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## Press release

Strictly embargoed until 00:01, Thursday 30 September 2010

# Strong leadership and clearer accountability needed for Scotland's public bodies in the face of budget cuts

The system of accountability for public bodies in Scotland is complex and it is essential to make it clear who is responsible for key decisions, at a time when the public sector is making hard choices about the future of public services.

An Audit Scotland report published today, *The role of boards*, examines the governance arrangements of NHS bodies, colleges, executive agencies, non-ministerial departments, non-departmental public bodies and Scottish Water. The report covers 106 boards which oversee £17 billion of spending a year, about half of the Scottish public budget.

Public bodies and their boards have evolved over time. There is great variety in the size and make-up of boards and the roles that they have. Accountability can be complex, with chief executives and boards reporting in different ways to the Scottish Government, ministers and the Scottish Parliament. This risks causing confusion about who leads an organisation and is responsible for its decisions.

Auditor General for Scotland Robert Black said: "The Scottish Government has made progress with its public sector reform agenda but the public sector landscape remains complex with a variety of accountability arrangements. The need for strong leadership and clearer accountability in the public sector is crucial, now more than ever with budgets reducing. Over the coming years boards will have to make tough choices about public services. There will need to be clear and well understood relationships between public bodies and the Scottish Government to agree priorities and manage budget reductions."

Mr Black emphasised the importance of strong leadership in public bodies: "Board members must scrutinise rigorously their organisations' risks, financial management and performance. Some boards do this well but others need to exercise this central role more effectively. The success of boards depends on having a mix of people with the right skills and expertise, but the evidence is that the number of people applying for posts as non-executives on boards is falling. The Scottish Government should review the reasons for the falling interest in public appointments and make sure that people with the right skills and experience are encouraged to come forward."

Between 2004/05 and 2008/09, the number of people applying to become non-executives board members in the public sector more than halved. By 2008/09, Scottish ministers had no choice of candidate for more than a fifth of appointments. Audit Scotland says it is unclear why application numbers have dropped, although reasons may include the lengthy appointment process, public perceptions of public bodies, the pay and the risk of damage to personal reputations.

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### Notes to editors

1. This report examines the roles and work of boards in Scotland's NHS bodies, non-departmental public bodies (NDPBs), executive agencies, non-ministerial departments and colleges. It looks at 106 organisations that existed on March 31 2009, which are audited by the Auditor General for Scotland.
2. The 106 organisations covered by this report spent almost £17 billion and employed 175,000 staff in 2008/09. The Scottish budget in that year was £34.7 billion. There were about 1,500 board members at those bodies, including both executives and non-executives, and it cost £5.5 million to pay non-executives.
3. For the purposes of this report, Audit Scotland used the following definitions for particular terms. 'Board members' refers to both executives and non-executives on the board. 'The chair' is the person that leads the board. 'Executives' are senior employees of the organisation who are also board members, for example the

chief executive and/or directors that are responsible for day-to-day management and operations. 'Non-executives' work part-time for the organisation but are not involved in the day-to-day management.

4. The report does not cover councils, police and fire boards, advisory NDPBs, tribunals, commissioners and ombudsmen. In August 2010 Audit Scotland published a report on the governance at councils and relationships between elected members and officials, *Roles and working relationships: are you getting it right?*
5. All Audit Scotland reports published since 2000 can be found on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)
6. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. Audit Scotland has prepared this report for the Auditor General for Scotland.
7. The Auditor General is responsible for securing the audit of the Scottish Government and most other public bodies in Scotland, except local authorities. He investigates whether spending bodies achieve the best possible value for money and adhere to the highest standards of financial management. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament.