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Convener
Education and Gaelic Committee

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20 October 2026

Dear Convener,

Pre-budget scrutiny 2027-28: class contact time and reforms to the children's care system

At the evidence session on 6 October, I made a commitment to write to you regarding your question about the recommendation of the Scottish Fiscal Commission that the Scottish Government provide an update on progress against planned efficiencies, public sector pay and workforce developments, and changes in spending pressures since publication of the Spending Review in January 2026.

The Scottish Government recognises the importance of supporting parliamentary scrutiny of these issues and continues to keep progress under close review.

The Portfolio Efficiency and Reform Plans set out details of approximately £1.5 billion of new and recurring savings over the Spending Review period, progressing our ambitious reform agenda set out in the Public Service Reform Strategy and Fiscal Sustainability Delivery Plan. Progress against these savings targets is being monitored, and action will be taken to address any risks to delivery. The Deputy First Minister is considering the timing of the Portfolio Efficiency and Reform Plans progress update, to best respond to the views expressed by the Finance and Public Administration Committee during its recent evidence session.

Alongside this, we have published an Integrated Pay and Workforce Policy for the first time as part of a co-ordinated approach to pay and workforce planning. The policy aligns pay decisions with workforce planning and represents the first step in operationalising the commitments set out in the Fiscal Sustainability Delivery Plan to manage the public sector paybill and workforce size through a coordinated approach to pay and workforce planning.

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We have also committed to reviewing the Pay Policy as part of the 2027-28 Budget process to ensure its continued sustainability.

A new Workforce Management Framework will also be published this year. Developed with input from employers, workforces and trade unions, the Framework will support employers to deliver workforce reform in a planned and sustainable way, providing practical guidance on managing workforce change, reducing staffing levels where appropriate, and protecting frontline services.

Scottish public finances continue to face a challenging fiscal environment. Successive budgets and medium-term financial strategies have highlighted the choices and trade-offs required to deliver a balanced and sustainable financial position. The Scottish Spending Review, published alongside the 2026-27 Scottish Budget in January, set out spending plans that were balanced in line with the funding expected at that time.

Since publication of the Spending Review, the funding position has been affected by a number of developments. These include the Scottish Fiscal Commission's Fiscal Update, which confirmed a negative reconciliation on Income Tax, and the potential implications for Scotland's capital funding arising from the UK Government's defence spending plans should future block grant reductions be confirmed at the next UK budget. As is standard practice across government, indicative multi-year spending assumptions remain subject to ongoing review and refinement as forecasts mature and financial positions become clearer.

With regard to the Committee's specific question on the impact of planned efficiencies and spending pressures on delivery of The Promise and the reduction in class contact time, the Scottish Government remains committed to its priorities of eradicating child poverty, growing the economy, tackling the climate emergency and improving public services. Decisions on future spending will continue to be taken through the normal budget processes, with available resources targeted towards agreed priorities.

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