Scottish Community Alliance Response
Public Service Reform: Pre-budget scrutiny 2027-28

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?**

    There is insufficient information available to assess whether the Scottish Government's target of delivering average annual efficiency savings of £0.5 billion is achievable. The consultation does not provide the modelling, assumptions or methodology underpinning this figure, making it difficult for us to offer an informed assessment.

    The framing of the call for views also raises concerns. The emphasis on achieving savings appears to precede a clear vision for public service reform, suggesting that financial targets may be driving reform rather than reform driving efficiencies. This risks focusing on short term cost reduction rather than long term improvement in outcomes.

    We are particularly concerned that preventative approaches are being presented as a mechanism for achieving significant short term savings. Genuine prevention generally requires greater investment in the short to medium term before financial benefits are realised. It should therefore not be assumed that preventative spending can simultaneously deliver immediate savings of this scale.

    While there is insufficient evidence to conclude whether the proposed savings target is achievable, efficiencies are more likely to be realised where they arise from genuine reform of how public services are designed and delivered rather than from reductions in expenditure alone.

    Public service reform should therefore focus on improving productivity, collaboration and service delivery. This includes greater use of alternative delivery models, such as community based organisations, where these can demonstrate improved outcomes and better value for public investment.

    Targeted investment in community organisations can, in some circumstances, reduce longer term demand on statutory services.

However, these preventative approaches require upfront investment before financial benefits are realised and should not be relied upon to deliver immediate savings.

Scotland continues to face significant challenges, including deepening poverty, the cost of living crisis, housing pressures and childcare pressures. In this context, it is difficult to conclude that substantial efficiency savings can be achieved without affecting the quality or accessibility of public services.

The current Public Service Reform Strategy continues to draw heavily on the Christie Commission from 2011. While Christie provided an ambitious vision at the time, the social, economic and financial context has changed considerably. A refreshed approach is needed that reflects today's challenges.

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

There is insufficient publicly available information to assess progress. Greater transparency is needed regarding where efficiencies have already been achieved, how they have been measured and whether they represent genuine recurring savings or one off reductions in expenditure.

Annual budget processes also make it difficult to understand how funding decisions are being made. There should be much greater clarity about where funding has been reduced, reallocated or increased, together with a clear explanation of whether decisions are evidence led or political choices.

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

A significant barrier is the lack of transparency surrounding both the reform programme and the proposed savings. Without detailed information meaningful scrutiny is difficult.

Efficiency should not simply be viewed through the lens of reducing expenditure. Instead, reform should focus on improving collaboration, reducing duplication and ensuring investment is directed towards activities that improve long term outcomes.

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?

The Scottish Government should provide much greater transparency about realised efficiencies within the annual budget.

This should include:

- clear identification of where efficiencies have been achieved
- whether savings are recurring or one off
- the methodology used to calculate savings
- the impact of efficiencies on service delivery
- whether changes were driven by evidence, performance data or political decisions

Greater transparency should also extend beyond financial reporting to implementation. Scotland already has a range of policy frameworks for example local governance, Circular Economy, Community Wealth Building, Land Reform, Good Food Nation, Community Empowerment and the development of the Single Care Service pilot but implementation is often inconsistent.

A key challenge is the lack of integration between Scottish Government directorates and public bodies across interconnected policy areas such as housing, land reform, energy, community wealth building and human rights. This fragmentation weakens delivery of strategic outcomes and may contribute to the underuse of existing powers such as Community Asset Transfers and Compulsory Purchase Orders.

Improved data sharing across public services is also essential. Investment in integrated and accessible data systems would support better decision making, reduce duplication and enable cross cutting policy priorities to be delivered more effectively

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?**

    The consultation provides little information about how a 0.5% annual workforce reduction will be achieved or what this represents in practice. Greater transparency is required regarding the number of staff affected, the mechanisms proposed and the anticipated impacts on service delivery. If reductions rely on recruitment freezes or redundancies, lessons should be learned from previous exercises. Redundancies involve significant upfront costs, including pension liabilities, while recruitment freezes risk the loss of valuable expertise, knowledge and specialist skills.

    Public services are already under significant pressure. It is therefore difficult to see how reducing staffing levels alone will improve outcomes without increasing pressures elsewhere in the system.

    There is also concern that reductions within the public sector may transfer additional responsibilities onto community organisations through increased demand or contract delivery without corresponding investment.

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

It is difficult to assess progress because the consultation provides insufficient information about current workforce trends or planned implementation.

There should also be greater consideration of the equality implications of workforce reductions and those who may be disproportionally affected. Any workforce reduction programme should therefore be accompanied by comprehensive Human Rights and Equality Impact Assessments and should align with the Scottish Government's Fair Work ambitions.

Partnership working across organisations should be prioritised instead of reducing capacity in isolation.

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?

Public service reform should not be viewed simply as a programme of workforce reduction. It should begin with a clear vision, supported by a coherent strategy and delivery plan.

There is a strong case for undertaking a comprehensive mapping exercise across public bodies to understand responsibilities, duplication, overlap and opportunities for improved collaboration. Decisions should be informed by evidence rather than assumptions that fewer organisations or fewer staff will automatically improve efficiency.

Procurement also presents significant opportunities for reform. Greater use of longer term contracts, multi-year funding and collaborative procurement arrangements could reduce waste, improve planning and strengthen service delivery across sectors.

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?

Greater clarity is required regarding what constitutes both "frontline services" and "public services".

Public services are delivered by more than statutory bodies alone. Community organisations have increasingly stepped in to fill gaps left by reductions in statutory provision, particularly during and since the COVID-19 pandemic. Many continue to provide essential services such as food support, wellbeing services, advice, community transport and social care, particularly within rural and island communities.

We are concerned that reductions in public sector capacity could place further pressure on an already overstretched community sector through reduced funding or increased expectations. Community organisations should be part of the reform agenda, not casualties of it.

It is also important to recognise that effective public service delivery depends upon robust management, administration and governance functions. Reducing so-called back office capacity can undermine safeguarding, supervision and service quality.

Historically, preventative and non-statutory services have often experienced funding reductions first. This runs counter to the stated ambition of prevention and risks reducing quality of life and increasing future demand for crisis 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?**

   Public Service reform should be judged by improvements in outcomes rather than financial savings alone.

   Reform should seek to improve wellbeing, reduce inequalities, improve health outcomes and create greater opportunities for people and communities.

   It should also strengthen the connection between policy development and implementation by improving coordination across government.

   Achieving these ambitions will require creative thinking and a willingness to redesign systems rather than simply restructuring organisations or reducing budgets.

   We would also welcome greater adoption of human rights budgeting as a means of ensuring that financial decisions support Scotland's wider human rights commitments.

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?**

The consultation provides limited clarity about what is meant by "simplification". It is unclear whether this refers to shared services, reducing administrative burdens, organisational restructuring or digital transformation.

Simplification should focus on reducing unnecessary bureaucracy, improving collaboration and making services easier for people to access rather than simply reducing costs. At present there is insufficient evidence to estimate likely savings.

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

There is limited evidence that preventative budgeting has progressed significantly.

In practice, investment has reduced in a number of preventative areas, including community development and disability services. Continued disinvestment in preventative services makes it increasingly difficult to achieve the long term outcomes associated with prevention.

We understand there is a newly developed Scottish Government Prevention Unit, greater visibility on how it will operate or contribute to this agenda is important.

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.**

Preventative budgeting requires sustained, long term investment rather than annual funding cycles. Multiyear funding arrangements, better cross government collaboration and clearer measures of long term outcomes would all support more effective preventative spending.

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

Budget setting should become more transparent, longer term and outcomes focused. Decisions should clearly demonstrate how investment contributes to preventative outcomes and should support collaboration across portfolios rather than reinforcing organisational silos.

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**?

    We were unable to find sufficient publicly available evidence to assess the effectiveness of the Invest to Save Fund. While publicly reported information (Invest to Save Fund proposals: FOI release - gov.scot) indicates that many projects involve digital transformation, it remains unclear what ongoing savings have been realised.

    Greater transparency regarding expected and realised savings would strengthen accountability and enable better assessment of value for money

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

    The mechanisms for sharing learning are currently unclear.

    If digital transformation is a significant focus of the Fund, there should also be greater consideration of digital inclusion. Investment in technology should not disadvantage those who are digitally excluded or create new barriers to accessing public services.

    Similarly, if the programme is intended to prepare public services for greater use of artificial intelligence, there should be greater transparency about this objective, together with clear assessment of the implications for service quality, workforce planning and equality.