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Pre-budget 2027-2028 – summary of evidence on PSR in the Scottish budget

To support its pre-budget scrutiny 2027-28, the Committee launched a call for views on 1 July 2026. This aimed to help the Committee to explore how the 2027-28 Scottish Budget can promote public service reform, including by:

- removing barriers to progress
- promoting preventative approaches, and
- simplifying the delivery of public services.

The full text of the questions posed in the call for views can be found in the annex to this paper.

The call for views closed on 14 August 2026, with a total of 143 responses received, and most responders took the opportunity to give wider views about the Government's public service reform agenda..

The published responses received can be viewed in full on the Parliament's Citizen Space consultation hub. Links to specific submissions are included throughout this paper, but where points were made by multiple respondents they have not been attributed.

Rather than summarise responses purely by question, this summary takes a combination of thematic approach and specifically addressing questions in the call for views.

Respondents

As noted, 143 responses were received to the Committee's call for views. Of these, 12 submissions were made by individuals, and the remainder by organisations. Of the 129 submissions from organisations:

- 46 came from voluntary and non-profit organisations;
- 36 came from representative and professional bodies, including trade unions;
- 35 came from public bodies and those delivering public services;
- 10 came from academia or policy-based think tanks; and,
- Four submissions came from privately owned businesses.

The organisations submitting evidence spanned multiple portfolio areas, including health and social care, education and services for children and young people, local government and community planning, infrastructure, culture, poverty and inclusion, climate and nature, and economy and enterprise. The most represented policy area across submissions was health, social care and sport.

Key themes

Approach to public service reform

Across responses to all questions, and a predominant theme across submissions, was an emphasis on the need for public service reform to not be approached purely in terms of cost reduction. Respondents frequently stated that reform measures should be approached with the aim of improving public services, with suggested markers of success being improved outcomes for service users, a reduction in demand (particularly for acute services), increased trust in public services, and the creation of measurable social value. Whilst savings may be a result of creating efficiency and reducing duplication, many submissions suggested that they should not be the driver of reform, or, taken in isolation, an indicator that reform had been successful. Many submissions instead highlighted that successful public service reform would require initial investment, particularly in the contexts of digital transformation, workforce and leadership development and a shift towards prevention. SURF said:

> “We can find no published evidence of a large-scale public service reform initiative that has lowered spending while simultaneously improving outcomes and performance in Scotland – let alone globally.”

GMB Scotland explained:

> “Progress should therefore not be measured principally by the amount removed from public-service budgets. It should be measured by whether the conditions for sustainable improvement are actually being created. That means assessing whether public bodies have greater capacity to plan ahead, whether investment in prevention and infrastructure is increasing, and whether services are becoming more resilient rather than simply leaner. It must also include the experience of the workforce. Falling workloads, improved staffing levels, better recruitment and retention, reduced sickness absence, greater job security and meaningful worker voice would all provide evidence that reform is strengthening public services rather than placing further pressure on those who deliver them. It should also consider whether the public themselves believe services are improving.”

SHERU noted that its research suggests that “how efficiencies are identified and implemented is likely to be as important as the overall scale of efficiencies achieved.”.

Ideal models described contained the following features:

- Prevention as an essential component in reducing the drivers of demand – these include unmet needs, reduced community support, poor mental health, addiction and social inequality.

- The use of integration and collaboration, including collaborative commissioning and public-social partnerships.

- Outcomes-based commissioning and funding models.

- A reduction of duplication in reporting, governance and compliance arrangements, and of the administrative burden on citizens and frontline staff. The Royal College of Nursing gave a practical example of this based on findings of the Nursing and Midwifery Taskforce, which led to a review of data inputting and paperwork requirements within all nursing and midwifery roles.

- More effective use of data to identify demand drivers and target resources earlier.

- A goal of reducing, rather than inadvertently widening, health inequalities.

- An ability to measure the success of a reform measure by its contribution to population sustainability.

- Cognisance of the additional cost and complexity of maintaining access to services across dispersed communities, including travel time, transport availability, digital connectivity and workforce availability. Aberdeenshire Council explained that “a reform approach that is efficient in a compact urban area may not produce the same benefits, or may create different risks, in a rural setting.”

SHERU suggested that:

> “Scotland should develop ongoing mechanisms through which national government, local partners and communities can jointly identify opportunities for efficiencies, anticipate implementation challenges and refine reforms over time. Such approaches are likely to improve both the quality of decision-making and the feasibility of implementation.”

Highland Community Planning Partnership expressed that:

> “The Community Planning Partnership model provides a practical mechanism through which public bodies, third sector organisations and communities can align resources around shared outcomes and collective priorities”

but also noted that:

> “there remains opportunities to strengthen engagement with the private and business sector within community planning”.

Social Enterprise Scotland championed the use of alternative delivery models, including social enterprise, cooperatives, employee owned businesses and other community-based organisations. It explained that “relatively small investments can be made in community organisations, as a first step, saving bigger public sector budgets over the longer term.”

The Scottish Commission for People with Learning Disabilities said:

> "Reform should be based on human rights principles and that human rights impact assessments and rights-based budgeting be used to guide reforms rather than decisions being justified by short term savings."

The submission from the Scottish Human Rights Commission sets out in detail a human rights-based approach to assessing, delivering and strengthening the public service reform agenda.

The Fraser of Allander Institute suggested that:

> "Approaches like the NHS Investment and Value Board can help to direct planned efficiencies and ensure that they are evidence-based."

Mydex CIC suggested that the national digital infrastructure should be seen as a mechanism for public service reform. Highland Hospice agreed, suggesting that digital transformation has the potential to be "the biggest driver of reform if we get it right". Its submission explained:

> "Currently digital solutions are focussed on finding better ways to make the current system work. We have the opportunity to use digital design to connect the citizen to their own health and care record from where they can manage their health and connect with services (often remotely or very locally)."

The joint submission from COSLA, SOLACE and CIPFA Directors of Finance explained that:

> "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."

Submissions also noted the need for the right environment for public service reform, for instance, Scottish Fire and Rescue Service argued that:

> "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."

Outcomes beyond financial savings

The majority of responses spoke about the need for public service reform to focus on improved public services, with greater accessibility of services. Outcomes associated with this include:

- Stronger collaboration across public bodies, the third sector, and the private sector, including collaboration with communities, and improved capacity for collaborative leadership.

- A clear and collective long-term vision for Scotland’s public sector, with a stronger connection between policy development and implementation.

- A culture of responsible innovation.

- Improved productivity and efficiency.

- Improved use of data and information, including better data sharing and use of qualitative and third-sector data.

- Transparency and accountability in public services.

- Increased trust in public services among the public, and services that are connected, timely, easier to navigate and available close to home. Several submissions connected these outcomes to digital innovation.

- Public and stakeholder engagement and participation, including co-design of services.

- Quality services, with capacity to respond and deal with urgent, critical need (albeit with reduced demand for such services).

- Public service staff that are engaged, empowered and well-led, who have a good work-life balance and are part of a skilled and sustainable workforce.

- Improved population wellbeing and outcomes for people (including unpaid carers), a reduction in inequalities and poverty, and the promotion of human rights. This should be consistent across organisational and geographical boundaries.

- Stronger community services.

- Genuinely preventative systems (particularly in education and health).

- More sustainable public finances, and public services that support economic growth on both a regional and national level.

Homeless Network Scotland emphasised the need for public service reform to go beyond strategy and theory, and into “clear implementation plans with agreed milestones and accountability measures”.

The Wise Group explained that it believed that “reform should ultimately increase people's capacity for sustained participation”, by which it meant people’s “ability to work, learn, care, contribute, engage with communities and navigate periods of change”.

PCS Union. suggested that a target should be better industrial relations, including the “mainstreaming and normalisation of Fair Work principles in the Scottish public sector. It also suggested that one desirable outcome of public service reform would be less public money flowing into the private sector, which was echoed in the submission from UNISON.

The joint submission from COSLA, SOLACE and CIPFA Directors of Finance said:

> "Reform should be judged not only by the efficiencies it delivers but by whether it enables councils to exercise their democratic responsibilities more effectively."

David Bell of the University of Stirling suggested:

> "The National Performance Framework (NPF) should provide the overarching outcomes architecture. The PSR monitoring and evaluation framework already identifies the NPF as an important case study. The opportunity is to establish a clear hierarchy: National Outcomes → PSR outcomes → service outputs → productivity measures → workforce and expenditure inputs".

Risks of pursuing short term savings and headcount reductions

Many of the organisations and individuals making submissions took the opportunity to warn of the potential risks of pursuing short-term savings and headcount reductions.

Points frequently made across submissions included:

- The potential negative impact on public services that might be caused by job losses. Homeless Network Scotland used the experience of how services were impacted during the years of the UK Government's austerity measures to illustrate the risks.

- The likelihood of savings made in one area of spending reappearing elsewhere, either in a different area of public service, or in the form of increased pressure on the voluntary sector or an increased burden on unpaid carers (who are more likely to be women). NHS Lanarkshire's submission was among several that emphasised the importance of understanding impacts of reform from a whole-systems perspective, saying "efficiency should … be assessed across the whole public-service system and the citizen journey, not only within individual organisations.".

- The risk of increasing future demand for acute services by removing early intervention and preventative capacity in pursuit of short-term savings. SHERU also noted the risk of widening health inequalities.

- Concerns that in smaller budgets or areas where significant efficiency savings and workforce reductions had already been achieved, there is no more room left to find efficiencies. Culture Counts explained that "seeking savings from culture would amount to little more than a rounding error against the total efficiencies sought, while inflicting further disproportionate damage for communities across Scotland, for the culture sector, and for Scotland's national and international reputation.".

- The disconnect between expectations of expenditure reductions at the same time of services being asked to implement new initiatives and take on new responsibilities. Stirling Council explained that "local government cannot indefinitely absorb new commitments through internal efficiencies. This requires greater prioritisation at a national level, alongside a clearer assessment of the cumulative financial and workforce implications of new policy initiatives.”.

- Scottish Fire and Rescue Service explained that continued financial pressure had led to short term measures being used and created greater risk, saying “it has weakened corporate capacity, reduced our ability to meet statutory duties and limited investment in technology, equipment and workforce development. These pressures also affect our ability to prepare for emerging risks, including climate change and wider geopolitical pressures.”.

- The warning that investment in digital innovation and preventative measures are not silver bullets. Future Economy Scotland explained that “these initiatives require upfront investment, with financial benefits that may only materialise over the medium to long term. This creates short-term fiscal pressures even if the reforms succeed in principle. Failing to properly recognise and fund these investment requirements risks funding shortfalls in the delivery of services elsewhere, with impacts falling on those that rely on services the most.”

Audit Scotland, referencing its November 2024 report on Fiscal sustainability and reform noted that there had not been “enough communication of medium-term risks and what choices the Scottish Government needs to make to balance its budget.”.

Areas where savings might be achieved

Submissions identified some areas where savings might be achieved, and areas where investment or focus could create efficiencies down the line. More defined and direct suggestions included ending the use of agency and bank nursing and midwifery staff (Royal College of Nursing) and ending the use of outsourced consultants (PCS Union). Netcompany UK Ltd used the example of Denmark’s digital post system, which introduced a single national digital mailbox through which citizens and businesses receive public authority communications, leading to estimated savings equivalent to £100 million per annum. A similar approach is being pursued in Scotland.

Less directly, the Wise Group explained the importance of addressing fragmentation in service delivery:

> “Our data tells us that around 97% of people supported require help across more than one area of their lives and around three quarters across five or more. Housing, debt, health, confidence, relationships, childcare, transport and employment frequently interact. Public services largely account for these separately; households experience them together.
>
> That fragmentation creates cost.
>
> When support sustains a tenancy rather than circumstances escalating towards homelessness, that is an efficiency. When throughcare prevents a return to custody, that is an efficiency. When debt and energy support

stabilise a household before financial pressure affects housing, health or employment, that is an efficiency."

PSR in the Scottish Budget

Respondents were asked how the Scottish Government should best present the extent of any realised efficiencies in the annual budget publication, including providing clarity on whether these are expected to be recurring savings.

Submissions said that the Scottish Government should clearly distinguish between recurring and one-off investments and efficiencies, but also:

- Where efficiencies had resulted in a reduction in costs.
- Savings achieved through a reduction in demand.
- Productivity improvements, and
- Cash-releasing savings.

Social Impact Scotland suggested the inclusion of a specific category relating to preventative savings and avoided future expenditure, and suggested that that "transparency regarding expected timelines for both fiscal and social returns would strengthen accountability and improve public understanding".

Fraser of Allander said:

> "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."

Several submissions suggested that the Government should make clear how efficiencies have improved outcomes. This was suggested to be particularly relevant where efficiencies had been gained through partnership working or community-based delivery models, with Community Enterprise suggesting that the social value of interventions should be listed alongside financial benefits.

Other detail stakeholders wished to see presented included impact of spending decisions on services and the workforce, and identification of whether costs had been transferred to elsewhere in public services. Many submissions also called for budgets to be set on a longer-term basis.

SURF warned that:

> "savings cannot be presented as future efficiencies (i.e. current modelling includes assumptions that savings based on smoking, obesity, and poverty will result in a lower demand on public services). This is not a useful way to present public service reform and given the challenges (especially around poverty) that Scotland faces, this is not a realistic assumption. Poverty is deepening, with inequality on the rise, and possible savings in future may be offset by other issues (i.e. an ageing population, a shrinking workforce, a smaller tax base, lower immigration, etc.)."

TSI Scotland Network suggested that there should be a Public Service Reform and Efficiency Statement published to accompany budget information and the Scottish Community Alliance felt it was important that the methodology used to calculate savings was included in budget detail. The Institute for Fiscal Studies suggested that information of the type set out in submissions could be published in advance of the budget in order to make sure it was not overshadowed by the typical focus on tax and spending policy measures that comes alongside the budget.

In order to support the aspirations of the public service reform agenda, organisations suggested several improvements and approaches to the Scottish Budget. Respondents said the budget should:

- Expand dedicated preventative investment and invest-to-save funds, and identify preventative spend explicitly.
- Introduce multi-year funding commitments, and provide longer-term funding for preventative initiatives and partnerships.
- Support outcomes-based commissioning approaches.
- Invest in social and economic evaluation capacity.
- Encourage cross-sector and cross-departmental budgeting arrangements that align spending around shared prevention outcomes rather than organisational boundaries.
- Facilitate partnership models involving public, third and private sector organisations.
- Invest in dedicated prevention capacity, including local coordinators and organisations that build and sustain the infrastructure required.
- Support the collection and use of high-quality population-level data to inform investment decisions in the immediate, medium and long-term to ensure public services are fit for purpose now and in the future. This might include data on avoided demand.
- Create mechanisms that allow resources to be shifted upstream rather than remaining locked into reactive services.
- Protect evidence-based preventative programmes from short-term reductions;
- Require all major spending decisions to assess long-term preventative impact;
- Clearly link budget allocations to national outcome frameworks and statutory plans.

With regard to Invest to Save funding, many respondents were unaware of the fund or did not answer. 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. One exception was COPFS, which explained:

> "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."

The Fraser of Allander Institute suggested that the entire approach to budgeting, not just the presentation, would need to be considered:

> "The largest barrier is that the budget is often set top-down – portfolios envelopes are largely set first, and then detailed plans for that spend are carved out within those limits. Achieving public service reform will require cross-portfolio collaboration and rethinking of what spend is needed where. This is very difficult to achieve in practice, but crucial to successful Public Service Reform."

Achievability of £0.5bn savings per year over three years

Views presented on whether the Government could meet the specific aims it had set out in terms of both savings and headcount were mixed. Many organisations and individuals making submissions did not feel it was possible to say whether targets were achievable. Those that did say targets were achievable did so alongside caveats, such as the need for efficiencies to be gained through fundamental service reform rather than further reductions in service capacity, and that the most sustainable efficiencies would come from reducing avoidable future demand.

At the most pessimistic, the targets were described as "unrealistic" and likely to negatively impact public service delivery (Future Economy Scotland). Concerns about increased pressure on communities and the particular vulnerability of rural areas were also raised.

The Fraser of Allander Institute sets out savings plans and suggest that they are in line with past achieved savings, but notes that "even if savings are achievable, "it is hard to determine what impact they will have on services. In areas like colleges and justice, it is hard to believe that the planned workforce reductions will not have an impact."

Audit Scotland noted that there was a lack of detail on how the Scottish Government intends to deliver reform and identified savings, notably within Local Government plans outlined in the Spending Review. Stirling Council also noted the lack of detail on how expectations on meeting efficiency targets would be spread across the different parts of the public sector.

The Line Group explained:

> "The 2026 Scottish Spending Review and portfolio plans identify £576 million of planned savings in 2026-27, which indicates that measures of the required scale have been assembled. Planned savings, however, are not the same as realised savings. Their credibility depends on delivery readiness, transition

cost, avoidance of double counting and proof that demand has not simply moved elsewhere."

Many comments linked to points made elsewhere on the approach to public service reform and budget presentation – achievement of the £0.5 billion target could only be measured in the context of understanding the impact across the entirety of public services, and over the long term. Stirling Council suggested that there is a risk that the immediate financial expectations placed on individual organisations could run ahead of the pace at which wider public service transformation can realistically deliver savings.

An individual respondent noted that:

> "Savings are not realised simply through government decisions; they depend on how policies are interpreted, communicated, and implemented by public bodies, frontline staff, and service users." (Saihong Li)

PCS Union highlighted that public body costs increase in line with inflation each year so the target would be more realistically viewed as £0.5 billion plus inflation in savings to be achieved each year.

The submission from Scottish Borders Council illustrates that councils have already spent over a decade "redesigning services, reducing management and support costs, rationalising assets, removing posts, increasing charges, changing delivery models and pursuing digital and transformation programmes" which shows the level of efficiency gains already made. SportScotland made similar points, saying that:

> "Many public bodies have already delivered significant efficiencies in recent years. Rising inflation, pay pressures and increasing operating costs mean that, in practice, organisations are often using efficiencies to offset cost increases rather than generate substantial cashable savings."

Angus Council explained:

> "We believe that each part of the public service landscape in Scotland is in a different place as the Government's ambition around public service reform takes shape. Those differing starting positions and savings already delivered are a key matter for the Committee to consider. From a local government perspective, we have seen a prolonged period of severe financial pressure which has already resulted in significant change, efficiency, asset and workforce contraction, and service cuts by necessity. We have not seen evidence of the same scale of financial pressure and change and efficiency in other parts of the public sector in Scotland so the scope for change (and financial savings) through the reform agenda will be greater in some sectors than in local government, reflecting the significant level of transformation already undertaken by councils. This is not to suggest that local government does not continue to have an important role to play in reform, but simply that the potential for financial savings in our view will vary considerably across the public services landscape and those areas relatively untouched by change and efficiency to date are likely to offer the greatest scope for such change and efficiency measures. As efficiencies become harder to achieve, the

> distinction between efficiency savings and service reductions becomes increasingly important."

The Institute for Fiscal Studies took a more nuanced view, and suggested that:

> "For most portfolios, the scale of savings and efficiencies seems broadly realistic and achievable. The exception – and it is a big exception – is Health & Social Care (H&SC). Not only is it the largest portfolio and the one with the biggest target for savings (around two-thirds of the total), but it is also the one with the least amount of detail as to how it will be achieved.
>
> The H&SC portfolio is the only one to have non-recurring savings incorporated into the planned savings, and while the Scottish Government says that further reform will in medium term turn them into recurring savings, there is a real risk that if they do not materialise, a large part of the overall savings will not be realised."

Progress to date

When asked to highlight progress made in achieving savings to date, submissions spoke about progress in areas such as shared services, collaboration, digital transformation, workforce changes, redesigned services, procurement, better use of assets, and community wealth building. Many examples given detailed progress made at a local level, but the suggestion was that implementation is patchy and there are still significant structural barriers, including the annual funding cycle, and the lack of funding and commissioning and accounting frameworks to enable a shift towards prevention. There was an emphasis on the need to shift towards a whole-systems approach to reforming services and to evaluating cost savings and outcomes.

The joint submission from COSLA, SOLACE and CIPFA Directors of Finance said:

> "In respect of achieving savings through corporate function reductions, Local Government has already made significant contributions to efficiency and reform. Shared procurement through Scotland Excel, the shared recruitment platform myjobscotland, and regional shared service models such as the East Central Scotland Shared Services Partnership demonstrate that councils have already reduced duplication, standardised processes and delivered corporate efficiencies while retaining local accountability. Similar collaborative models across the three Ayrshire councils also show that pooled resources can support efficiencies in areas such as roads, civil contingencies and tourism.
>
> While there may be scope to broaden and deepen some of this activity, many of the more readily deliverable efficiencies in corporate and support functions have already been explored. Further reductions in these areas could carry significant risk if they are pursued at the same time as councils face increasing policy, governance and delivery burdens. Corporate services are not detached from frontline delivery, they provide the finance, procurement, HR, digital, legal, governance and performance capacity that enables services to operate safely and effectively."

Several organisations highlighted Audit Scotland recommendations that call for greater transparency around the delivery and impacts of public service reform. For instance, the Scottish Food Commission encouraged the Scottish Government to provide “more transparent public reporting on where efficiencies have been realised, whether they are recurring, and how they impact statutory delivery and long-term outcomes.”

CLIPS highlighted that the efficiencies made to date within its sector had largely been driven by the need to save money, which created a disconnect from the preventative benefits of investment in Libraries.

COPFS explained the approach it had taken to efficiencies to date and gave examples, explaining:

> “In the justice context, the strongest efficiencies are achieved where partners redesign processes together, rather than seeking isolated savings within individual organisations.
>
> Summary Case Management is a clear example of successful collaborative reform. It has helped reduce avoidable court activity, improve case progression and reduce the burden on witnesses. COPFS has recorded a 47% reduction in first citations in Summary Case Management areas, and an annual reduction of more than 100,000 police officer citations compared with the pre-SCM position.
>
> Scheduled summary trials have also reduced significantly, from over 30,000 during the pandemic to around 9,000 today, with around 3,000 fewer children required to give evidence and trial adjournments reduced from 40% to 27%.”

The Wise Group warned against measuring progress purely in financial terms:

> “Our concern is that progress should not be assessed through financial totals alone. The test should increasingly be whether reform is changing the experience of households and frontline services. Are people telling their story fewer times? Are fewer assessments duplicated? Are referrals more successful? Are fewer organisations independently intervening with the same household? Are households becoming more stable? Are interventions reducing future demand? These measures would tell us whether efficiency is being achieved through genuine redesign rather than service reduction.”

Barriers

An individual making a submission, when speaking about barriers to achieving the savings target, said:

> “Public sector reforms often require policies to move across different organisations, professions, and communities, each with its own language, priorities, and ways of working. What policymakers describe as “efficiency” may be understood by frontline professionals as increased workloads, by managers as organisational restructuring, and by citizens as reduced public services. These different interpretations can create misunderstanding,

resistance, and a loss of public trust, making reforms more difficult to implement.

Another significant barrier is the fragmentation of public services. Government departments, local authorities, NHS boards, third-sector organisations, and technology providers often operate within separate institutional cultures, governance structures, and digital systems. This fragmentation limits collaboration, slows knowledge exchange, and reduces opportunities to share resources and expertise. Introducing new technologies, such as artificial intelligence and data-driven decision-making, also presents challenges if they are implemented without considering how professionals and citizens will understand, use, and trust them." (Saihong Li)

Other barriers referenced included:

- Short term and ringfenced budgets, and multiple competitive funding streams.
- Insufficient investment in preventative measures and a continued focus on managing demand rather than preventing it.
- Inconsistent funding arrangements, and variation in policies and practice.
- Limited data sharing across services and organisations.
- Limited consideration of equality impacts, and a lack of gendered analysis focus on outcomes.
- Siloed/fragmented planning, accountability and financial accountability (with a pressure to balance one's own budget), within complex delivery systems;
- Rising demand for services in a context of limited capacity and capability.
- Risk aversion.
- An inability to carry financial reserves.
- Efficiencies already having been "maxed out", meaning that there is limited ability to achieve further savings.
- A wider context of rising workforce and operating costs due to inflationary pressures.

Royal Town Planning Institute (RTPI) Scotland suggested that a key barrier can often be recognising when longstanding systems, processes and practices are no longer working effectively to achieve current objectives.

COPFS noted that a barrier for certain services was having no control over the level of demand. In its case, that was driven not just by the levels of reporting from Police Scotland and other agencies and trends in crime levels, but also by legislative change, wider justice system activity and a substantial increase in the volume and complexity of criminal reports.

Achievability of 0.5% per year reduction in public sector workforce over five years

The responses on headcount reduction mirrored those on cost reductions. There were mixed views on achievability, but where it was felt the target was achievable, this came with the caveat that the headcount reduction should be a byproduct of effective service redesign rather than an objective in and of its own right. The Wise Group suggested that the focus should be on removing unnecessary work rather than removing people.

Many submissions emphasised the importance of having baseline data on the current workforce structure. Angus Council said that data to allow for an understanding of the localised impacts of workforce reduction would be important.

PCS Union suggested that “a target phrased in terms of monetary savings is preferable to one phrased in terms of headcount, as this at least leaves open the possibility of genuine efficiency savings without operational impact”.

Concerns were raised about the potential for there to be a disproportionate impact on women, who make up a greater proportion of the public sector workforce (Scottish Women’s Convention). CLIPS gave a specific workforce example which illustrates this – 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 in disabled people.

The potential disproportionate effects on smaller organisations were also flagged, and it was suggested that it would be counterproductive to impose reductions on service areas already struggling with staff shortages. Scottish Fire and Rescue Service said that it could not meet this target without reducing frontline firefighter posts.

The majority of respondents felt that the definition of ‘frontline’ needs to be clarified. Submissions suggested that it was important to avoid overly simplistic definitions, as there isn’t always a clear distinction and in smaller organisations in particular, there is an overlap between frontline and back-office functions. It was also noted that changes to one will impact the other.

The Scottish Food Commission explained:

> “Many roles described as back-office are essential to effective frontline delivery. These include finance, procurement, digital, data, governance, evaluation, policy, planning, and scrutiny. In food policy, better outcomes for people and communities depend on effective planning, procurement, monitoring, and accountability. Investment in prevention can lead to improved capacity on ‘front line’ services.”

Even in the context of protecting frontline services, submissions highlighted that consideration given to ensuring that there remained an appropriate skill mix across services, particularly if reduction was occurring through natural attrition. CCPS described workforce reductions that are delivered through natural turnover and retirement as “a blunt approach to reducing headcount” which risks staffing reductions occurring in areas where specialist skills are already scarce, creating workforce gaps and impacting on service delivery. PCS Union suggested that changes needed to be understood in the context of public dissatisfaction with public services.

Stirling Council suggested that:

> "If Scottish Government wishes to reduce the size of the public sector workforce, this needs to be accompanied by an equally explicit discussion about which functions, responsibilities or service expectations will no longer be required. There is a risk that workforce reductions are presented as an efficiency in themselves. In practice, reducing staffing without a corresponding reduction in demand or responsibilities can result in reduced service capacity, longer waiting times, greater pressure on remaining employees and increased organisational risk."

Workforce reductions need to be part of a wider strategic approach to workforce planning. Audit Scotland explained:

> "An approach to reform focused solely on controlling workforce numbers and pay costs … will not address current and future capacity challenges, enable increased productivity nor act to address fiscal challenges in isolation."

Highland Community Planning Partnership said that it was important to understand how the Scottish Government will assess whether workforce reductions are being achieved through reform and productivity improvements rather than through reductions in service accessibility, resilience or preventative activity.

Netcompany UK Ltd gave a more confident outlook, suggesting:

> "A reduction of 0.5% annually is achievable through digitisation and automation. The Danish experience demonstrates that digital communication channels reduce demand for administrative processing, mailroom functions, document handling and routine customer contact, allowing staff to focus on complex cases and providing better, more personalised services for the people of Scotland, especially to isolated and vulnerable parts of the community."

Progress against workforce reduction target

Most respondents did not answer the question about progress against workforce reduction targets, and many that did said there wasn't the data available to understand progress, or that any progress made was inconsistent.

One exception was the joint submission from COSLA, SOLACE and the CIPFA Directors of Finance, which explained:

> "Local Government has already achieved the workforce reduction targets set out in the Fiscal Sustainability Delivery Plan. As such, we have been clear that the workforce reduction targets included as an action to address the forecast shortfall must omit Local Government, in recognition of the

> disproportionately acute starting point compared to national government and other public sector services."

The Royal College of Physicians emphasised that:

> "Progress should be assessed alongside workforce sustainability, recruitment, retention, service quality and population outcomes rather than headline workforce numbers alone."

The Scottish Women's Convention said that it "would welcome greater transparency in specific areas including where workforce reductions are already being made, the impact this is having on staff wellbeing, how it is affecting service delivery, the potential impacts on waiting times and workloads and any impact they are having on equality outcomes.".

PCS Union explained that getting centralised progress updates from the Scottish Government had "proved difficult". It did, however, give specific examples of headcount reduction, at times noting the impacts:

- "Visit Scotland's lower grades have been decimated, removing career pathways particularly for young workers in the Highlands and Islands.

- National Galleries of Scotland have cut headcount among Gallery Attendant staff with no consultation with PCS and this has triggered a formal dispute, with strike action ongoing at time of writing.

- Scottish Enterprise have extensively restructured, shedding some staff through a voluntary exit scheme and placing many others (particularly those in lower grades) into a "surplus pool", requiring them to compete for a small number of available jobs.

- Crown Estate Scotland have restructured and introduced a brand-new layer of highly-paid senior management; some other public bodies are following suit. For example, NatureScot is conducting a reform project that costs £600k and creates five additional Director and Deputy Director positions.

- Student Awards Agency Scotland reduced the number of staff in lower grades and then subsequently recruited into higher grades. Currently SAAS are understaffed and making heavy use of contractors. Teams need to borrow staff from other areas to progress essential work, including undergraduate applications and the Contact Centre."

Managing workforce reductions

Submissions highlighted several things that would help to manage the process of meeting workforce reduction targets. These included:

- Having a rolling programme of workforce data.

- Prioritisation of workforce planning, leadership development, digital capability, redesign of roles and investment in multidisciplinary teams.

- Staff should be engaged throughout the process to support successful and sustainable change.

- There should be a close focus on service user experience and impact on services.

- It was important to ensure the voluntary nature of workforce reductions, redeployment and re-training, as appropriate.

- Workforce reduction should sit in parallel with investment in service redesign and lower cost solutions.

- Multi-year funding settlements and flexible funding to support strategic planning.

Some respondents pushed back against there being reductions at all, including the Scottish Women's Convention, UNISON and PCS Union.

Wider PSR Strategy

No submissions attempted to assign potential savings to the simplification of services, and several cautioned against attempting to attach cost savings to simplification plans, suggesting instead that the focus should be on improved outcomes.

On preventative budgeting, some submissions said there was the beginnings of an approach, and prevention was more recognised in strategy, but that there was not much progress yet on the Government taking a preventative approach to setting the budget. Several submissions mentioned the constraints around single year budgets and financial pressures in allowing organisations to plan ahead and invest in prevention. Although the development of the Scottish Government's Prevention Unit and the Invest to Save Fund were welcomed, the suggestion in submissions was that there is an implementation gap, and that in particular, short-term funding environments limit long term impact.

Volunteer Scotland said:

> "… while we support the use of the Preventative Budgeting Tool it is important that the identification of preventative budget alone cannot be the end goal of the introduction of such a tool. The ultimate goal of preventative approaches is improved outcomes for people. Budget tagging supports the shifting of budget allocation upstream in order to achieve this. We urge the Scottish Government to remain clear on the purpose and role of preventative budgeting within the Public Service Reform strategy's pillar on prevention. The Preventative Budgeting Tool is a first step in achieving this ambition and will enable useful analysis to be made of existing budget allocations and their scope relative to other budgets.
>
> Therefore, we recommend that the Preventative Budgeting Tool is developed to include actual spend and its impact. Currently, the Preventative Budgeting Tool captures intended spend but does not report on actual spend, which can

vary significantly throughout delivery and budget revisions. We support the expansion of the Tool to consider further metrics related to impact, as outlined in the evaluation report. Together, this will give us better insight into the quality of actual preventative spend and progress against outcomes as well as greater transparency and accountability over spend on prevention. Through this, clear and evidence-based targets can be set for primary, secondary and tertiary preventative spending."

Ailsa Burn-Murdoch, Senior Researcher, SPICe

Date: 22/09/2026

Annex: Call for views questions

1. The Scottish Government aims to deliver on average £0.5 billion in savings through efficiencies per year for the next three years (2026-27 to 2028-29):

    a. To what extent are these savings achievable, and how will they shape public service delivery?

    b. What progress is being made towards achieving these efficiencies?

    c. What are the barriers to achieving greater efficiency and how can these be addressed?

2. How should the Scottish Government best present the extent of any realised efficiencies in the annual budget publication, including providing clarity on whether these are expected to be recurring savings?

3. The Fiscal Sustainability Delivery Plan aims to achieve an average reduction of the public sector workforce of 0.5% per year over five years.

    a. To what extent is this target achievable and how will it shape public service delivery?

    b. What progress is being made towards achieving this target?

4. What actions can the Scottish Government take to ensure these workforce reductions are delivered in a managed way which best supports effective government and public service delivery?

5. The PSR strategy states that it will protect frontline services. To what extent is there sufficient clarity about how frontline roles are defined and how efficiencies in back-office functions can be delivered in a way that minimises impact on the delivery of public services?

6. Beyond the financial benefits that the Public Sector Reform (PSR) Strategy aims to achieve, what are the key outcomes that reform should be aiming for?

7. The PSR Strategy includes 18 different workstreams which aim to remove barriers to reform.

    One workstream focuses on “simplification”, recognising that “complexity of processes, structures and reporting requirements is a key barrier to effective and efficient service delivery”.

    “Prevention” is one of three pillars providing structure to the Strategy.

    a. What should the Scottish Government’s priorities be under its simplification workstream and what level of savings can be achieved through this approach?

    b. What progress has been made to date with preventative budgeting?

c. How should the forthcoming Budget support greater progress towards preventative budgeting across the devolved public sector? Please set out any barriers and how these can be addressed.

d. What changes to the Scottish Government's approach to budget-setting are needed to effectively deliver public service reform?

8. The Scottish Government included an upfront Invest to Save Fund of around £30 million in the 2025-26 and 2026-27 Scottish Budgets for reform projects that will deliver ongoing savings and support the delivery of the PSR strategy.

    a. To what extent is the Invest to Save Fund delivering projects that achieve ongoing savings?

    b. How are successful outcomes from this Fund being shared more widely across the public sector?