

News release

For immediate release, 16 November 2023

Clearer plan needed to reform public services

The Scottish Government quickly addressed short-term financial challenges in 2022/23, but reform of the public sector is needed to deal with longer-term financial pressures.

The Scottish Government needs to work with its partners to clearly set out how the design and delivery of public services will need to change. Understanding the overall assets and liabilities within the Scottish public sector would support this. But the Scottish Government has made no progress on developing a devolved public sector account, despite this being a commitment since 2016.

The Scottish Government's approach to public performance reporting also needs to improve. Several indicators of wellbeing are still not being reported on, five years after the National Performance Framework was set up.

In a welcome move, a new division has now been set up by the Scottish Government to better inform future interventions in private companies and manage those currently in place. This recognises that ministers' interventions in businesses such as BiFab, Prestwick Airport and Ferguson Marine have come at a significant financial cost in recent years.

Stephen Boyle, Auditor General for Scotland, said:

"The Scottish Government responded quickly to the impact of inflation and other factors on the public finances. But most of the decisions taken were short-term and will not help manage more turbulence over the next few years.

"Public services in their current shape are not affordable. Ministers urgently need to develop a clear road map that lays out how public services will be reformed to make them financially sustainable."

For further information contact Patrick McFall. Tel: 0131 625 1663 / 07786660171
pmcfall@audit-scotland.gov.uk or media@audit-scotland.gov.uk

Notes to Editor:

1. The Auditor General has prepared the report on the Scottish Government's consolidated audited accounts for 2022/23 under Section 22 of the Public Finance and Accountability (Scotland) Act 2000. This allows the Auditor General to bring to the Parliament's and the public's attention matters of public interest related to the financial statements of public bodies.
2. Section 22 reports are submitted to Scottish Ministers for laying in the Parliament along with the accounts of the relevant body. While there are statutory deadlines for these reports, the

actual timing of publication is determined by when the report is laid in the Scottish Parliament by Scottish Ministers.

- 3.** The Scottish Government's Consolidated Accounts received an unqualified audit opinion.
- 4.** The Scottish Government's Consolidated Accounts show that the total net expenditure during 2022/23 was £49,767 million, £509 million less than budget. See Exhibit 1 of the report.
- 5.** The accounts cover around 90 per cent of the budget. They do not include resource and capital borrowing, local government assets and borrowing, and public sector pension liabilities.
- 6.** The total financial investment by the Scottish Government in Prestwick Airport, Ferguson Marine (Port Glasgow) Holdings Limited, BiFab and Lochaber Aluminium Smelter can be found in Exhibit 2 of the report.
- 7.** The due diligence exercise for MV Glen Sannox and MV Glen Rosa (vessels 801 and 802) was in accordance with the requirements set out in the Scottish Public Finance Manual.
- 8.** The Auditor General's report also notes that there is a risk that the Scottish Government's core IT systems are no longer fit for purpose due to underinvestment.
- 9.** Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk
 - The Auditor General for Scotland appoints auditors to Scotland's central government and NHS bodies; examines how public bodies spend public money; helps them to manage their finances to the highest standards; and checks whether they achieve value for money. The Auditor General for Scotland is independent and is not subject to the control of the Scottish Government or the Scottish Parliament
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