**Public Service Reform Committee**
**Thursday 1 October 2026**
**6th Meeting, 2026 (Session 7)**

# Pre-Budget scrutiny – third sector and public body perspectives

## Summary of last week's evidence session

### Panel 1

Panel 1 represented witnesses who deliver public services outside of the public sector:

- Ian Bruce, Chief Officer of Glasgow Council for the Voluntary Sector, TSI Scotland Network;
- Kirsty Morrison, Policy & Public Affairs Manager, Chest, Heart & Stroke Scotland;
- Kirsty Cumming, CEO, Community Leisure UK; and,
- Helen Malo, Senor Policy & Public Affairs Manager (Scotland), Hospice UK

**General approach to public service reform**

**Ian Bruce** said that at a local level, there is a sense that "public service reform" means different things to different people. For some people it is about costs, for other's the focus is structures, and for others it is about how service design. He emphasised the importance of building a narrative around all three aspects in a cohesive way and suggested that having specific targets risked a people focusing only on cost. He recognised that there are efficiencies to be achieved, but best way of delivering those savings is by designing better services that aid prevention, stop the worst outcomes happening as frequently as they do, and through that release savings. He summed up the three main strands of service design as being:

- Shifting public services through engagement with the people that use them.
- Supporting and driving collaboration, including how resources are allocated to collaborative approaches, and
- Managing governance of that process, and the use of governance as a driver for reform.

**Helen Malo** said that there was a need to recognise the value of and protect the contribution of the third sector in delivering public services. Using the hospice care example, she emphasised that the value of this to the wider system was clear and that any reformed structures needed to enhance and maximise that contribution rather than diminish it.

On concerns about resilience and governance in the third sector, and its ability to be relied upon to deliver public services, **Ian Bruce** argued that there are risks of service failure in the public sector as well, and that the third sector has often stepped in at such times. He suggested that resilience flowed in both directions, but that there is a need to invest in third sector governance capacity, and in collaborative approaches that reduced the risk of people falling through the gaps between services. **Kirsty Morrison** said that the third sector has agility and can move at pace, is able to launch services quickly and build relationships and trust, and that a partnership approach meant that opportunities to use those skills would not be lost.

All witnesses agreed with the need to be clear about the scope of public service reform, and the extent to which this intended to reach beyond the public sector. Account should be taken of the impact on the different bodies and sectors involved, including the impact on third sector delivery of public services. This should also include an understanding of the impact on bodies and sectors that are not directly included in reforms. All expressed multiple times that all partners involved needed to be involved from the outset, and made pleas for voluntary partners to be involved in service planning and redesign. **Helen Malo** said third sector organisation should not be treated “like sub-contractors” and instead should be involved at the beginning of service design, as equal partners with shared outcomes and shared responsibility. She called for a partnership framework agreement for the third sector, as well as fair funding.

**Kirsty Morrison** said that it was important that the Government, services and partners are clear on the outcomes that public sector reform (PSR) aims to achieve. She suggested that some clarity on the Government’s priorities was needed, saying that the focus on preventative agenda was welcome, but the reality of translating that into practice is challenging as strategic intent was not transferring down to a service delivery level. Kirsty said that although prevention was acknowledged as priority for the Government, this isn’t reflected at a local level. She gave an example linked to the Dundee Integrated Joint Board (IJB) which had recently made proposals around cutting back on nutrition and physiotherapy services. She also spoke about workforce planning be vital. She used rehabilitation services, which can prevent people returning to hospital and improve their quality of life, as an example, saying that there is a lack of allied health professionals available to provide rehabilitation and physiotherapy support, suggesting that there was a lack of preventative focus in workforce planning. Areas where Kirsty suggested clear definitions around priorities were needed included prevention, and statutory vs non-statutory service.

**Helen Malo** gave an example using Highland Hospice’s rapid response approach to explain how siloed thinking and built-in barriers to organisations working together to deliver the best outcomes for people. The rapid response approach focuses on the final three months of life at the stage where patients have escalating needs, and has,

for every service user, saved an average of 20 hospital bed days, meaning that people were able to stay at home longer. Highland Hospice were asked to develop a business case to expand the service, which was done, but progress stalled because Highland Health Board was unable to find recurring funding, and because it rejected the option of funding from the local council through the Social Care Transformation Fund because it would be time limited. **Ian Bruce** added that a clear vision on outcomes needed to be long term, suggesting that had been missing over the past 20 years leading to a series of isolated initiatives without an overarching plan. He noted challenges around statutory responsibilities and obligations, resource consistency, and a grant system which favoured short term spending and distracted from long-term planning.

On data, witnesses agreed on the importance of improving systems to make data sharing easier, including sharing data with third sector partners. This would include monitoring and reporting approaches, which could result in organisations having to report to different public bodies using multiple different systems. **Ian Bruce** noted that families only want to share their data once, and that data inconsistencies in referrals processes could risk people being "bounced around" between services. **Helen Malo** suggested that there was positive work on data in the palliative care strategy, but suggested that one specific issue that needed to be addressed was access to data which would ensure that people's wishes around their care were followed.

**Programme for Government announcements**

**Ian Bruce** said that he recognised the opportunities that may arise from the reform proposals, but that he was concerned that the process of restructuring would risk drawing focus away from the other aspects of reform (such as service redesign).

**Kirsty Morrison**, referencing the complexity of referral pathways and resulting risk of people missing out on support, said that Chest, Heart and Stroke Scotland can see the opportunity within restructuring to address that. She noted that current issues were more connected to "red tape" than reluctance from professionals to streamline processes. She supported development of a simplified "once for Scotland" approach and national pathways, but said that needs to be created with service users in mind, and warned about the risks of getting caught up in bureaucracy and governance rather than patients' needs. Kirsty noted that although prevention was a focus of the PfG, there was no mention of rehabilitation and recovery, which she saw as an omission.

**Helen Malo** said that there was very little detail yet available on proposals to understand how they might impact on hospice services. She suggested that key questions through the consultation and scrutiny process would be understanding things like how proposals will support better population planning and service delivery, and how can local responsiveness be built in so that services are more consistent and designed around people.

On the specific proposals around local government restructuring, **Kirsty Cumming** highlighted that there was a benefit to a regional approach to leisure services though the application of strategic frameworks which could be lost if delivery was moved to a

community level. She said that regionalisation needn't necessarily look like a uniform approach, and there should still be scope to take community-based approaches.

**Helen Malo** said that public service reform isn't just about structures, it is also about trust in relationships and partnerships. This is where she said the voluntary sector added value to the process. She explained that because voluntary services are already embedded in communities and trusted, they could bring local communities into planning and structural reform. She said this link between public voices and services was particularly important in the context of low trust in public services.

**Ian Bruce** said that when thinking about restructuring of public service geographic boundaries, larger areas are best served for consistency and efficiency, and smaller is best when you need efficacy and flexibility. He suggested that it's at that smaller scale that prevention is more appropriately placed, and warned that the danger of very big health boards or councils is that communities get lost while the organisation is trying to see the big picture. He said the third sector is valuable at both a community and regional level when it comes to engagement and partnership, and at present engaging with 32 LAs can be a challenge.

**Challenges under current service models**

**Kirsty Morrison** said that the third sector is often seen as a delivery partner for services, not as a design partner. She explained that third sector organisations are working on the ground and are connected to communities, and are agile in adapting services and learning, but this expertise was often missed because the third sector is often not treated as an equal partner in service provision. She was keen to see voluntary partners in the room and part of the conversation from the start of discussions on reform and redesign of delivery structures. **Helen Malo** agreed, saying that voluntary services are already delivering the desirable outcomes of public service reform so should be involved as partners in reform from the beginning.

**Kirsty Cumming** said that a lot of people don't understand the delivery models for culture and leisure services and where they sit in relation to local authorities and the third sector, and that there is confusion around the terminology used to describe organisations (i.e. ALEO, trust, charity). She said that whoever the public are engaging with, be it a public body or a charity, people look for trust, partnership, and expertise. It might not matter who is delivering that, but simplification of language would be useful in helping the public understand services.

**Kirsty Cumming** said that the current commissioning and partnership structures may not be the issue, but the way that they are used as a 'stopgap' is. She suggested that proactive approaches to using third sector support was the ideal, and an understanding of where that was not happening would be useful. Kirsty said that public services should be using the third sector to understand where communities were not having their needs met, and how to address these gaps. She went on to say that clarity on outcomes and governance was important. Kirsty also said that it was important to understand the difference between "good governance" and control. She suggested that good governance included partnership working and understanding how to mitigate risks to service delivery, as an alternative to public

bodies needing to have control over every aspect of how a commissioned service is delivered.

## Budgeting setting

**Helen Malo** said that there was tension in how money flows through system when it comes to preventative investment. The system at present is geared towards acute care and a crisis response and does not incentivise prevention and community-based care. She explained that hospice care is a key part of healthcare and preventing hospital admissions, but because the benefits of that work, particularly financially, is felt in hospitals rather than in the hospice sector there isn't the feedback loop to incentivise a community-based approach. **Kirsty Cumming** explained that money flow was slightly different for the organisations represented by Community Leisure UK, but that an alternative challenge for that sector is a lack of capital investment in the infrastructure through which its services are delivered.

**Ian Bruce's** comments echoed the issues in the flow of money. He explained that, simplistically, money flows to public bodies that are focused on their statutory obligations to solve the problem that has gone wrong, and the money to the third sector and prevention is the money that is left over after that. He used an analogy around homelessness support to explain this. He went on to say that money then flows very slowly from public bodies into the third sector, creating issues around late allocations that are time limited. These commissioning arrangements make it difficult for the third sector to be agile and flexible. He gave some examples of alternative approaches that had been positive, including the 'reshaping care for older people' investment in the mid-2000s through which money could only be spent when the council, health board, third sector and social care director agreed on the model. Another more recent positive example is the community health and wellbeing fund linked to fairer funding pilot. Ian noted that the Government and its public bodies have some idea of what funding may look like year to year, but that the third sector does not, and said that the Scottish Government should think about how money gets to third sector organisations in a way which is less about competition and purchase, and more about collaboration.

**Helen Malo** said that the current funding model prioritises responding to crisis, and combined with funding uncertainty in the third sector, this makes it hard to plan long term. She explained that a fair funding framework for the hospice sector would reduce variation and uncertainty and give hospices the opportunity to plan ahead for the demand that is coming. **Kirsty Cumming** 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 isn't always about finding something new or innovative.

## Investment in prevention

**Helen Malo** suggested that palliative care could be used as a "lead case" for public service reform, explained:

> "we're not incentivising the sort of care which we know is much better for people. It's higher value, lower cost community care and we're ending up in a

> system where we are spending a lot of money – five times in terms of end of life care – on the expensive part of the system which people associate with distress, delays, crisis. Too many people are ending up in hospital who don't need to be there, and that's preventing people who do need acute care from getting the care and support that they need".

In the context of social care restructuring, Helen flagged that only 40% of hospice care costs comes from IJBs, and the rest is raised through charitable donations. As statutory funding hasn't kept pace with the cost of delivering services, services have become more reliant on charitable donations, and thus unstable. She linked to challenges around siloed budgets, suggesting that one reason for reduced statutory funding is that the resulting savings from investment are seen in primary care as opposed to in social care. Simply put, because IJBs don't see the value of investing in hospice care within their own accounts, they are more likely to cut hospice spending. She said that if the hospice sector had the right partnership role and sustainable funding, it would be willing and ready to maximise and scale up its proven value to deliver the outcomes that Scotland wants.

**Ian Bruce** highlighted child poverty work in Glasgow as demonstrating the building blocks of a good practice model of service redesign, with recognition of the third sector's ability to engage with citizens and help to design services that meet the needs of families. But, linked to this, he said there was a challenge in how resources flow to the third sector. He suggested that the public sector uses an enhanced level of diligence when commissioning third sector services that it doesn't use in its own processes. He also suggested that it was important that the public sector didn't see the third sector as 'a group of providers that compete to provide services'. He explained that third sector organisations often had established relationships and trust within communities that other organisations couldn't just dive into and replace, suggesting that commissioning approaches might need to change to take account of existing relationships.

**Kirsty Morrison** used a preventative investment example based on Chest, Heart and Stroke Scotland's (CHSS) whole systems and preventative approach to cardiovascular health. Cardiovascular ill-health comes at a £2.5 billion annual cost to the economy through direct costs of health care and economic impacts. Kirsty explained that the Population Health Framework illustrates the need for a whole system approach using multi-agency and cross-sector models. She spoke about CHSS's partnership work with GP services, through which GPs can make direct referrals for patients at risk to receive CHSS support. She also referenced the health defence hub model, through which CHSS goes into communities that are at risk or may not engage with health services. She also mentioned the role of secondary and tertiary prevention, such as rehabilitation to avoid comorbidities, given that impacts of screening and cholesterol awareness take time to feed through to population health. Kirsty also highlighted that allied health professionals are often not included in strategic decisions, and that there is no accurate data on access to rehabilitation services. She explained that a whole systems approach to service provision should include avoiding such issues from the start.

## Savings and efficiency targets, and impact on third sector

As the Committee has heard in other evidence, witnesses agreed that different public bodies and partners were at different stages of service reform, and weren't all approaching targets from the same start point.

**Kirsty Cumming** explained that from the perspective of members of Community Leisure UK, there had been "efficiencies over decades" and a "clear trend in downward investment" in the leisure and culture sector over the past 10 years. The workforce is now a two-thirds of the level it was in 2019, and Kirsty said this showed there had been "significant efficiencies". This had been done in a 'salami slicing' way though, in response to budget pressures, rather than through a planned strategic process. Kirsty warned that percentage cuts would not bring about true reform and redesign of services. She explained that Community Leisure UK's members agreed that the status quo could not continue, but that reimagining services needed to be driven "by purpose, not process". She noted that the COVID experience had helped with innovation and digital transformation, showing that there are opportunities ahead, but this had to include a strategic look ahead to what communities would need in the future rather than being driven by a series of annual percentage cuts.

**Ian Bruce** explained that the 'salami slicing' approach to cuts had led to public bodies withdrawing from certain services, waiting lists growing and service gaps emerging. As a result, the third sector was operating, often with limited capacity, to "keep people alive" and in a holding pattern while they waited for public services. He referenced mental health and neurodiversity support as specific examples. He said that the public sector cutting services and assuming the third sector would pick them up was not right, and echoed calls for the third sector to be involved in conversations about service redesign. When asked if that approach was not happening now, he replied that it was not happening consistently.

**Kirsty Morrison** said there was a risk to reform being driven by targets. She explained that the third sector is often better placed to deliver public services. For instance, it can reach communities that GPs can't, but it needs to be properly funded and not an afterthought. She noted that whilst reform is happening, the third sector would keep delivering services. It could realign with policy quickly, but there was a risk in the meantime that pressure will increase on the third sector.

## Public service workforce

**Helen Malo** said, in the context of workforce reductions, that there was a need to avoid shifting undue pressure onto third sector services if the sector does not have the resource to meet that pressure. Instead, she suggested that intentionally shifting resource to the third sector would bring about opportunities to deliver better value for money. She emphasised the importance of planning for population needs and future pressure from demographic change, effectively saying that we know it's coming, so we need to plan ahead to ensure that the right bit of the system has the workforce and capacity where it is needed. She also stated that a more robust planning approach with a focus on community preventative support will have better value and lead to better outcomes.

**Ian Bruce** agreed with Helen Malo's points on the importance of investing in the third sector, however he warned that there was some risk to reducing capacity in back-office functions of public services because of the role that those administrative functions have in supporting a collaborative and joined-up approach to services. He suggested that taking funding away from the public sector through reducing back-office function in order to invest in the third sector brought the risk of the losing that joined-up approach.

### Understanding and scaling up success

**Ian Bruce** said that the National Performance Framework and Public Health Framework should provide models to focus service design on outcomes. He explained that in Glasgow there was a focus on understanding how to achieve outcomes that sat outside of the scope of a single organisation. He added that targets like waiting times were often misused as "something to clobber people over the head with".

**Kirsty Morrison** noted the importance of recognising people's experience on their journey towards reaching good outcomes. She suggested that measures of successful reform might be things like people being able to live their lives and get the help they need without navigating complex systems, or signs that funding is moving upstream in services. She said the national frameworks are useful for setting a national vision, but that needs to translate down into the data that is being collected and the way things are being done, with a focus on the experience of the service user.

On scaling projects, **Kirsty Cumming** noted that what works in one community might not work in others, so not all successful pilots could be scaled up. She suggested that there was a need to understand more about what projects and approaches were scalable. **Ian Bruce** said that scaling up doesn't always need to be about the same thing growing, it could be replication or adaptation of an approach for a different setting. He suggested that it could be seen as the transferring of learning and ability to think about mimicking what is useful and valuable across different communities.

## Panel 2

Panel 2 represented witnesses from public sector services who can give a perspective of both Government-driven and internally led experiences of public service reform:

- David Robertson, Chief Executive, Scottish Borders Council; and,
- Mark McAteer, Director of Governance, Strategy & Change, Scottish Fire and Rescue Service.

### Progress and opportunities in PSR

**David Robertson** explained that Scottish Borders Council (SBC) had been on a "long term journey of transformation" which had included changing services,

contracting with the private sector, and changing service specifications and technology. He said that this process had helped the council to balance its budget every year, but a lot of the 'easy stuff' has been done, leaving limited room for further transformation. He said that SBC recognises and acts on the need to collaborate with partners, including NHS Borders and its partners through the three City Region and Growth deals (Edinburgh, South of Scotland and Borderlands). Davis explained that because the Borders is a very large and rural area, it drives a need to work effectively with partners like the police and third sector.

**Mark McAteer** said that Scottish Fire and Rescue Service (SFRS) is an example of successful public service reform. He explained that "the day we were created was not the end of the reform process" and went on to say that PSR is a complex process which is not easy, and that it was vital that there is clarity of the Scottish Government's position and what it expects from the process from the outset. Mark went on to say that internally, public bodies need strong leadership and strong/effective governance to steer the organisation and provide accountability. Organisations would also need capacity and capability to managing large complex change projects. From his experience, the benefits of public service reform can be significant. In SFRS's case, reform had removed duplication, achieved the efficiencies targets set, consolidated functions, and standardised systems and equipment. Reiterating that reform is not a one off, and reflecting that it had been ongoing process over 13 years for SFRC, he added that he was still looking towards what would come next for the service.

**Programme for Government proposals**

**David Robertson** said that Scottish Borders Council is currently big enough to be strategic, and small enough to be local. He explained that SBC feels its current size is a good fit, evidenced by how well it has dealt with past challenges. David said that the detail on proposals so far had been too high level for the Council to form a view, but that if reform of the councils' structure is proposed it would engage in that process on an evidence-led basis once it was clear what the proposal is. He recognised that some services might be managed at a larger scale, such as economic development, but felt that it was important to not lose sight of what was needed in the local community. He would not suggest what revised structures would be appropriate, but noted that Scotland is a varied country that wouldn't suit a 'one size fits all' approach. He did flag, however, concerns about a potential return to the pre-1975 model which was reformed because it did not deliver for communities.

On the restructuring of local authorities, **David Robertson** said that there had been continuity in governance structure in the Borders, with little change since the 1975 restructuring, which meant a long history of working with the unique geography, history, culture and economy of the area, which elected members were keen to retain. Using the economy as an example, he explained that 80% of businesses in the Borders are micro-businesses, which is a very different economy to elsewhere.

When asked about NHS Board restructuring, **David Robertson** suggested that the right model would depend on what the Scottish Government is trying to achieve, and that there would be various ways to approach redesign services. He said issues

need to be debated in detail before specific models of service delivery can be proposed. David illustrated this with  health care as an example, using his understanding that the ‘vast amount’ of spending of NHS spend is not on acute hospital care, it is in local communities, and suggested that this knowledge might be the basis for discussions around future service delivery. He said that there were opportunities to use budgets more effectively, such as the genuine pooling of funding for health and social care, and that it was difficult to do that effectively across different boundaries, structures accounting and reporting models.

**Mark McAteer** said that public service reform isn't simply about structure and data systems, it's about people. He explained that SFRS made an effort to engage with its workforce pre-reform and throughout, particularly on aspects like career paths. Mark said that if leaders don't pay attention to that, it can undermine reform efforts. He said that there are typically strong cultural identities in legacy services, and that leaders need to speak to people and work with them, including through close working with trade unions. In SFRS’s case, this meant having an early partnership agreement with trade unions on the restructuring process. Mark also emphasised the need to work with people to build a common culture and identity based on common outcomes, and to bring people along through building a cultural identity for the new organisation. He said that legacy culture would always cling on, but that over time as new people joined the service, it would be the new culture that became embedded.

**Savings and efficiency targets**

**Mark McAteer** explained that, in the case of reform of fire and rescue services, efficiency savings were always part of the rationale and agenda. This arose the pressure created by post-2010 austerity measures, and the Scottish Government trying to protect the sustainability of fire and rescue service. Although savings were a key driver, the process was not just about saving money. Instead, it was about bringing services together to strengthen them and ensure equity of resource, and to create the ability to use the full weight of the service to address challenges (for instance by being able to draw on country-wide resources to tackle major incidents). He reflected that there had been a sustained improvement in key outcomes linked to the service. Mark explained that most savings came in the first 2-3 years of the restructuring, and there had been a compounding effect since. He warned that if restructuring is simply about efficiencies, there is a risk of damaging outcomes for people and communities.

**David Robertson** said that the approach to savings at SBC had not been ‘salami slicing’. Instead, the council had engaged in long-term and challenging transformational projects. He explained that SBC’s 5-year plan, for 2019-2024, took out £34 million of spending over 5 years of planned service change, and this approach was designed to stop the council from having to make reactive cuts. He said that simply setting a financial target and expecting organisations to work to that is “hugely damaging for outcomes and for local people”.

**Data and systems**

**Mark McAteer** explained that SFRS’s core data set is its operational data. Prior to reform, there were only two systems in place, but these were comparable and easy

to collate. The service continued to use both for 10 years, but is now using a single system which is from the UK Department of Housing and Local Government, which also allows data to be comparable to rUK. Mark explained that moving to single systems was a priority at the outset, but as there was no detailed planning on the structure and operation of the single service through the legislative process, there was a need to move quickly after reform. One of the first decisions of the new SFRS was to get core data sets and systems in place at the outset to create a 'single source of truth' for the organisation, and then to work on consolidating other systems over time. The priority focus had been payroll and HR, which were in place early in the reform process, and the final systems are at the stage of being brought together now, along with next generation finance and HR systems being rolled out. Mark suggested that bringing multiple bodies with multiple functions together would be more complex, but regardless organisations would have to be prepared for and overcome and initial stage of turbulence.

On systems, **David Robertson** explained that councils are really complex, saying that SCB runs 77 different systems because of multiplicity of services being run. The council is constantly trying to rationalise that, but if you scale up that challenge to the whole of the public sector, that's an incredibly complex landscape to simplify.

**David Robertson** said that data and AI are hugely important in the delivery of public services, and suggested that AI was having a "positive and negative impact right now". He gave a positive example of a recently implemented report collation solution for social workers, which had saved them a third of the time spent on reporting and had been very well received. At the same time, he said that a significant challenge had come from a huge growth in the number of AI generated FOI requests being received. These were typically from the same individuals and organisations, and there was a big capacity challenge in responding to the volume of requests.

**Mark McAteer** said that AI is the reality for all public sector bodies, and that tools like Copilot had brought opportunities. But, he warned that leaders and services need to think hard and fast about using AI because of the pace at which the technology is developing, and put guardrails up to avoid data going into open models like Claude. He suggested that organisations should look at what data it needs to deliver services, and then what systems it needs to process and manage that data. He said that SFRS was looking into its business process to see where automation is possible, but that any model used would need 'guardrails' and human oversight. He concluded that AI is a great tool, and it can help with productivity gains as part of a toolkit of solutions, but it is not a silver bullet.

**Workforce**

**Mark McAteer** explained that reductions in headcount have always been part of seeking efficiency, but SFRS has one of the lowest cost, highest productivity corporate services in the Scottish public sector. He implied that SFRS has already made the efficiency gains that the Scottish Government is looking for, and that if it is asked to make further headcount reductions the only place that it can come from is front line services. The same would apply if SFRS was asked to take a a proportionate financial reduction to its budget against the £0.5 billion annual savings

targets for the public sector. He confirmed that SFRS has not been asked directly to make savings yet.

**David Robertson** explained that local government in Scotland has made £5 billion of savings in operational costs since 2010. He referenced the comparative workforce increases since 2013 of local government, the NHS, and the central Scottish civil service, highlighting that local government increases have been by far the smallest and largely driven by the Scottish Government's early years commitments. David went on to explain that the back-office function had been significantly reduced in all local government organisations in order to protect front line services like the teaching, care and refuse workforces. That meant that local government is now at a place where it is struggling with the capacity of its central office function to respond to statutory responsibilities. He said that SBC has used technological solutions where possible, whilst remaining legally compliant, and at this point it would struggle to take a 4% back office cut without having to have a conversation about what the council stops doing.

In reference to concerns raised by PCS Union about there being a risk of the no compulsory redundancies guarantee being breached, **David Robertson** said that if there were no compulsory redundancies then a programme of voluntary redundancies might have to be considered. If this was the case, then the reform process might have to identify funding and place this against the context of the long-term benefits of investing in voluntary redundancy. He said that redeployment has been an approach tried by the council, but that it was a tricky tool to use when having to reduce headcount in certain areas.

**Mark McAteer** explained that SFRS had used a voluntary severance package in the first 2-3 years of the service's reform, and explained that without an initial investment it was not possible to make savings using such an approach. He also said it was important to understand the knock-on effects of voluntary redundancy on back-office functions and pension commitments.

**Prevention**

**David Robertson** suggested that prevention needs to be clearly defined, as many of the services that councils offer can be described as preventative (i.e. education, employability, development, and community leisure. He referenced the development of the preventative spend toolkit by the Government and said that SBC would use that. When asked about ringfencing in the context of prevention, he reiterated COSLA's position that it would prefer reduced ringfencing and more flexibility at a council level. He also called for more certainty on funding.

## Recent publications

As well as correspondence sent directly to the Committee on proposals for the restructuring of local government, the Government also recently published the Public Service Leadership Statement. This "creates a shared understanding of what effective leadership looks like across Scotland's public services.". The Statement

includes a framework, but there is no detail on how this framework will be implemented across public services.

The Statement was developed and agreed by the Scottish Leaders Forum, which brings together over 375 senior public service leaders (public, third and private sector) who are "working together in a uniquely cross-system, peer-to-peer setting, sharing the common purpose of improving outcomes, delivering public value and advancing the ambition set out in Scotland's National Performance Framework.".

This sets out that Scottish leaders will:

> "take responsibility, individually and collectively, for challenging any behaviours, in our organisations and across the wider system, that do not comply with these principles.
>
> This means:
>
> - **Leading inclusively with a whole place, whole system mindset** – investing in cross-system relationships, prioritising long-term wellbeing that assures public value.
> - **Building trust and enabling candour** – empowering leadership at all levels, strengthening relationships through openness, constructive challenge and inspiring shared purpose.
> - **Valuing learning, expertise, foresight and innovation** – co-creating collective resilience by enabling public servants to have the confidence, creativity and skills to adapt and respond in the public interest.
> - **Modelling shared values and accountability** – upholding the Principles of Public Life in Scotland and demonstrating integrity, kindness, stewardship and ethical judgement. We balance innovation with responsibility, collaboration with accountability, and empowerment with good governance."

## Members may wish to explore the following themes:

### Extent of PSR

1. Whether the Scottish Government sees public service reform as being restricted to the services delivered by the public sector, or whether it also includes redesign of services delivered through partnership with the third and private sectors.

2. How will the public service reform agenda avoid shifting pressures related to failure demand from one area of service to an another, and onto the third and private sectors and unpaid carers.

3. What opportunities the Government sees coming through public service reform to invest in community-led services and social enterprise, and the impact this may have on community wealthbuilding and local economies.

4. The Cabinet Secretary's response to the suggestion that public service reform should be about commissioning and buying outcomes for people.

**Workforce targets**

5. Whether workforce reductions are expected to apply in a uniform manner across all public sector organisations, and the Cabinet Secretary's response to concerns that certain organisations have already 'maxed out' reductions. For instance, this could use the example of Scottish Fire and Rescue Service's evidence that it could not meet the workforce and efficiency targets in the Spending Review without reducing front line firefighting personnel.

6. The suggestion that workforce reduction targets alone cannot meet the scale of the fiscal challenge, particularly in the context of increased spending commitments from the Government in areas like childcare and concessionary travel.

7. Whether calculations by David Philips that suggest that, because of workforce growth between Q1 2025 and Q1 2026, the remaining workforce reductions over the period of the Spending Review would amount to more than 0.5% annual reductions, and that achieving these reductions would either require cuts within the NHS of significant cuts outside of the NHS.

8. The Cabinet Secretary's views on witnesses' suggestions that it would not be possible to meet workforce reduction targets without either breaking the Government's guarantee of no compulsory redundancies, or investing up front in voluntary redundancy packages.

**Programme for Government announcements**

9. Witnesses have called for the public sector workforce, third sector partners, trade unions and service users to all be involved in discussions on service redesign and restructuring so that the process can be driven from the bottom up. Is this happening?

10. The Cabinet Secretary's response to the suggestion that the announced aims of the Programme for Government proposals in managing fiscal challenges and seeking better outcomes for people are at odds with one another.

11. How the current reform proposals and Scottish Budget will seek to tackle the implementation gap described between the ambitions of policy and the reality in people's experience of services.

12. What consideration has gone into the complexity of merging public bodies that have different statutory functions, for instance combining delivery bodies with

regulatory and oversight bodies, and whether this might create conflicts of interest and increase demands on the Scottish Budget.

13. Evidence from Scottish Fire and Rescue Service showed the need in restructuring, to work with people to build a common culture and identity based on common outcomes, and to bring people along through building a cultural identity for the new organisation. How will the recently published leadership statement support this?

**Budget and efficiency targets**

14. Whether any public bodies have been asked to provide detail on anticipated cost efficiencies and workforce reductions to support the proposals around merging and consolidating public bodies.

15. Whether the Cabinet Secretary can share any detail on how he expects public service reform, particularly where it involves investment, to be reflected in the upcoming budget. For instance, is there likely to be a specific portfolio budget for public service reform, or is it likely to appear in correspondence with existing budget lines.

16. How the impacts of public service reform, from a savings and reinvestment perspective, might be tracked and quantified through budget documents.

17. Whether the Scottish Government is prepared to invest upfront in training and development to support public bodies in redeployment of staff.

18. The Cabinet Secretary's response to evidence from witnesses that a lack of multi-year funding inhibits the ability of the third sector to take a long-term approach to service planning and participate fully in partnership approaches to service delivery.

**Monitoring and evaluation**

19. The Committee may wish to seek an update on when the Scottish Government will release its monitoring and delivery framework for the PSR Strategy, and how these will relate to the refreshed National Performance Framework and the Scottish Budget.

20. What the Scottish Government is doing to understand the culminative impact of its spending decisions.

**Prevention**

21. The suggestion from PCS that the shift towards prevention recommended by the Christie Commission was not embedded because of austerity, and concerns that the current fiscal context risks the same thing happening again.

22. How, practically speaking, the public service reform proposals will enable the Government to shift spending set out in the Scottish Budget towards reducing future demand for services.

23. The suggestion that, whilst the funding is welcome, the scale of projects that can be funded through Invest to Save is insufficient to deal with digital issues in the public sector.

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