basis for Ministerial strategic directions to the full range of NDPBs and Executive Agencies, and requiring all NDPBs to align their performance measurement arrangements with the National Performance Framework based on the Purpose targets and National Outcomes. (Such alignment was more obviously required of the Executive Agencies, as part of central government.)

More dramatic was the political agreement negotiated in 2008 between the Scottish Government and the Convention of Scottish Local Authorities, resulting in a Concordat governing the working and financial relationship between central and local government. Alongside this was agreement that local government would adopt several of the Scottish Government's priorities for pursuit of the Purpose and National Outcomes accompanied by agreement that the Scottish Government would reduce, progressively over several years, the proportion of its funding of local government which was hypothecated. Consistent with this, there was also agreement to introduce, from the 2008-09 financial year, Single Outcome Agreements produced by each local authority as the basis of their relationship with the Scottish Government.

The central point of these changes in the substance of the relationship between the Scottish Government and the various part of the Scottish public sector was, of course, to link the new concept of a single framework of national purpose, the Purpose and National Outcomes, to the established arrangements for providing varying degrees of Ministerial direction to the many organisations which comprise the totality of Scotland's public sector.

Belief in the value of the public sector in Scotland acting with a sense of shared purpose predated 2007. In 2006, I had invited the most senior official of every organisation in Scotland's public sector to come together to discuss a shared leadership agenda. The range of organisations involved was widely drawn to include university and further education college principals and chief constables as well as those more conventionally recognised as chief executives of various public sector organisations. Participation was explicitly personal to those with ultimate leadership responsibility within their organisation, with no allowance for deputies. This gathering, including me and my senior colleagues, developed into the Scottish Public Sector Leadership Forum, which commands

sufficient voluntary support from those entitled to participate that it has met every year since 2006. It will be obvious that the availability of a Framework expressing the substance of a shared national purpose from 2007 assisted the development of the Forum. Among the benefits which we were able to derive from this was the openness and constructiveness of discussion about the approaching decline in public expenditure which we were able to have in the Forum in the autumn of 2009. I understand that the 2010 meeting of the Forum, during the year of sharpest year on year public expenditure contraction, demonstrated undiminished unity of purpose, which seems to me an indicator of the robustness of the collective leadership approach.

Within the Civil Service, the definition of the Director General roles and the consequences for the roles of others has also endured through an obvious potential series of change. The first was change in the composition of the leadership. Over a period of 9 months, between March 2010 and the end of the year, I and a majority of the senior team left the organisation. There is now no member of the senior team who was part of that team in 2007, when the changes were introduced. Under the leadership of my successor, Sir Peter Housden, the change has been taken further rather than reversed. Reductions in the size of the Senior Civil Service have resulted in a broadening of spans of responsibility at both Director General and Director level.

I have not discussed the impact of the changes in the Director General role or the roles of Directors. It was, in essence, to transfer to Directors responsibility for policy and operational oversight of the distinct functions of the Scottish Government. While there was a considerable emphasis on integrative work between functional commands at Director level, those at that level took on most of the responsibilities for the discrete management of particular policy functions which had previously been located at Director General level. Directors General would be responsible collectively for the delivery of the National Outcomes specified by the Government, as well as for the effective running of the organisation, and individually for using the whole capacity of the organisation to secure delivery of subsets of those Outcomes, grouped around the themes selected by Ministers as a basis for summarising their strategic aims: Smarter, Healthier, Greener, Safer and Stronger, and Wealthier and Fairer.

Shifting the location of senior responsibilities for functional commands to Director level might have created the risk of multiplying Departmentalism, rather than the intended outcome of eradicating it. My analysis of that risk was that the approximately 40 Directorates were too numerous for any move towards separate governance and behaviour to be tenable. Although a few Directorates had historically had strong separate identities and some Executive Agencies were Director level commands, there was not in general a previous pattern of narrow organisation based behaviour; so there was not much which required to be unlearned at that level in the organisation. It was prudent, nevertheless, to ensure that we did nothing to encourage inadvertently the behaviour we did not want. We refrained, for example, from any systematic separation of financial budgets into aggregate control totals at the level of Directorates.

The most important factor in my belief that we could make this radical change work was my trust and confidence in the people who would have to make the adjustment: existing Heads of

Department, who were to become Directors General, and our cohort of Directors. Directors General had to exchange conventional hierarchical power for the obligation to create personal authority through their strategic contribution and their organisation wide roles. It was bound to be a demanding personal transition, particularly as they were all experienced in operating in the more conventional roles, but they committed themselves as a team to making the adjustment and holding each other to account for making a success of it.

It can undermine the drive for change in an organisation if the systems which shape the way people and money are managed remain unchanged. I sought to reinforce the change by reordering the line management relationships between Directors General and groups of Directors, and by extension the Deputy Directors for whom they were responsible, to create a degree of discontinuity with the previous arrangements which had been based wholly on Departmental structures. I was unable to alter financial accountability arrangements as much as I would have wished. The financial year had already begun with Directors General's accountabilities to the Parliament based on budgets linked to Ministerial portfolios. Within that constraint, I was able in the course of the first year to make one substantial change to Accountable Officer responsibilities which reflected the spirit of the new approach, by bringing together the Communities and Justice budgets within the delegated responsibility of the Director General focusing on delivery of the National Outcomes relevant to the Government's Safer and Stronger objective.

I knew that those holding Director posts would be generally supportive of change because of the strength of their commitment to setting very ambitious objectives for what government should aspire to deliver and the work that had taken place to establish the link between that level of ambition and the need for the innovative policy making which could be opened up through a wholeheartedly integrated approach within government. It was to their immense credit that they embraced the additional responsibilities with energy and enthusiasm. They too made a collective commitment to supporting each other in working differently and holding each other to account; and they devised and introduced some new arrangements for strengthening their collective working

The recent 25% reduction in posts at Director level, with the consequent broadening of responsibilities, is further evidence of the robustness of the model. It also demonstrates, in my view, an important lesson about major organisational and cultural change. The level of belief in, and commitment to, the change among the future leaders of an organisation is crucial. Current leaders can establish the preconditions for change, and initiate the change, but the success of change rests with the next generation of leaders.

This redefinition of senior roles of the Civil Service is also, as I have indicated, a redefinition of working relationships between senior civil servants and Ministers. It is worth noting therefore that this, along with the other aspects of the Scottish model of government, has carried over beyond the outcome of the 2011 elections to the Scottish Parliament. It would be a bold hypothesis to connect the success of the Scottish National Party in winning an overall majority of seats, an outcome previously considered unachievable for any political party, to their adoption and successful

deployment of the Scottish model of government. It does, however, enable one to draw one conclusion which is relevant to the transferability of the model; that it is not simply a model for the operation of a minority government. Having proved strong enough to produce both political success and demonstrable progress on the majority of outcomes, it may prove even more powerful in the more conventional setting of single party majority government.

## 5. Epilogue

What I have written is a snapshot, even if examining twelve years constitutes a long exposure. We are still only at the beginning of the working through of a radical and dynamic change in the constitutional arrangements of the United Kingdom. The view that devolution is a process not an event has been amply substantiated.

There is a preoccupation at present with the sharply different views which exist about where that process should lead. There is a risk that this will distract us from the learning which can be taken from the path we have already travelled. We have been taught by events to expect the unexpected and we have learnt important and positive lessons about the capacity for adaptiveness and innovation in our political and public service arrangements.

I have taken the general view that there is more to learn from what has gone right than from what has gone wrong. When I discuss the past twelve years with people within government in other countries, I find that is their perspective; and that they regard our experience of devolution as a rich source of learning. There is one topic which is always of interest to those in other countries which I have not sought to cover, except for one brief reference to the aftermath of the 2007 election: the working of the relationship between the UK and Scottish Governments. It is a rich topic but there are several reasons for not tackling it in this publication. For the present, I confine myself to saying that one of the benefits of getting better at mutual learning from the devolution experience is that it assists mutual respect and understanding. Whatever the future holds, we shall need those assets. I hope that what I have written will help to enhance them.



