The Scottish Parliament
Pàrlamaid na h-Alba

Public Service Reform Committee

Ivan McKee MSP
Cabinet Secretary for Public Service Reform
Scottish Government

By email

06 November 2026

Dear Ivan,

Pre-budget scrutiny 2027-28: how can the Scottish Budget best advance public service reform?

Our pre-budget scrutiny focused on whether the Scottish Government's spending decisions will support simpler, more preventative and more effective public services.

The case for reform is longstanding. The Christie Commission called for services to be built around people, focused on prevention, delivered collaboratively and designed to improve outcomes while reducing costs.

When you gave evidence to the Committee on 10 September 2026, you underlined the importance of public service reform—

> "Public service reform has been expressed by the First Minister as this Government's defining ambition, and you will have seen its prominence in the programme for government. It is all about delivering excellent public services that the people of Scotland need—and deserve—in a fiscally sustainable way."

Before we set out the findings of our pre-budget scrutiny, the Committee expresses its appreciation to everyone that submitted written evidence, we received 143 responses in total. Also, our thanks to those who shared their expertise and views with us during oral evidence. The information we gathered has not only informed our pre-budget scrutiny, but will also support our ongoing work programme due to the breadth of the material provided.

Further details of our inquiry and the summary of written evidence can be found on our webpage.

Our first pre-budget scrutiny as a newly established Committee has highlighted the need to consider budget decisions alongside the wider development and delivery of public service reform. Effective year-round budget scrutiny will require a fuller understanding of the Government's reform plans and how spending decisions support effective and financially sustainable public services.

We ask the Scottish Government to address our conclusions and recommendations in its

response and, where relevant, explain how they will be reflected in the draft Scottish budget. The information provided will form the starting point for our ongoing scrutiny and enable us to track progress throughout the parliamentary session.

Our recommendations are set out in the Annexe grouped accordingly.

Public service reform - a fiscal imperative and a public service necessity

It has been widely reported that demand for services is rising, the population is ageing, and public finances remain under sustained pressure.

We heard how multi-faceted the problem is and how integrated the solution needs to be.

From a voluntary sector perspective, the Third Sector Interface Scotland Network (TSI Scotland Network) said it "feels as though public service reform means different things to different people" and added—

> "If we set a target to save a percentage of costs, that changes the mindset of the people who need to deliver that programme. We know that, generally, there are efficiencies to be achieved in our public services system, but I would argue that the best way of delivering those savings is by designing better services that aid prevention and avoid the worst outcomes being experienced as frequently as they are at the moment. That is how savings will be released."

The societal and fiscal pressures outlined above, reinforced by the evidence to our inquiry, make successful implementation of public service reform an imperative, not an option.

The Scottish Government's most recent Medium Term Financial Strategy (MTFS), published in June 2025, projected a fiscal gap of nearly £5 billion by 2029-30.

The Scottish Fiscal Commission's recent Scotland's Economic and Fiscal Forecasts, January 2026 (republished February 2026), compared the funding outlook for June 2025, 2025-26 to 2030-31 and stated—

> "While there is additional funding available to the Scottish Government for both resource and capital, the additions are small compared to the size of the Budget and the scale of the fiscal challenges identified by the Scottish Government in its MTFS in June 2025."

We note that the Scottish Government's MTFS will not be published before the Scottish budget. The Deputy First Minister and Cabinet Secretary for Finance and Local Government explained to the Finance and Public Administration Committee on 30 September 2026 the reasons for this—

> "I did not feel that giving an update at this point would be particularly helpful to Parliament, because it would have been using outdated data [Office for Budget Responsibility forecasts predate the middle east war.]. We have also had a new chancellor coming in with a new approach to spending, which will inform the plans that we are taking forward. The decision was therefore taken not to provide that update."

The next MTFS is expected in May 2027.

On 3 September 2026, the Auditor General for Scotland said there had not been "enough communication of medium-term risks" or the choices required to balance the budget. He stressed that annual and medium-term planning must set a clear direction and avoid funding

“a model that you want to move away from”.

The absence of an updated MTFS before the Scottish budget limits effective scrutiny of whether reform plans and savings are affordable, realistic and sustainable.

Recommendation 1: The Committee asks the Scottish Government to publish the MTFS to a consistent timetable throughout this parliamentary session and, where publication is delayed, provide an interim update on the fiscal outlook for public service reform, including assumptions and risks.

Are efficiencies and savings achievable while the public sector restructures?

The Programme for Government on 1 September introduced the suggestion that there could be fewer health bodies, and that several public bodies may be consolidated. Proposals announced on 21 September for consultation introduced the idea of replacing the 32 local authorities with 6 to 10 regional authorities and 120 to 160 community authorities, with bespoke arrangements for the islands.

Evidence submitted to our inquiry, with a deadline which fell before these announcements, stressed that reform should improve outcomes, reduce demand, particularly for acute services, increase trust and create measurable social value, rather than focus only on cost reduction.

Scotland’s Regeneration Forum (SURF) said it could find no published evidence that large-scale reform had both reduced spending and improved outcomes. The Institute for Public Policy Research (IPPR) Scotland described the Government’s expectations as “wildly optimistic”, while the Scottish Women’s Budget Group (SWBG) called the planned efficiencies “neither realistic nor deliverable” at the required scale.

The Scottish Spending Review, published in January 2026, sets out the Scottish Government’s spending plans, including its £1.5 billion of planned public sector efficiencies and reforms. Of these, health and social care are expected to deliver more than £1 billion savings, including recurring annual savings by NHS Boards equivalent to 3% of their baseline revenue resource limit. The latest Audit Scotland report, covering the 2024-25 financial year, shows that boards achieved recurring savings of 2.2%. Meeting this target will therefore require considerable improvement.

The Institute for Fiscal Studies (IFS) voiced scepticism about meeting the 0.5% workforce reduction target at the same time as delivering a “transformation exercise that is intended to provide services more productively and efficiently”:

> “A transformation programme will normally require not only investment in technology and service delivery processes, but also an increase in headcount in new areas, while some others are deprioritised.”

The Scottish Health Equity Research Unit (SHERU) said that how efficiencies are delivered matters as much as their scale, warning that cuts to prevention can push people into crisis and increase costs elsewhere.

Many witnesses talked about the need for transformational change and the investment needed to achieve this.

TSI Scotland Network recognised the opportunities that may arise from the reform proposals, but was concerned that the process of restructuring would risk drawing focus away from the other aspects of reform such as service redesign.

Community Leisure UK, further emphasised the loss of opportunity while restructuring and efficiencies happen—

> "I would caution against our going down the same path of setting financial targets year on year and meeting them as a percentage reduction. That approach will not bring the genuine reform and opportunity that we could have if we took the time and invested in reimagining those services."

IPPR warned that—

> "One of the major barriers to making more progress on the Christie commission recommendations is that […] so much of it depends on up-front investment. When public finances are tight, finding what should be relatively small pots of money to deliver real change in the future can be very difficult, and that squeezes out some of those quick wins.

In your response of 30 September 2026 to our letter of 24 September 2026, you said detailed implementation plans were being developed, and that relevant information would be published "where feasible".

On 1 October 2026, you explained that plans to reform environmental bodies and transport agencies are progressing. We noted from the Programme for Government statement, that the First Minister saw social care as a logical fit with the NHS. In relation to social care, you said that options were still being considered. We also noted that the independent education adviser had recently recommended to the Government that local school authorities be established.

On the need and scale of reform, you suggested it is justified because public participation, perceptions of services and community connection show that "things are going in the wrong directions". You further commented that reducing silos could improve redeployment, funding flows and integration of front-line services. Also, that fiscal sustainability and better outcomes "absolutely go hand in hand", describing efficiency as doing the same or more with less, rather than simply cutting provision.

We asked about the timetable for reform, given the pace and scale of change, and what might be included in the 2027-28 budget. You advised that plans for the health boards were the most advanced and that budget discussions were continuing.

The Committee observes that public bodies, as well as being subject to restructuring proposals, will need to continue their day-to-day duties whilst also resourcing redesign of services to support public service reform.

We consider the scale of planned efficiencies is not yet supported by sufficient evidence or implementation detail to help us scrutinise the merits of the Scottish Government's chosen approach.

Recommendation 2: The Committee expects that every merger or significant restructuring proposal is accompanied by an evidenced-based business case. The business case should set out the baseline, up-front and recurring costs, workforce implications, financial and non-financial benefits, the delivery timetable, risks and measurable outcomes for service users. Alongside the business case, the Scottish Government should provide any information on the outcomes of discussions with key stakeholders, for example, the workforce, trade unions and service users.

Recommendation 3: For transparency, the Committee recommends that business cases and the additional information is published to support scrutiny and analysis by the Parliament, stakeholders and service users.

Recommendation 4: The Committee recommends that Implementation plans include regular public reporting to the Parliament against clear milestones to enable any changes and their impact to be tracked. Where expected milestones, savings or outcomes are not achieved, the Scottish Government should explain the reasons to the Parliament.

The Government's workforce reduction target

In response to our letter of 24 September 2026, your letter of 30 September 2026 confirmed—

> "The target outcome is a reduction of 2.5% in the overall public sector workforce size by 2029-30 whilst protecting frontline services. Over the five-year period from 2025-26 to 2029 30 this equates to an average reduction of 0.5% per annum."

Also, you clarified that the baseline for this target is the March 2025 full-time employed (FTE) workforce, based on the latest available data, of around 457,700 FTE.

We further noted from your letter, "the target for an average annual reduction of 0.5% in the overall public sector workforce represents roughly 4% average annual reduction in the non front-line workforce" and that reductions would vary by organisation and portfolio to protect frontline services.

Your letter also referred us to the Government's Fiscal Sustainability and Delivery Plan, which set out in total £2.6 billion of savings to be generated over the five years to 2029-30. Of this total, you advised that £2.2 billion of savings are from efficiencies and reform, and within that, £0.7 billion of those savings relate to workforce reductions.

The Scottish Fiscal Commission's Fiscal Sustainability Perspective report[1] noted that the devolved public sector pay bill accounts for 55% of day-to-day spending in 2025-26, but that evidence so far shows "only limited progress" on workforce reductions or pay restraint.

Engagement with the workforce

PCS described reform as top-down and said staff and unions had not been meaningfully involved. Without early engagement, reform risks overlooking the practical knowledge of those delivering services.

The Scottish Women's Convention and SWBG warned that savings may disproportionately affect women as workers and service users. The Chartered Institute of Library and Information Professionals in Scotland gave a specific workforce example which illustrates that 75% of library, archives and information workforce are women, and women are also more likely to use libraries than men. Inclusion Scotland also noted the potential disproportionate impact on disabled people.

Third sector representatives at the meeting on 17 September 2026 stressed that all public service delivery partners need to be involved from the outset, and made pleas for voluntary sector partners to be included in service planning and redesign.

You told us on 1 October that empowerment is "absolutely critical" and that removing management layers should support innovation, although this will require significant culture change across a workforce of nearly half a million.

[1] Fiscal Sustainability Perspectives February 2026 - Revised 25 June 2026 Scottish Fiscal Commission, page 3, paragraph 5.

For health board restructuring, your letter of 30 September committed to agree a process with trade unions so that staff can shape the plans, with particular attention to rural and island communities.

On 1 October 2026, you described the three-month local governance consultation as the start of “intensive engagement” and said the Government was considering wider follow-up with communities, the third sector, community councils and individuals.

Recommendation 5: Workforce and community engagement must be meaningful to allow them to influence decisions. The Committee therefore asks the Scottish Government to publish an engagement plan for each reform proposal. The engagement plan should also include an assessment of impact on different groups. The Scottish Government should report on the outcomes of the plan, including information on how feedback has influenced the final design and details of any unresolved concerns.

When giving evidence on 10 September 2026, you confirmed that local government is not included in either the 0.5% overall workforce reduction or 4% non-frontline reduction targets, or the fiscal assumptions behind them, in recognition that significant headcount reduction had already taken place in the sector.

Furthermore, you acknowledged that "local government works with a separate democratic mandate”, and the Scottish Government is working with local government to help take forward its transformation programme.

We received evidence which questioned whether headcount reductions can deliver sustainable savings while services are redesigned.

The IFS highlighted the tension between reducing staffing and investing in the people and skills needed for transformation. The Public and Commercial Services Union (PCS) called the link between headcount reduction and fiscal sustainability “unhelpful”, warning of workload pressures, loss of institutional knowledge and disproportionate cuts to lower grades.

PCS described the distinction between “frontline” and “non-frontline” roles as “nebulous”, noting that reductions in administrative, policy, digital and support functions can directly affect service delivery.

The Committee welcomes the commitment to publish workforce data by body and portfolio. However, the absence of targets for individual public bodies prevents effective scrutiny.

Recommendation 6: The Committee asks the Scottish Government to publish each public body’s percentage target and what this equates to in numbers of staff, so progress can be tracked to allow for comparisons over time where public bodies may be restructured. For larger public bodies, such as, health boards, this could be further disaggregated in line with the Turas Data Intelligence.

‘No compulsory redundancies’, redeployment, and voluntary severance schemes

‘No compulsory redundancies’

Clarity was sought on the Scottish Government’s position on its ‘no compulsory redundancy’ approach. You confirmed on 1 October that—

> "The policy works through all the available options extensively to prevent that from happening as best as can be achieved."

Adding—

> "Across the wider public sector, there are public bodies that have driven head-count reductions and have worked through the no compulsory redundancy policy to its conclusion. VisitScotland is an example of that. If we end up in a situation where there clearly is no role for someone and every other avenue has been exhausted, a process is in place for that."

During the Conveners Group evidence session with the First Minister on 7 October 2026[2], the Convener further explored the Scottish Government's position on 'no compulsory redundancies'. The First Minister reaffirmed the Government's commitment to the policy of no compulsory redundancies, stating—

> "The Government remains committed to the no compulsory redundancy policy and proposes no changes to it".

He added that "where there is a need for change in workforce arrangements, every opportunity is taken to ensure that such change can be delivered, whether that is through redeployment, reskilling or voluntary severance. All those options have to be pursued in any process of workforce change".

Redeployment

On the scale of redeployment across the public sector, you said in your evidence that because the detail has not been worked through, and is dependent on individual circumstances and different organisational approaches, you could not currently provide a number.

You also advised on the 1 October that the Scottish Government's workforce management framework would be published the following week. This would provide policy guidelines and best practice covering all aspects from recruitment to head-count reduction. At the time of writing, this has yet to be published.

Voluntary severance schemes

On 1 October, you clarified that the headcount reduction could be achieved through attrition or voluntary severance schemes (VSS) and that up-front costs arise when departures occur mid-year and where average payments exceed 12 months' salary.

You told the Committee that to follow the spend on voluntary severance it would need to look at individual public bodies' accounts. Also, as public bodies are currently in discussion with the Deputy First Minister and Cabinet Secretary for Finance and Local Government on budgets it is not possible to say whether any public bodies will be running a VSS. You added that the Invest and Save fund is a further source of funding for VSS, noting that most recently £10 million had been allocated in this regard.

On 7 October, the Scottish Government opened a voluntary exit scheme for senior civil servants.

Recommendation 7: The Committee asks the Scottish Government to publish the workforce management framework without further delay. We also seek clarity from the Government on what its 'no compulsory redundancy' policy is.

[2] Conveners Group Official Report for its meeting with the First Minister 7 October 2026

Recommendation 8: In relation to meeting workforce targets for 2027-28 and each subsequent year in this parliamentary session, the Scottish Government should publish six-monthly information from public bodies on staff destinations as a result of public service reform: for example (a) the number and grade of staff redeployed, (b) the number and grade of those made compulsorily redundant, and other relevant categories. The associated costs and savings should also be set out.

The Committee does not believe that public bodies' annual accounts provide sufficient transparency or opportunities for regular scrutiny of Voluntary Severance Schemes (VSS) in place to manage workforce reduction targets.

Recommendation 9: The Committee therefore asks for a ~~quarterly~~ six-monthly update on public bodies' proposed VSS to meet workforce targets in 2027-28 and subsequent financial years, detailing any Invest to Save funding provided for that purpose and/or other sources of funding, and the expected costs and savings to be achieved.

Recommendation 10: The Committee recommends that public bodies should report on compulsory redeployment, compulsory redundancies and voluntary severance schemes in a consistent and comparable manner.

Efficiencies, savings and investment

Evidence identified short-term funding, digital infrastructure and insufficient investment as barriers to sustainable reform.

The Scottish Fire and Rescue Service shared its experience of reform—

> "To achieve lasting savings, public bodies need flexibility, multi-year funding and up-front investment support to redesign how they work. Single-year budgets make long-term planning harder and make workforce planning difficult due to financial uncertainty."

Short-term funding

The most consistent concern raised with the Committee is the impact of short-term funding on planning and preparing for future service delivery.

The SWBG argued that "short-term budget cycles can make it difficult to invest in preventative approaches where the benefits and savings may only become apparent over a longer period".

At our business planning day, we heard about 'pilot purgatory' where preventative projects are piloted but never receive the necessary investment to scale-up and mainstream the preventative actions.

On 17 September 2026 we heard from Hospice UK, which gave an example where Highland Hospice was asked to develop a business case to expand the service, which it did, but progress stalled because Highland Health Board was unable to find recurring funding. Community Leisure UK said that there should be a move away from siloed pots of funding and short-term innovation-based funding towards support for core services. Adding, the Government should focus on sustainable funding as it is not always about finding something new or innovative.

Local government called for multi-year funding. COSLA, SOLACE and CIPFA Directors of Finance stated—

> "Multi-year settlements, enhanced financial flexibility and increased revenue raising powers are principles of the European Charter for Local Self Government which must be realised to improve outcomes locally and should be central to the success of wider public service reform."

Regarding the provision of multi-year funding, you acknowledged on 1 October 2026 it is "hugely important for the preventative agenda and for investment at that level" and pointed to the work that is being undertaken by the Cabinet Secretary for Social Justice and Housing through the fairer funding arrangement. We asked what multi-year funding priorities we might see in the 2027-28 budget and you referred us to 2026-27 budget where "more than £45 million of third sector funding was subject to multi-year funding agreement" and accepted that "doing more of it is a good thing".

On taking a more strategic approach to multi-year funding, you explained that the Scottish Government does not know what the course of the budget will be throughout the year due to consequentials and UK spending decisions and that this could mean not fulfilling a commitment to multi-year funding.

A Scottish Government official pointed to the Scottish Spending Review which sets out a three-year plan for resource and four-years for capital investment, which she said, "is probably the best visibility of the high-level multi-year priorities".

Recommendation 11: Short-term funding inhibits prevention, workforce planning and the ability to 'scale-up' successful projects. The Committee asks the Scottish Government how much multi-year funding was provided to the third sector delivering public services in 2026-27.

Recommendation 12: We acknowledge the Scottish Government Fairer Funding pilot for the third sector. Recognising, however, that the Scottish Government is asking the third sector to be partners in public service reform, the Committee asks the Government how much more multi-year funding it will provide to the third sector in the 2027-28 budget to ensure prevention is embedded consistently and effectively to support the public service reform agenda.

Recommendation 13: Going forward, the Committee recommends the Scottish Government reports for every financial year how much multi-year funding is given to the third sector to help the Committee track its impact on delivering public services.

Digital infrastructure, automation and artificial intelligence (AI)

Evidence on digital reform was mixed. Outdated systems impede efficiency, while technology and 'appropriate AI technologies' could reduce administration and free up time. Witnesses warned, however, that digital change requires up-front investment, may widen inequalities or create safety risks, and could in some cases erode entry-level jobs.

The Royal College of General Practitioners Scotland identified slow and dated IT hardware and software as a major obstacle to efficiency in primary care.

SHERU said technology may help to "safely reduce administrative burden, automate routine processes or streamline national support functions". However, savings should only be pursued where digital change does not worsen inequalities or create safety risks.

PCS cautioned that generative AI could lead to the "erosion of entry level jobs", creating "a generation of young people who will struggle to find work".

Future Economy Scotland warned that digital innovation and prevention are not quick fixes. It said these reforms "require upfront investment, with financial benefits that may only materialise over the medium to long term".

You said on 1 October 2026 that a significant share of the Invest to Save Fund supports digital projects. An in-house team has delivered 140 projects, and rationalising "134 different digital budgets" could improve deployment and shared learning. You also pointed to AI Scotland's role in supporting adoption.

The Committee understands that digital investment should proceed only where it improves services, protects safety, avoids widening inequalities and delivers demonstrable value.

Recommendation 14: The Committee asks the Scottish Government how digital projects are prioritised for investment and evaluated, and how workforce and equality impacts will be managed.

Recommendation 15: The Committee requests the Scottish Government provide the amount of investment in digital projects in 2026-27 and how this figure compares to that for 2027-28.

Recommendation 16: We also request the Scottish Government provides the Committee with six-monthly updates on significant digital projects, like the 'mygov.scot' app and the 'digital mailbox'.

Invest to Save fund

The Scottish Government's Invest to Save Fund provides targeted financial support for public sector reform, digital transformation, and preventative spending initiatives designed to realise near-term efficiencies. You explained on 1 October that the Fund is "designed to address the issue whereby people would not invest in prevention, either because the money does not come back in that year or because it comes back somewhere else in the system".

Many respondents to our call for views were unaware of the fund or did not answer that question. There were comments which suggested support for the principles of the approach, but most submissions that did comment said that there is too little publicly available detail to assess the impact of the approach.

The Crown Office and Procurator Fiscal Service set out its experience—

> "A joint bid with SCTS was submitted in May 2026 and as at mid-August has not received an outcome. Significant delays to access to funding streams compromises the success of the project. Single year funding Invest to Save funds make significant change programmes unrealisable."

We also heard that the scale of the challenge, when it comes to digital transformation, is much greater than the projects that can be funded through the Invest to Save funding.

When asked whether the Government is taking a strategic approach to the Fund, you accepted that the Fund must be publicised more widely and that an application-led model has limitations. You described it as a mechanism for learning how prevention investment could be scaled, supported by prevention budget tagging and more strategic management of spending such as digital budgets.

It is appreciated that the Invest to Save fund at its current funding level does not have the capacity to drive significant reform, particularly if it will continue to be used to shore-up voluntary severance schemes.

Recommendation 17: The Committee asks the Scottish Government to confirm whether the 2027-28 budget will increase the Fund or provide multi-year support for larger preventative projects.

Recommendation 18: We also acknowledge that collating data on the Invest to Save fund can be challenging due to its cross-portfolio and long-term impact. Nonetheless, it is important that there is consistent and transparent data published about the use and impact of Invest to Save funding and the Committee therefore recommends the Scottish Government addresses this issue.

Measuring outcomes to inform spending decisions

Preventative budgeting

We discussed the Scottish Government's new budget tagging process on 1 October. You explained it would allow the Government, for the first time, to assess how much of the whole budget is spent on prevention and at what level. This would establish baseline data "that will allow us to focus more sharply on how we would seek to move resources in a measurable way to more preventative interventions".

A Scottish Government official said that the pilot mapped £20 million of spend, of which £3 million was preventative. She confirmed that the exercise will be undertaken for the 2027-28 budget.

The IFS warned that providers might reclassify existing activity as "prevention" without changing services or outcomes.

The Wise Group said, "the cost of prevention is immediate and visible, while its value is distributed across organisations and over time". It proposed a balance sheet showing costs, beneficiaries, expected reductions in demand and measures of change.

You acknowledged that moving resources across organisational boundaries is difficult but "necessary".

Recommendation 19: The Committee would find it helpful to receive information from the Scottish Government on how prevention tagging has changed decisions in the 2027-28 budget relating to public service reform, including how reporting will distinguish new preventative action from reclassified existing activity and how savings arising across organisational boundaries will be captured. For example, on new investment in public service reform, what will the Committee expect to see in the budget once it is published to inform post-budget scrutiny.

Measuring and reporting of progress

Evidence received consistently called for transparent reporting against published baselines.

On capturing the progress made on efficiencies, the Fraser of Allander Institute submission suggested—

> "The most useful presentation would be to reproduce and update the tables and discussion from the Spending Review showing what efficiencies have been achieved of those planned. This approach is transparent and would help to track savings without attributing the full change in a portfolio's funding to efficiencies."

The IFS stated in its submission it is important to have clear reporting on realised efficiencies. This should set out—

1. the value of the savings, and the baseline against which the estimated savings have been calculated against;

2. the services and activities where savings have been realised, and the activities that have enabled those savings;
3. whether savings are expected to be recurrent, or temporary (e.g. a one-off delay to replacing equipment).

With regards to the timing of such reporting, the IFS believed on balance it should not be published at the same time as the Budget. This is "to ensure proper scrutiny and coverage of this important information". If it is published at the same time as the Budget, it should be in a separate document.

Others, like GMB Scotland and SHERU said reform progress should be measured by whether it improves the public service system. Key indicators highlighted included organisations capacity to plan, investment in prevention and infrastructure, service resilience, workforce experience, supports statutory delivery, improves long-term outcomes and avoids shifting costs elsewhere.

The TSI Scotland Network suggested that there should be a 'Public Service Reform and Efficiency Statement' published to accompany budget information. While the Scottish Community Alliance felt it was important that the methodology used to calculate savings was included in budget detail.

In evidence to us on 10 September 2026, you suggested that the National Performance Framework was central to the delivery and outcomes and monitoring of the public service reform agenda. Also, that the refreshed framework, would provide more meaningful indicators and a public dashboard.

Further to this, you explained that workstream 9 of the PSR Strategy focuses on working with the Auditor General for Scotland to expand the audit approach to take into account of the extent to which best practice in public service reform was evident in the behaviours of organisations.

Recommendation 20: The Committee asks the Scottish Government what actions it is taking to: (a) develop clearer reporting to distinguish 'real reform' from short-term savings; (b) show whether efficiencies are recurring or temporary; (c) demonstrate whether outcomes are improving, rather than budgets simply reducing; and (d) understand the cumulative impact of its spending decisions in relation to public service reform.

Recommendation 21: The Committee notes the Scottish Government's refreshed National Performance Framework is due to be published and that we are also expecting the public service reform strategy monitoring framework to be published shortly. The Committee asks the Scottish Government how these documents will interact with each other and the public sector reform aspect of the Scottish budget.

Yours sincerely



Bob Doris MSP
Convener

Annexe

Recommendations for the draft Budget 2027-28

Recommendation 1: The Committee asks the Scottish Government to publish the MTFS to a consistent timetable throughout this parliamentary session and, where publication is delayed, provide an interim update on the fiscal outlook for public service reform, including assumptions and risks.

Recommendation 11: Short-term funding inhibits prevention, workforce planning and the ability to 'scale-up' successful projects. The Committee asks the Scottish Government how much multi-year funding was provided to the third sector delivering public services in 2026-27.

Recommendation 12: We acknowledge the Scottish Government Fairer Funding pilot for the third sector. Recognising, however, that the Scottish Government is asking the third sector to be partners in public service reform, the Committee asks the Government how much more multi-year funding it will provide to the third sector in the 2027-28 budget to ensure prevention is embedded consistently and effectively to support the public service reform agenda.

Recommendation 13: Going forward, the Committee recommends the Scottish Government reports for every financial year how much multi-year funding is given to the third sector and the overall total of multi-year funding provided to help the Committee track its impact on delivering public services.

Recommendation 15: The Committee requests the Scottish Government provide the amount of investment in digital projects in 2026-27 and how this figure compares to that for 2027-28.

Recommendation 17: The Committee asks the Scottish Government to confirm whether the 2027-28 budget will increase the Fund or provide multi-year support for larger preventative projects.

Recommendation 18: We also acknowledge that collating data on the Invest to Save fund can be challenging due to its cross-portfolio and long-term impact. Nonetheless, it is important that there is consistent and transparent data published about the use and impact of Invest to Save funding and the Committee therefore recommends the Scottish Government addresses this issue.

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expecting the public service reform strategy monitoring framework to be published shortly. The Committee asks the Scottish Government how these documents will interact with each other and the public sector reform aspect of the Scottish budget.

Recommendations relating to wider public sector reform

Recommendation 2: The Committee expects that every merger or significant restructuring proposal is accompanied by an evidenced-based business case. The business case should set out the baseline, up-front and recurring costs, workforce implications, financial and non-financial benefits, the delivery timetable, risks and measurable outcomes for service users. Alongside the business case, the Scottish Government should include any information on outcomes from discussions with key stakeholders, for example, the workforce, trade unions and service users.

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Recommendation 7: The Committee asks the Scottish Government to publish the workforce management framework without further delay. We also seek clarity from the Government on what its 'no compulsory redundancy' policy is.

Recommendation 8: In relation to meeting workforce targets for 2027-28 and each subsequent year in this parliamentary session, the Scottish Government should publish twice-yearly information from public bodies on staff destinations in response to public service reform: for example (a) the number and grade of staff redeployed, (b) the number and grade of those made compulsorily redundant, and other relevant categories. The associated costs and savings should also be set out.

Recommendation 9: The Committee therefore asks for a twice-yearly update on public bodies' proposed VSS to meet workforce targets in 2027-28 and subsequent financial years, detailing any Invest to Save funding provided for that purpose and/or other sources of funding, and the expected costs and savings to be achieved.

Recommendation 10: The Committee recommends that public bodies should report on compulsory redeployment, compulsory redundancies and voluntary severance schemes in a consistent and comparable manner.

Recommendation 14: The Committee asks the Scottish Government how digital projects are prioritised for investment and evaluated, and how workforce and equality impacts will be managed.

Recommendation 16: We also request the Scottish Government provides the Committee with six-monthly updates on significant digital projects, like the 'mygov.scot' app and the 'digital mailbox'.