Scotland's Public Service Reform Strategy – Delivering for Scotland

June 2025

Scottish Government
Riaghaltas na h-Alba

Contents

Foreword

"I want the people of Scotland to hear loud and clear my twin commitment to delivery and hope.

Delivery in the present, hope for the future."

John Swinney MSP, First Minister
January 2025

The people of Scotland want a future which is fairer, where everyone and every community has the opportunity to thrive. Although we face an incredibly challenging set of circumstances, the inherent strengths of Scotland – our vast resources and commitment to high standards of living and high quality of life – can deliver that future.

Public services are crucial to making that happen. They can, and do, have a transformational impact on people's lives. Effective public services are also critical to delivering our economic growth objectives and to tackling the climate crisis. Nonetheless, we have to be clear-eyed about where public services are today and the challenges they face.

The Christie Commission articulated the need for public services that were efficient, integrated, prioritised prevention and empowered staff and service users. Despite some significant successes over the intervening years, we recognise that this vision has not been delivered to its full potential.

This **Strategy for Public Service Reform** addresses that challenge. It identifies the underlying systemic barriers and root causes which prevent us moving faster and further, and sets out practical actions to overcome those barriers. This is not about reducing service provision – it is not a race to the bottom. Nor is it about moving services out of public provision. Scotland will lead its own agenda, not follow that of others. It is about delivering existing public services more effectively and efficiently.

People's lives and public services are complicated. We know that simplistic answers won't deliver what people need and deserve. But we also recognise that well-functioning public services are the best antidote to those who would seek to divide our communities.

Everyone working in public services is motivated to work with people to improve their lives, but sometimes process and protectionism can get in the way of doing so. Public Service Reform is about reorienting our system to put people and those relationships first.

The Scottish Government cannot deliver reform alone. We are a part of a system – a system with huge potential which already shares a vision and values. As a small, connected country we can be agile in response to these challenges. We are committed to working together to find solutions and empowering people and communities. Through building on that distinct Scottish approach, we can deliver the scale and

pace of change required. We can challenge one another to act differently, to embrace innovation and fresh thinking with that common and core goal of improving lives.

I have huge hope for the future of Scotland's public services. The test will be whether we can take the hard decisions and deliver the change needed to make services sustainable. I am committed to doing so. I invite you to join me on this journey.

Ivan McKee MSP, Minister for Public Finance
June 2025

Part One – Public Services in Scotland: Our Beliefs and Vision

Our **core beliefs** about public service have been informed by those who deliver, and those who receive, services[1]. This is an essential foundation for our strategy, ensuring a common vision for what we want Public Service Reform to deliver. We believe:

- Public services are critical to delivering a fairer future and the Government's priorities of eradicating child poverty, growing the economy and tackling the climate crisis.
- Public services are both an asset and an investment in our health, equality and prosperity. That investment should be efficient, effective and targeted where it makes the most difference.
- Public services need to be protected for the future by using investment wisely, optimising the value of every pound.
- Public services should be accessible, trusted, good quality and meet the needs of people across Scotland.
- Complex issues can rarely be addressed in silos and often require integrated solutions informed by deep local knowledge.

Our Vision is of a Scotland where everyone has access to services that are efficient, good quality and effective.

For most people, this will mean you can access the everyday services you need, with the confidence that public money is spent wisely and with clarity on how well services are performing.

For people who need more support, particularly those experiencing disadvantage, public services will come to you. These services will be person-centred, accessible and you will not be required or expected to navigate different organisations or complex systems.

For communities, this will mean shaping local places, with public services organisations sharing power and resources with you to deliver what is needed for individual communities.

For public service staff, you will be empowered to provide tailored support, and be trusted to work with people to deliver beyond organisational boundaries to best support the person or family in front of you.

For public service leaders, this will mean you lead as part of a collective, shaping a system that puts people, communities and places at its heart to meet their needs and maximise public value and ensure fiscal sustainability. Beyond leading your own organisation and sector, you will work collaboratively, forging partnerships that drive lasting change, address root causes and provide support early to avoid long-term, complex and expensive interventions later, rising above individual, organisational and sectoral interests.

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1 Covid Recovery Strategy (2021) Covid Recovery Strategy: for a fairer future - gov.scot

Part Two – Public Services in Scotland: Where we are now

Public services touch on every aspect of our lives. For many people our experience of public services is about getting a GP or dentist appointment, travelling to school or work, the performance of schools, and the work of our police keeping people safe. Many public services are less obvious but just as necessary to our lives, such as: keeping food safe, ensuring water quality, registering land and property transactions, supporting businesses. All of these public services should be effective, efficient and good quality.

Recent events – Brexit, the Covid-19 pandemic and international conflict – have put significant pressure on public services. Future challenges – demographic shifts, rising demand for public services and fiscal constraint – will exacerbate these pressures. While circumstances are improving for many people in Scotland, a significant minority still experience inequality, poverty and complex challenges. The scale of the fiscal challenge is significant, which makes reform all the more pressing to protect service delivery for people across Scotland.

People in Scotland have told us that:

- Despite increased investment, people's satisfaction with public services is declining[2].
- Services can be confusing, help can be hard to access and basic provision can feel stretched.
- There is unnecessary and unhelpful duplication in the system, including multiple providers of similar services and service users repeatedly having to provide the same information to different public sector bodies.

Colleagues across public services have told us:

- Those working on the front line can feel constrained in their ability to act to support people.
- As organisations, we have the capability but not always the will to act differently and remove duplication and complexity.
- Despite the importance of prevention, we have not moved the dial sufficiently to prevent damaging experiences and reduce the risk of future need that leads to expensive demand for public services.

The Scottish Government and its partners have continued to increase investment in public services and the public sector workforce. But we know that investment, while welcome, is not enough (Figures 1 and 2). We have also known since the Christie Commission (Figure 3) reported in 2011 that a significant amount of our resources is used to deal with the consequences of preventable problems, not to fix them.

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2   Scottish Household Survey results - gov.scot

The capacity to change

Scotland has a longstanding commitment to reform, and we have shown we have the ability to deliver real change within the public services system. Our National Performance Framework[3] sets out the society we want to achieve and how we will measure progress; the Scottish Approach to Government[4] bases our policy development on co-production, improvement and building on the assets we have; and the Scottish Approach to Service Design[5] empowers people to be part of the services that affect them and brings together national and local government, health, public bodies, the third sector, and the private sector to collaborate in delivering end-to-end services.

Most importantly we have a system founded on shared values, and which is a size that means we can get around the table, build relationships and work together, to make the change needed. This is the platform from which we will deliver reform.

Together we must be willing to be brave, to challenge ourselves to ensure we are delivering what the people of Scotland need and deserve. We need to take risks, to offer trust and give permission to act – that is a commitment from Scottish Government to our partners.

> "We've got what it takes to both imagine and to create a better Scotland - of that I have no doubt - because there is nothing wrong with Scotland that can't be fixed by what is right with Scotland."

John Swinney MSP, First Minister
15 January 2025

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3 National Performance Framework - gov.scot
4 THE SCOTTISH APPROACH TO GOVERNMENT - On Board - A guide for Board Members of Public Bodies in Scotland (April 2015) - gov.scot
5 The Scottish Approach to Service Design (SAtSD) - gov.scot

Figure 1 Public Services in Scotland: Facts and Figures

Public sector in Scotland is larger than the UK and accounts for 22% of total employment, compared to 18% in the UK as a whole. This reflects a larger public sector workforce in many areas, with Scotland having, for example, relatively more police officers, firefighters, GPs, dentists, teachers, and civil servants, compared to England and also reflects differences in which services are provided within the public sector, in areas such as water, railways, and social care.
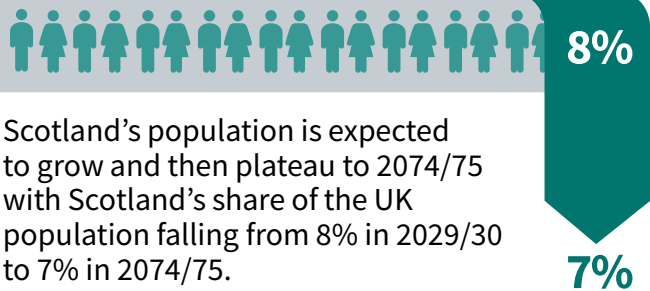
£1,500

The public sector in Scotland is larger and relatively better paid; after taxes the median pay for a full time public sector employee in Scotland earned around more than the UK average in 2023.
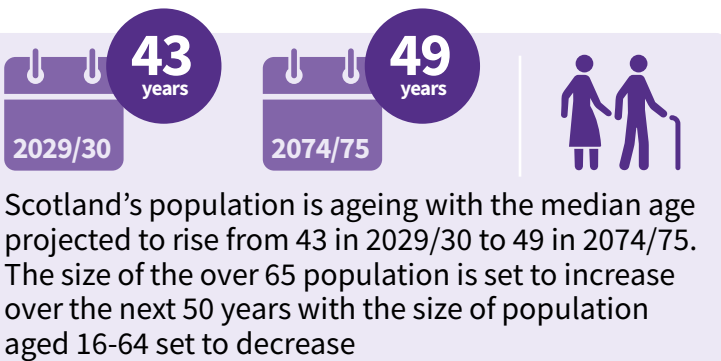
£25 Billion

The public sector pay bill is £25 billion, over 50% of the Scottish Government resource budget.[a]
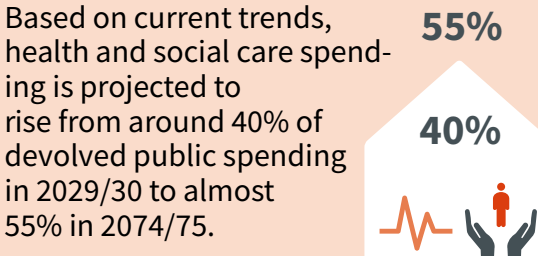
Figure 2 Scale of the challenge

8%

7%

Scotland's population is expected to grow and then plateau to 2074/75 with Scotland's share of the UK population falling from 8% in 2029/30 to 7% in 2074/75.

43 years 2029/30   **49 years** 2074/75

Scotland's population is ageing with the median age projected to rise from 43 in 2029/30 to 49 in 2074/75. The size of the over 65 population is set to increase over the next 50 years with the size of population aged 16-64 set to decrease

These trends will have spending consequences; health spending is higher for older age groups.

Based on current trends, health and social care spending is projected to rise from around 40% of devolved public spending in 2029/30 to almost 55% in 2074/75.

55%

40%

Without reform, revenue will be unable to meet this demand. This could lead to a potential budget gap of 11.1% (depending on decisions by UK Government).[b]

← 11.1% →

Figure 3 This strategy builds on the key principles of reform developed in response to the Christie Commission

Prevention
Prioritising spend on public services which prevent negative outcomes and further demand for public services.

Place
Integrated services at local level that are locally responsive and focussed on improving lives.

Partnership
Public service providers working in partnership, integrating service provision to improve outcomes.

People
Empowerment of individuals and communities through involvement in the design and delivery of services.

Performance
Delivering maximum value for every pound of public money spent, and being able to assure the public that this is the case.

a. Economic Overview of the public sector in Scotland., Office of the Chief Economic Advisor, 30 May 2024   b. Fiscal Sustainability Report, Scottish Fiscal Commission April 2025

Box A: Reform successes

Youth Justice Services
Between 2008/09 to 2022/23 there has been a 92% reduction in the number of 12-17 year olds proceeded against in Scotland's courts and a 96% reduction in the number of under 18s being sentenced to custody.

92%

Investment in Early Learning & Childcare (ELC)
Scottish Government have invested around £1 billion every year in funded ELC since 2021. 95% of 3 and 4 year olds are registered for the 1140 funded childcare offer and 74% of parents have said that the offer has either helped them to work or look for work.

Community Empowerment (Scotland) Act 2015
Asset transfer legislation is the first of its kind in the UK and has shifted the balance of power towards community organisations, ensuring that asset transfer is available throughout Scotland.

Police and Fire Reform (Scotland) Act 2012
This was one of the biggest public service transformations since devolution creating the Scottish Police Authority, Police Scotland and the Scottish Fire and Rescue Service. Almost £2.5 billion has collectively been taken out of the police and fire cost base over the last 10 years; with additional reform savings predicted for both organisations.

Taking ScotRail and the Caledonian Sleeper into public ownership
The latest survey data shows that since public ownership overall satisfaction with ScotRail has increased by 1% to 91%, this is 5% above the GB average satisfaction score and represents one of the best satisfaction rates across the UK.

Cashback for Communities
CashBack for Communities is an early intervention and prevention programme which strengthens communities by supporting young people aged between 10 and 25 who may be at risk of becoming involved in antisocial behaviour, offending or reoffending. Cashback returns money recovered under the Proceeds of Crime Act 2002 to support positive diversionary activity like sport or youth work. Since its inception in 2008 Cashback for Communities has committed £156 million supporting around 1.4 million young people across all 32 local authorities in Scotland.

1.4m
young people helped across Scotland

Childsmile
A national programme to improve oral health amongst children. Between 2003 and 2020 it has halved tooth decay amongst children and supported a reduction in socio-economic health inequalities and generated significant cost savings for NHS Health Boards.

Scottish Child Payment (SCP)
Introduced in 2021 it provides payments every four weeks to families received a qualifying reserved means tested benefit for each child under 16. Data and modelling indicate that SCP is acting to reduce the number of children growing up in poverty in Scotland.

Family Nurse Partnership (FNP)
Is an intensive, preventative, one-to-one home visiting programme for young first-time mothers. It has led to measurable improvements for children and families. Scotland is the first country in the world to deliver the programme at a national level.

Part Three – Public Service Reform in Scotland: What needs to change

We have listened to partners about the challenges they face and learnt from our experience of reform to date [Box A]. Alongside this Strategy we are publishing a document which sets out learning from over 25 years of preventative interventions in Scotland – this shows us that Scottish public services have successfully introduced innovative and highly effective preventative interventions across a range of policy areas. The evidence demonstrates the importance of joint working across boundaries, working from a robust evidence base, embedding co-design, and providing person-centred support. This evidence base has informed the development of the Strategy.

No one organisation can address the complex challenges that many people and communities experience, and the evidence shows that we can't deliver better outcomes from silos. To deliver the change that is needed requires a radically different approach to collaboration and integration.

This has been brought together via a structured Root Cause Analysis to identify barriers, and what must change, to achieve the necessary pace and scale of reform. These are set out, in simplified form, in Diagram 1. We will address these through a coherent series of interlinked workstreams and programmes delivered with our partners, as set out in Diagram 2.
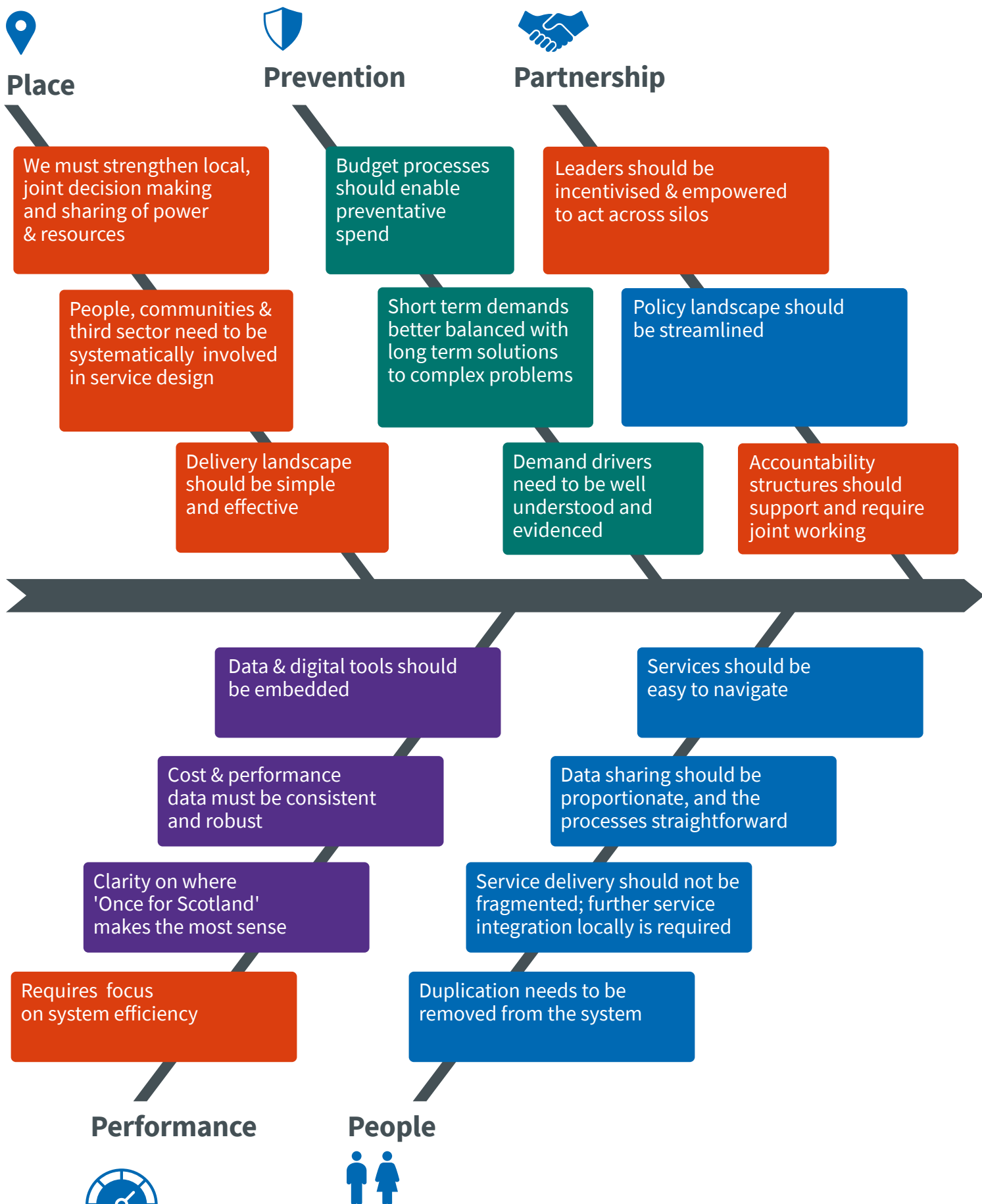
Building on the Christie approach to Public Service Reform, around which there is broad consensus, we will deliver a system that improves lives, reduces inequality and is fiscally sustainable. That means the public services system will:

- Be **efficient** and effective with the right-size delivery landscape.
- Better **join up** services and focus on helping people.
- Prioritise **prevention.**
- Empower people and communities to shape the services that matter to them.
- Be fiscally **sustainable.**

By delivering this Strategy we will significantly increase the scale and pace of change and create a system that is collaborative and integrated by default. We will change our traditional approaches to how public services are delivered, and how they work together. We will take the difficult decisions to apply resources at different points in the system – reducing investment in some areas and increasing it elsewhere – to maximise impact.

Diagram 1: Root Cause Analysis
What needs to happen to enable systematic change?

Place

We must strengthen local, joint decision making and sharing of power & resources

People, communities & third sector need to be systematically involved in service design

Delivery landscape should be simple and effective

Prevention

Budget processes should enable preventative spend

Short term demands better balanced with long term solutions to complex problems

Demand drivers need to be well understood and evidenced

Partnership

Leaders should be incentivised & empowered to act across silos

Policy landscape should be streamlined

Accountability structures should support and require joint working

Data & digital tools should be embedded

Cost & performance data must be consistent and robust

Clarity on where 'Once for Scotland' makes the most sense

Requires focus on system efficiency

Services should be easy to navigate

Data sharing should be proportionate, and the processes straightforward

Service delivery should not be fragmented; further service integration locally is required

Duplication needs to be removed from the system

Performance

People

Our Vision is of a Scotland where everyone has access to services that are efficient, good quality and effective.

The Public Service Reform Strategy sets out how we will significantly increase the pace and scale of reform to deliver that vision.

The Workstreams below are designed to remove systemic barriers that prevent progress.

Pillar 1
Prevention

W5	Understanding and mitigating demand drivers
W6	Preventative budgeting

Pillar 2
Joined up services

W7	Simplification
W8	Data sharing and data usage
W9	Local integration: strengthening Community Planning and realising the potential of the third sector.
W10	Digital Public Services

Pillar 3
Efficient Services

W11	Data collection
W12	Workforce
W13	Digital skills and resource
W14	Shared services
W15	Scaling intelligent automation
W16	Expansion of National Collaborative Procurement
W17	Commercial Value for Money
W18	Single Scottish Estate

Foundations

W1 Leadership and cultural change	**W2** Accountability and incentives	**W3** Empowering people, places and communities	**W4** Ensuring the right delivery landscape

National Government is a critical partner [Box B] in the public service delivery eco-system. It designs, develops and delivers services but is unique in that it has the ability to remove barriers, spread good practice, lead change and allocate resources. National Government's role is also to provide leadership and strategic direction to drive the pace and scale of change. However, Government cannot deliver reform alone. We will enhance and accelerate our approach to engagement with partners and the public, and change how we collaborate and cooperate to deliver the system change required.

Box B: Our partners

Our system is broad and includes a number of partners in delivery with different accountabilities and responsibilities. This will mean changes for all of us.

Public bodies deliver a wide range of services including health, arts and culture, scrutiny, transport and built environment. There are 131 public bodies with a direct relationship to Scottish Government or Scottish Parliament. Public Body leaders, through forums such as the Non-Departmental Public Bodies Forum and Scottish Delivery Bodies Group, have a critical role to play.

Local government is an essential partner and there is a shared commitment through the Verity House Agreement to reform, working together on the basis of mutual trust and respect, and focusing on outcomes.

Trade unions are our key social partners and securing their views and input on reform is critical both in terms of their members' working arrangements and the wider social implications. PSR will change how we work. Frontline staff will be at the heart of this transformation. Their role is critical in delivering reform and in upholding the shared commitment across the public sector - that services must work with people, not do to them; always striving to improve and focus on people and their needs.

To deliver effective reform we must recognise the dedication, skills and expertise beyond national and local government, and public bodies. **The third sector and wider economy** include essential providers, colleagues, partners, and in many cases deliver exactly the very local, very in-depth and relationship-based support we aspire to.

Communities have huge capacity to work together and with public services to build the support people need where they are. This means bringing communities into decision making about the services that affect them. It also means recognising that communities have the power and resources to deliver change - and are able to do things that public sector can't do. In building community resilience, driving community led solutions and working with people, communities are and increasingly will be key to the reform of public services.

Structure of the Strategy

Throughout this document we use workstreams to describe work we will implement to remove systemic barriers, working horizontally across services.

Programmes are examples of work that is already in place to address specific issues.

This Strategy will tackle barriers to change across three pillars: prevention, delivering joined up services, and efficiency. These pillars are mutually supporting. Greater efficiency frees up people to deliver services differently. Better joined up services, operating across boundaries, are better able to help those who face the greatest challenges.

As part of our commitment to fiscal sustainability, each pillar seeks to reduce cost. These represent a scale of potential cost, over different timeframes:

• Through efficiencies we will save hundreds of millions in the coming 5 years;

• Through better joining up services, people can get the service they need more easily and quickly, reducing duplication, taking out cost and ensuring gaps are addressed; and

• Through prevention we will help people live healthier, happier lives, and can avoid spending billions trying to address economic and social problems caused by issues like poor health.

Part Four – Our commitments

Foundations

To deliver change we need to address some fundamental systemic barriers that underpin all three pillars - leadership and culture; accountability and incentives; the need for more empowerment; and structural complexity.

Workstream 1: Leadership and Cultural Change

Leadership and culture are critical to any change programme, Public Service Reform is no exception. While Scotland's public sector culture and ethos can be its biggest strength it can also be a barrier to reform. Scotland's public service leaders need to:

- **think and act strategically,** focus on the 'bigger picture', the long-term and improving outcomes;
- **trust each other** and be trusted by peers, colleagues and communities; and
- **collaborate,** making the best use of our collective resources and be open to doing things differently and better.

We are committed to creating the conditions for excellent, collaborative, public service leadership.

We will:

- Develop a shared statement on public service leadership describing the expectations we should aspire to for ourselves and for each other and strengthening peer accountability.
- Work in partnership to develop and implement a collective approach to recruitment, promotion and performance management across public services that supports and requires shared leadership behaviours, including collaborative working.
- Provide and align leadership development and support focused on developing the skills, behaviours and capabilities for the leaders of today and tomorrow, driving change and continuous improvement through collaboration and partnership.
- Building on the Reform in Action case studies, identify and publish 'best practice' guides to support learning and continuous improvement across public bodies.

Workstream 2: Accountability and Incentives

We recognise that our current system of accountability does not enable the ways of working we want to see. We have to fundamentally rethink how we hold organisations and leaders to account. We need to empower leaders to operate with appropriate control and monitoring, but within a framework that enables them to act and take risks, creates the right incentives for change and builds a culture where trying, testing and learning is the engine for improvement.

We will:

- Refresh and renew the National Performance Framework in 2025. This will ensure a clear connection between outcomes, ways of working and accountability across Scotland.

- Re-design our approach to accountability across Scotland's public sector to enable collaboration, and the investment of resources and capacity in collectively achieving priority outcomes. We will engage closely with Audit Scotland and other scrutiny partners to build on their expertise and work closely with colleagues across the system to deliver the necessary change. This will align to the work to develop a new monitoring and accountability framework with local government, as set out in the Verity House Agreement.

- Undertake a review of reporting and scrutiny requirements on Scottish Government and public bodies to improve efficiency and effectiveness and ensure a focus on outcomes that aligns with the refreshed National Performance Framework.

Workstream 3: Empowering People, Places and Communities

Scottish Government is committed to the principle of subsidiarity: supporting decisions to be made as close as possible to where they will have effect. This is reflected in the Verity House Agreement with local government and our commitment to participative decision making and including the voice of lived experience in policy making. We will enable communities and places to shape the services that matter most to the people who live there. We will require all public services to consider how they work through a place frame, and change their actions accordingly. We will also empower those who work in public services to bring forward opportunities which can improve services. We recognise that those on the front line are best placed to identify improvements to services.

We will:

- Work with local government and public bodies to conclude the Local Governance Review. This includes Democracy Matters - agreeing blueprints for innovative democratic decision-making arrangements at community level.

- Empower local government and health partners to strengthen and streamline local decision-making through the development of Single Authority Models in three rural and island local areas, resulting in improved service delivery, better outcomes for communities and a shift towards more preventative public services. We will promote and share learning to inform local governance reform in other geographies.

- Take forward the findings of the review of parts of the Community Empowerment (Scotland) Act 2015, to strengthen the community asset transfer process to further empower communities and ensure that assets support wider economic, social and environmental outcomes.

- Work with regional and local partners to identify how best to formally devolve further elements of decision-making and delivery to Regional Economic Partnerships (REPs), and present options before the end of this Parliament.

- Implement, in partnership with Trade Union colleagues, processes to enable staff to bring forward improvement opportunities and appropriately recognise staff who take up that challenge.
- Identify the right support to empower staff to develop those ideas, giving them the tools they need to implement change.
- Review our ways of working, and policies that support them, to ensure we can deliver services more effectively and efficiently.

Workstream 4: Ensuring the Right Delivery Landscape

Reform will also require integration of services and approaches. This *may* mean structural change – reducing the number of public bodies - but only to deliver better outcomes: structural change itself is not the goal. Significant benefits can be gained from public bodies working more closely together and sharing services without the disruption and cost associated with restructuring, for example in clusters.

We will review the current public service delivery landscape (131 public bodies and 50 government directorates). We will:

- Identify duplication across public bodies and work with those bodies to share processes/services.
- Expand and deepen the 'clusters' programme with public bodies to facilitate greater efficiency and integration. We will publish the network of clusters.
- Consider the appropriate interface between public bodies and Government in terms of policy/delivery split and remove duplication where it exists.
- Where necessary, identify and implement changes to the status of public bodies where this prevents them delivering to best effect.
- Use the Ministerial Control Framework to continue the presumption against the creation of new public bodies by assessing and challenging any new proposals.
- Support and encourage an entrepreneurial mindset within public bodies.
- Remove, amalgamate or change the number of public bodies where doing so will increase efficiency, remove duplication and improve service delivery.

Pillar 1: Prevention

4.1.1. Where we are now

Prevention is about intervening early to make long-term, population level change to improve lives. It means stopping (preventing) the establishment, or escalation, of problems that lead to negative outcomes for people.

Prevention also supports fiscal sustainability. Evidence shows that effective prevention can dramatically cut demand for expensive acute or crisis services [Box C], with a median return on investment of more than 14:1[6]. Focussing on prevention can make services easier to plan and afford.

> **Box C: Prevention is Effective**
>
> There is good evidence that intervening early - particularly investment in early years childcare, education and family support (primary prevention) is cost-effective, for example the 'Heckman curve' visualises that investment in children is most cost-effective when they are young, benefiting growth and reducing inequalities.
>
> In health policy, prevention that focuses on changing the environment (primary prevention) rather than individual behaviour (secondary and tertiary health behaviour interventions) is cost-effective in terms of improving health outcomes. For example, the introduction of minimum unit pricing (MUP) was estimated to have reduced alcohol hospital admissions (4.1%) and deaths due to alcohol (13.4%) from 2018 to 2020. Smokefree legislation (smoking ban) reduced admission for child asthma (18%) and heart attacks (17%).

We know there is commitment right across the public services system to a preventative approach, and many examples of success, **but** we have not made sufficient change to ensure our system is prioritising prevention.

We must change how our system operates to invest in the most impactful approaches to deliver on prevention. We know that demand within the health service and social protection will become unsustainable in the medium term and will require ever greater proportions of the Scottish Government's budget to meet demand[7]. This is untenable. However, not all of this demand is fixed; much of the demand is preventable.

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6   Reimagining Prevention for a Healthier, More Prosperous Society, OHE, 2023
7   Fiscal Sustainability Report, Scottish Fiscal Commission April 2025

Illustrative modelling of the avoided public spending that could be achieved through improving how existing systems and investments deliver prevention suggests:

- The whole-system cost of poverty, including the increased public spending on health, education, criminal justice and housing, that results from poverty, is projected to reach £11.1bn by 2035/36. Reducing overall poverty by a quarter (which, based on the latest statistics, is equivalent to reaching the Scottish Government's target for child poverty by 2030) could avoid £2.9bn of public spend and halve the projected fiscal gap by 2035/36.

- The public spending cost of smoking is projected to reach £2.5bn by 2035/36. Achieving the [Tobacco and Vaping Framework](#) target to reduce population smoking prevalence to 5% by 2034 could avoid £1.6bn of public spend and reduce the projected fiscal gap at 2035/36 by 26%.

- Obesity is projected to cost the health service £1.3bn by 2035/36. Reducing Scotland's obesity rate from 32% to between 28% and 22% by 2035/36, which would bring Scotland's obesity rate in line with rates seen in Canada and Finland respectively, could avoid between £130m and £380m of spending within the NHS, and reduce the fiscal gap at 2035/36 by 2-6%. The wider cost avoidance beyond the NHS would reduce this even further.

The impact of prevention in these examples is likely to be higher in reality given the projections don't account for the impact on the economy and tax revenues. For full information on the projections and limitations see Annex A.

4.1.2. Where we want to get to

As a public services system we will understand what demand is preventable, what the scale of the cost to acute/crisis services is, and have the strategic capability and joint commitment to bring together all partners to intervene early to tackle the root causes of that preventable demand.

4.1.3. How we will measure success

We will measure preventative spend by Government and track that the proportion of spend on prevention increases and the resultant spend on acute/crisis decreases.

4.1.4. How we will deliver

There is a considerable body of academic evidence that sets out the barriers to creating a truly preventative system, which reflects our analysis. This includes: lack of shared policy making and budgets (collaboration); lack of clarity about responsibility (accountability); difficulty in providing evidence for intervention(s), that savings are not immediate, wider system costs such as to businesses and organisations (i.e. regulation); and, finally narratives about individual responsibility. Through the

workstreams described in the 'foundations' section and the workstreams set out below we will deliver the change required.

Workstream 5: Understanding and mitigating demand drivers

Improving our understanding of the major drivers of demand, and taking action to manage and mitigate that demand, is fundamental to delivering a sustainable shift to prevention.

We will:

- Improve our evidence base for understanding what is driving demand for services, and identify issues that the public service system must address.
- Improve our understanding of the impact on the economy of preventative approaches and use this to enhance our collaboration with businesses to deliver reform.
- Build on our learning from service change and successful preventative innovations to improve our understanding of collaborative models that drive change and apply that learning to tackle other complex issues.
- Set out costed proposals to tackle the key drivers of demand.

Workstream 6: Preventative budgeting

Current budgeting processes are a key barrier to shifting resources to preventative spend. We know that working within individual service or organisational spending limits does not allow the space to invest in prevention while managing existing need. We know that investment in one area often leads to demand reduction in another.

We will:

- Re-design our approach to identifying, tracking and monitoring preventative spend and set out how this will be utilised in future Budget processes.
- Change how we budget, and any other necessary processes, to allow resources to move between portfolios, organisations and services in order to share resources and collaborate across boundaries, where required, to support upstream investment, identifying where financial support is required to support the cost of change.
- Develop our Invest to Save Fund to support the move to preventative investment.

Examples of live and upcoming preventative programmes

These programmes take a preventative approach by tackling the root causes of poor outcomes. Evidence demonstrates these issues, such as experience of poverty and poor health, drive poor outcomes and preventable demand for services.

Tackling Child Poverty Delivery Plan

Too many children in Scotland live in poverty. Experience of poverty negatively impacts the life chances of children and our economic prosperity, and increases demand on public services.

The Scottish Government is committed to meeting the ambitious targets set in statute to significantly reduce the number of children living in poverty by 2030, including that fewer than 10% of children should live in relative poverty in Scotland by 2030. We will develop and publish the next Tackling Child Poverty Delivery Plan (2026-2031) by end of March 2026; setting out how we will work with partners across Scotland to deliver change, building on the current Tackling Child Poverty Delivery Plan, *Best Start*, *Bright Futures* which sets out how we will work with partners across Scotland to deliver change.

Scottish Attainment Challenge

Closing the poverty related attainment gap is a long-standing ambition of the Scottish Government, with £1 billion committed to this through the Scottish Attainment Challenge, including £130 million per year going directly to schools through Pupil Equity Funding. This aims to improve outcomes for children and young people and break the cycle of poverty; and in the short term it is directly increasing families' incomes through local examples of income maximisation advice and family learning initiatives – exemplified in the 2025 Pupil Equity Funding report.

Related areas of work to improve school attendance, which has dropped significantly since the pandemic, and to improve outcomes for children and young people who require additional support for learning also benefit from the Scottish Attainment Challenge, recognising the intersection across poverty, additional support needs and absence.

Early Child Development Transformational Change Programme

The programme aims to improve early child development by integrating and overseeing policies, with a focus on prevention to achieve healthy child development. We know that what children experience during their early years, and parents' capacity to provide nurturing care lays lifelong foundations for health and life skills. Children in our poorest areas are more likely to have development concerns at 27-30 months than those in our more affluent areas. These inequalities can last throughout people's lives. The initiative seeks to identify and address policy and implementation gaps through evidence-based approaches and system-wide collaboration.

Population Health Framework

The [Scotland's Population Health Framework - gov.scot](#) sets out how the Scottish Government and COSLA, in partnership with the NHS and partners across business, the community and voluntary sector and communities themselves, can increase the positive effects that social, economic and environmental factors have on population health in order to build a Scotland that positively supports health and wellbeing.

Under the Framework, we will take a whole system approach to creating a more prevention focused system by strengthening how national and local partners work together to drive collective accountability to improve population health and reduce inequalities by reorientating resources towards prevention.

Supporting Healthy Weight in Scotland

Almost a third of adults in Scotland were living with obesity in 2023 – up from 25% in 2003. Economic analysis commissioned by NESTA estimated the annual full cost of obesity in Scotland in 2022 at £5.3 billion – equivalent to 3% of Scotland's 2022 GDP. Evidence on the action required to reduce obesity at a population level points to a whole system package of measures being necessary[8]. The Population Health Framework commits to a new two-year Healthy Weight Implementation Plan to take forward these actions.

Shifting the Balance between Custody and Justice in the Community

A priority programme within the [Vision for Justice](#), the focus is to promote system improvements that help to reduce reoffending and 'shift the balance' between the use of custody and justice in the community. The work of the programme is in alignment with the National Strategy for Community Justice Delivery Plan. While prisons will always be needed for those that pose a serious risk of harm, there is clear evidence that person-centred, community-based interventions are often more effective in reducing reoffending and supporting rehabilitation than short term custodial sentences. This in turn can lead to fewer victims and safer communities.

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8   [Blueprint - A blueprint to halve obesity in the UK](#)

Pillar 2: Joined Up Services

4.2.1. Where we are now

We know that services are not delivering for people consistently enough. We know that a complex local delivery landscape and the complexity of the policy landscape are elements of the system that contribute to this challenge:

- The Covid Recovery Strategy (2021) identified a number of practical issues including: lack of flexible funding; disproportionate reporting requirements; competing priorities; and barriers to data and intelligence sharing.

- There is a substantial cost (human and financial) of passing people from one siloed service to another. This includes repeated and costly assessments and requiring vulnerable people to tell their story over and over again. This means resource is not being directed to helping those people, but to assessment, support and administration. This is stressful and difficult for people trying to access help and makes the jobs of public sector workers harder, not easier.

- Often specialist staff are the first port of call for dealing with complex cases; there is insufficient investment in generalist staff who can build relationships with people, really understand them and their needs, and help people access support (including drawing on specialists, as needed).

- For some people, use of public services is intense, with days shaped by chasing help from different organisations or schemes that are not integrated. We know that is really hard when those individuals are facing adverse circumstances and often have complex and interconnected needs. We want services to organise around the individual or family to better address those needs. Such services are place-based and person-centred [Box D].

- The third sector often provides a huge range of services from specialist to generalist support. It is often more trusted by people enabling stronger relationships to be built that help to understand need more deeply. However, short term static funding, limitations in procurement, and declines in private giving and volunteering present real challenges. At the same time the sector tells us they can feel disconnected from how services are designed and delivered, and are regarded solely as a provider, despite its knowledge, experience and significant ability to leverage in capacity and capability.

Box D: What do 'person-centred' services look like?

"Person-centred services" is often used but not necessarily subject to a shared definition. Recent work[9] by the Office of the Chief Social Policy Advisor identified four essential features:

- **Holistic** – starts from an understanding of a person and their needs.
- **Ethical** – adhering to a strong set of ethical principles.
- **Assets based** – building on the strengths of a person and their informal networks.
- **Relational** – recognising the importance of building relationships and trust

'Person-centred' is an umbrella term which also includes 'family centred' or 'person led' approaches. Often, person-centred services are also: intensive, ongoing, preventative, bespoke, local, provide choice, address power imbalances and take risks.

9   [Learning from Person-Centred Approaches](#)

4.2.2. Where do we want to get to?

We will change our model of service delivery, particularly for people with the greatest disadvantage or most complex circumstances, to integrate support, and empower the front line to bring together all the resources people and families need to thrive. This will build on the lessons we learned from the pandemic and the way we worked together.[10]

10   Covid Recovery Strategy (2021) [Covid Recovery Strategy: for a fairer future - gov.scot](#)

Box E: Integrating services locally to support children facing disadvantage

In Glasgow, a specific focus on system changes in relation to looked after and accommodated children has seen dramatic improvements with consistent reductions in the number of children in formal care from 1,469 in 2016 to 572 in May 2025; a reduction of 897 and 61%. This has been achieved with intentional focus on strength based, anti-poverty and trauma informed approaches around early intervention and prevention. Shifting the focus to the needs of families, increased investment in Health Visitors, Family Nurses, and Intensive Family Support to drive transformational change. Above all better and more sustained longer-term outcomes for children. Aligning funding and support for families has also improved those outcomes for children, young people, and their families, while securing £29.8m in savings and £70m in cost avoidance.

A range of evidence shows this sort of service delivery can reduce duplication and cost in the system[11][12], including work in Glasgow to support children growing up with disadvantage [Box E]. It also means people receive more impactful help, sooner, preventing problems getting worse and meaning they don't need expensive crisis help in the future. Where that change has been delivered, we will work together to ensure savings are recycled back into a place (not necessarily an organisation) to support the cost of further change.

4.2.3. How we will measure success

We will:

- Measure the impact of services against required outcomes.
- Measure cost reductions and cost avoidance generated by service change, and the proportion of those savings invested in further change.

4.2.4. How we will deliver

We will address systemic failings across our public sector delivery system through focussed workstreams to:

- **simplify** our policy and programme delivery landscape;
- enable effective sharing of critical **data**; and
- ensure better **integration** of services at a local level and support the **third sector** to be a key delivery partner.

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11 Full article: New development: The 'liberated method'–a transcendent public service innovation in polycrisis

12 The Wigan Deal - Centre for Public Impact

Box F - Model for integrating services: Whole Family Support

As part of our commitment to simplification and supporting local, collaborative leadership, we are working with partners to enable greater local decision making and flexibility to support families at risk of poverty. This means local partners can use the resources they have in the way they find most effective to support families in their area. At the same time, Scottish Government is bringing together its policies, funding and reporting systems to make it easier to respond to what families need.

In the first phase we are working with six local authority areas to test, refine and embed the approach. This work is person-centred, place based and preventative, bringing together all of our resources to work with children and families to enable them to thrive. We will evaluate and consider how this model can be applied to other intensive users of public services who require holistic support (for example those facing multiple and severe disadvantage, often adults facing homelessness, offending and substance dependency). Whole Family Support will be the lens we use to simplify our social policy and support families. We will develop a simpler and more consistent approach to bring support to families to help them thrive.

Workstream 7: Simplification

Complexity of processes, structures and reporting requirements is a key barrier to effective and efficient service delivery. A programme of simplification is needed to strip away unnecessary complexity and streamline service delivery, driving a more consistent approach to how we support people in Scotland.

We will:

- Rationalise our policy landscape: strengthening collaboration and integration within Government to converge and simplify the programmes and policies that aim to change services for people, particularly those who are disadvantaged, building a common approach across Scotland.
- Review and simplify reporting requirements on delivery of individual activities in favour of reporting against agreed priority outcomes.
- Develop and publish data that improves our understanding of performance against key priorities.

Workstream 8: Data sharing and data usage

Data sharing is essential to integrate service delivery, but there are a range of systemic barriers that prevent organisations from making the most effective use of existing data to support people, communities and places.

We will:

- Explore new approaches to data sharing and protection across public services, helping lawfully balance risks against the benefits of sharing data.
- Work with local partners to identify and break down the data barriers that prevent the delivery of Whole Family Support approaches. This will ensure that more households can benefit from holistic support and get the support they need as quickly and easily as possible.
- Build maturity of data sharing- and consuming-organisations, with common digital components that encourage Findable, Accessible, Interoperable and Reusable data. This will put evidence behind targeted services and preventative support, especially for those citizens who need it most while avoiding disparate crisis interventions.

Workstream 9: Local integration - strengthening Community Planning and realising the potential of the third sector

To deliver locally integrated services we must work across organisational and sectoral boundaries to enable joint planning based on the best local evidence and data, provide all partners with clarity of purpose and shared outcomes, and prevent fragmentation and duplication of services across multiple partners.

This approach must recognise and build on the dedication, skills and expertise in the third sector. The sector is hugely diverse and includes over 40,000 organisations and a contribution to the economy of £8 billion[13]. Its accountability is ultimately to its beneficiaries but many organisations seek greater opportunity through partnership to provide the local, relational support needed that can transform outcomes for its beneficiaries. When facilitated to do so it can leverage in independent funding, complimentary volunteering and grass roots community knowledge grown from the trust built with the communities it serves.

Community Planning Partnerships (CPPs) are key to providing collaborative leadership to deliver better outcomes for people and places. CPPs are unique to Scotland and provide the structures needed for collaboration and to create joined-up services. We will optimise the potential of CPPs to drive change in the near term.

We will:

- Strengthen expectations for joint working to meet the needs of communities - this means all partners are expected to share resources, blend capability and capacity, prioritise prevention and improve community and wider participation.
- Simplify the policy landscape to have fewer but more meaningful asks on CPPs and make it easier for CPP partners to share data to improve collaborative working.
- Work with regulatory and audit organisations to shift accountability mechanisms to both incentivise and require collaborative working.
- Work with CPPs, the Scottish Community Planning Managers Network and the Community Planning Improvement Board to build the collaborative systems leadership, culture, infrastructure and capabilities to deliver this.
- Trust and listen to local organisations, building on their tacit knowledge, to understand the priorities and concerns of local people and communities.
- Develop work with third sector Interfaces (TSIs) to strengthen third sector engagement with service re-design, collaborative commissioning and system leadership.
- Continue to improve the operating conditions for the third sector through Fairer Funding arrangements.

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13   State of the Sector 2024, SCVO

Workstream 10: Digital Public Services

Increasingly public services are delivered ethically and inclusively through digital channels, while preserving other routes of service delivery. Building on past Scottish Government led programmes –for example R100 driving fibre and mobile networks deeper into rural areas - technologies such as Low Earth Orbit satellites will help ensure all communities in Scotland can access digital services.

Even services that are fundamentally person to person are supported by technology, such as arranging a hospital appointment, creating the record, and organising any follow up. Other services, such as applying for a PVG certificate, already offer a modern digital process with little human intervention, making the process fast and efficient.

Our mechanisms for Artificial Intelligence (AI) governance, through the Scottish AI Register, are supporting burgeoning capabilities for developing AI to fit Scottish public services and exploit Big Data.

We will:

- Publish the refreshed Digital Strategy which will set out how we will accelerate the digitisation of Government.
- Move more correspondence onto digital channels, The NHS Digital Front Door, using the Scottish Government's new secure Mailbox service, will be piloted from December of this year. By 2030 25% of all Scottish Government, agency and NDPB correspondence will be digital saving at least £100 million a year.
- Alongside Mailbox extend the use of ScotAccount which has already transformed service delivery for Disclosure Scotland with more than 9,000 new secure, privacy enhancing identities created every week.
- During this financial year, pilot a Scottish Government app as a gateway to personalised public services. The first use case is likely to be proof of age.
- Continue to use CivTech to drive innovation in the public sector by delivering new, better products and services quickly and cost-effectively.
- Use geospatial data from satellites and LiDAR surveys to reduce the requirement to visually inspect the natural and built environment, reducing the cost of regulation and grant management, and improving the accuracy and timeliness of information.
- Identify and deliver efficiencies in public service operations from using Artificial Intelligence (AI); predicting demand, monitoring outcomes for prevention, as well as targeting human interventions for maximum effectiveness.

Examples of live programmes delivering more joined up, preventative and person-centred services

Eradicating child poverty is the Government's national mission. No child should have their health, opportunities, development, or wellbeing curtailed by the wealth of their family. The following programmes work to deliver for children and families; and under the Whole Family Support approach will work together to align support to families who need it.

'Getting it right for every child' (GIRFEC) is our long standing, national commitment to place rights and wellbeing at the heart of all policies and services which provide support for children and families. It underpins the delivery of high-quality holistic, multi-agency universal and targeted support, and a shared approach to planning across services.

Keeping The Promise Programme

Care experienced young people face particular challenges. Their outcomes in life are unfortunately significantly worse than the wider population. This not only perpetuates the disadvantages they face it also means significant resources are deployed in support that could be more effectively used preventatively. Keeping The Promise is our programme to address this challenge. Keeping The Promise requires action across government to improve experiences and outcomes for children, young people, adults and their families who are currently in or on the edge of care; young people who are moving on from children's care services; and action over the longer term to improve the level of support for families from birth through to adulthood, and keeping families together where it is safe to do so. We will do this by implementing the recommendations of the Independent Care Review and delivering the commitments set out in the Keeping The Promise Implementation Plan by 2030.

Whole Family Wellbeing Funding (WFWF)

The Scottish Government's commitment to the WFWF Programme recognises that a fundamental change in the system is required to deliver our vision for family support in line with our Vision and National Principles and to Keep the Promise. The WFWF Programme is enabling the system change required at the local level, principally through existing Children's Services Planning Partnerships (CSPPs), to ensure that every family gets the right support, at the right time, for as long as it is needed. The WFWF does not mandate a specific approach but instead enables local areas to respond to local need. By the end of the Parliament we will have invested over £148 million through WFWF to transform family support.

Fairer Futures Partnerships

Through the Fairer Futures Partnerships (FFP) programme, the Scottish Government is working with eleven local authority areas to test and scale innovative approaches to tackling child poverty. While each partnership is tailored to meet the specific needs of local communities, all include a focus on designing holistic, joined-up services that can meet the needs of families in or at risk of poverty. Continuous learning and evaluation are a critical feature of the programme, with a view to further scaling of successful approaches. Consideration is currently being given to a sustainable approach to expanding the FFP programme during 2025/26.

School Age Childcare Programme

The School Age Childcare Programme's vision is that Scotland will have a system of accessible and affordable school age childcare, providing care and activities before and after school and during the holidays for primary school children from low income families – and that children will access food alongside this offer.

We are taking a people-centred and place-based approach to improving outcomes for families most at risk of experiencing child poverty. Parents and carers will be able to take up, sustain or increase their hours of work. For children, inequality of access to activities will be reduced.

To do this, the Programme: funds early delivery of childcare and activities to improve short term outcomes for families; maximises existing funded services and financial supports for families; and, uses learning from delivery, evaluation and engagement to design policy which supports further expansion.

No One Left Behind

A key route out of poverty is supporting people into employment. No One Left Behind is the approach to provide devolved employability support between Scottish and local government. It aims to deliver an all-age, place-based, person-centred model of support in Scotland. The No One Left Behind approach sees a move away from national contracted provision to a model which empowers Local Employability Partnerships to lead the design and delivery of services in each area. Through No One Left Behind, 73,470 people started receiving support from April 2019 to September 2024. 22,782 people have entered employment, with over 29,000 people achieving other positive outcomes. The No One Left Behind Strategic Plan 2024-27 outlines the key priorities for devolved employability services over the next three years.

The following programmes are currently working to support people facing trauma and crisis.

Person-centred and trauma informed justice

A priority programme within the [Vision for Justice](), it aims to embed trauma-informed practices that will ensure that our justice services can: recognise the prevalence of trauma and adversity; realise where people are affected by trauma and respond in ways that reduce re-traumatisation.

We will achieve this by:

- implementing the Trauma Informed Justice Knowledge and Skills Framework across the justice system;
- improving communications with witnesses and people affected by crime;
- widening the victim statements scheme;
- expanding access to pre-recording of evidence; and
- establishing a national model for Restorative Justice.

Working in collaboration with our partners across the justice system and supported by the Victims' Taskforce to ensure the voices of those affected by crime drive our delivery on these aims.

Bairns' Hoose

[Bairns' Hoose]() provides Scotland with an opportunity to provide a genuinely child-centred approach to delivering justice, care and recovery for children who have experienced trauma, including, but not only, child sexual abuse. The Bairns' Hoose Pathfinder phase was launched in October 2023, with the announcement of six Pathfinder and four Affiliate partnerships.

Mental Health Framework for Collaboration

The [Scottish Government Mental Health Framework for Collaboration]() provides a strategic foundation for improved partnership working across agencies in support of people experiencing mental health crises. The framework encourages joined-up approaches, shared understanding, clarifying roles and responsibilities across sectors, including health, social care, policing and the community and voluntary sector. The [Collaborative Commitments]() are supported by a three-year delivery programme (2025–2028). The intended outcomes of this collaborative approach include a reduction in the use of emergency and crisis services where appropriate, improved access to timely and appropriate mental health support, and enhanced confidence among professionals in responding to people in distress.

Pillar 3: Efficient Services

4.3.1. Where we are now

People rightly expect all parts of the public sector to be focused on efficiency and freeing up resources (people, time, money) for service delivery. Delivering best value [Box G] is a basic requirement of all public service leaders.

There is already significant ongoing work focussed on driving efficiencies within Government and across the wider public sector which have secured cost avoiding and cash releasing savings, we expect this will reach £280 million for the two-year period to the end of 2024/25.

We will go further. Public bodies should work together – within and between portfolios – as the norm: sharing services, cooperation, and identifying and stripping out duplication should be considered core business. This means making the system – not just individual bodies - more efficient and effective, alongside partners including local government.

> **Box G - Best Value Duties**
>
> Scottish Government and public bodies all have a duty to deliver Best Value.
>
> The duty of Best Value is as follows:
>
> - To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance.
> - To have regard to economy, efficiency, effectiveness, the equal opportunities requirements, and to contribute to the achievement of sustainable development.
>
> Local government is subject to a similar duty under the Local Government in Scotland Act 2003 therefore there should be a shared understanding across Scottish Government, public bodies and local government.

4.3.2. Where do we want to get to

No system is ever as efficient and effective as it can be. The principles of continuous improvement mean continually seeking out and delivering changes which make things better, easier, simpler or more cost-effective. We work together to create a culture of transparency, improvement and constructive challenge, and work as a system to focus on delivering public value.

4.3.3. How we will measure success

Over the next 5 years we will reduce annualised Scottish Government and public body corporate costs by £1 billion, representing around 20% of the identified public body corporate and core government operating costs.[14]

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14   Public bodies expenditure: aggregated data for 2022-23

4.3.4. How we will deliver

This strategy brings these existing workstreams together into a comprehensive programme and initiates new workstreams where necessary. We will work closely with public bodies as key colleagues and partners in driving efficiency and as part of this commitment to working together, we will hold an operational summit in 2025 to share best practice and identify next steps. We recognise the need to balance the use of the 'Once for Scotland' approach to cost saving with the need to empower local service delivery. We will use this summit as an opportunity to co-design our approach with operational leaders to get that balance right.

Workstream 11: Data collection

Without accurate data we are unable to identify where to focus our efforts and to assess whether we are making progress. But data collection also needs to be proportionate, minimise administrative burdens and be automated where possible. This workstream will ensure we gather proportionate data to drive change.

We will:

- Collect and publish information on corporate function costs of Scottish Government and public bodies and use that information to drive efficiencies, in particular working with groups of public bodies to understand what is driving costs and where there is duplication.
- Set financial targets, including for Scottish Government operating and staff costs, and track and monitor the delivery of these across our efficiency programmes and across portfolios.

Workstream 12: Workforce

Workforce reform – not only management - is critical to us achieving our ambition to reform services. We will work with delivery partners, staff, and unions to ensure we have the right number of people, in the right roles, with the right incentives and empowerment to deliver change.

We will:

- Develop a workforce management policy and governance framework, including the impact of projected demand for public services on workforce size and shape.
- Develop best practice workforce planning guidance including highlighting existing service demand, capability building and budget scenario planning, allowing for a more data-driven approach.
- Strengthen leadership capability on workforce planning and organisational restructuring and re-design to support delivery of our workforce plans.
- Promote best practice guidance for workforce change, including tools such as redeployment, severance policy, etc., including principles of using such schemes, guidance for staff and union engagement, and case studies of other organisations.
- Evaluate the productivity of public services and its impact on workforce as a result of business improvement activities across public services.
- Publish workforce data and trajectories creating greater transparency on the size and shape of the devolved public sector workforce in Scotland.
- Take steps to reprofile our public sector workforce; further detail will be set out in the Fiscal Sustainability Delivery Plan.

Workstream 13: Digital skills and resource

Efficient deployment of digital skills and resource is critical to us delivering our objectives, but often this resource is not coordinated well across the system, nor utilised in the most effective or efficient manner. We will optimise our approach through continued implementation of our Digital Programme.

We will:

- Manage and control digital spending at a Government level to give visibility on total digital spend and to help direct and leverage that spend in the most efficient way, reducing duplication or crossover and ensuring ensure efficient use and re-use of digital assets.

- Make sure that the digital projects we take forward are the most important projects that will have the biggest impact in terms of efficiency and quality of service delivery.

- Reuse common platforms and components to reduce the cost of delivery. By increasing the use of shareable data, infrastructure and architecture we will ensure effective public services are tailored to users and pre-empt demand.

- Work towards more central management and direction of our digital workforce to ensure that the right people are working on the right projects.

- Accelerate the delivery of a strong, digitally skilled workforce through our Scottish Digital Academy. This will include the development of a capability toolkit to assess the current skills of our workforce and identify any gaps.

- Develop courses on leadership and transformation to support leaders to integrate and oversee the delivery of digital products and services, equipping them with the skills to lead change, build high-performing digital teams, apply user-centred approaches, and deliver better outcomes.

Workstream 14: Shared Services

Digital Shared Services enable an efficient 'Once for Scotland' approach for the delivery of corporate services. We have recently delivered new HR, Finance and Purchasing solutions for the Scottish Government and a suite of public bodies in Scotland. It is our intention that we onboard additional suitable organisations, to deliver further economies of scale.

We will:

- Continue to develop and optimise the HR, Finance & Purchasing platform to drive adoption and wide operational benefits.
- Identify and onboard a small number of new public sector customers to the shared HR, Finance and P2P platform in 2025/2026.
- Further develop our shared services thinking and propositions across a range of services, with a view to offering solutions that public sector bodies can take value from in the future.
- Work towards building shared services at greater scale, in pursuit of overall efficiency gains.

Workstream 15: Scaling Intelligent Automation

The Scottish Government Intelligent Automation Centre of Excellence is transforming how public services are delivered - deploying AI enabled automation technologies to unlock capacity, reduce costs and improve the experience for citizens and staff. This goes beyond routine processes, addressing complex, cross-cutting operational challenges and enabling more responsive, data-driven public services.

Since 2021, this work has delivered cost avoidance of between £15 million and £21 million, while increasing compliance, improving data quality and expanding operational capacity.

We will:

- Expand Intelligent Automation as a shared service through a scalable hub-and-spoke model across core government and key public bodies.
- Launch a national collaborative procurement framework to give the Scottish public and third sector, easier access to automation expertise and reusable solutions.
- Support delivery bodies to redesign how services are delivered – improving productivity and tackling headcount pressures sustainably.
- Build the workforce capability and shared infrastructure needed to scale innovation safely, ethically and effectively.
- Identify opportunities to pilot the use of AI technology in public sector processes.

Workstream 16: Expansion of National Collaborative Procurement

The Scottish public sector spends over £16 billion each year on the procurement of goods, works and services, approximately 10% of this spend is through collaborative agreements established by the Scottish Government on a Once for Scotland basis.

We will:

- Increase cost avoidance and cashable savings to up to £300 million over a two-year period by working with the public sector to increase usage of existing national collaborative agreements and to identify areas where new agreements could be developed.
- Work with our suppliers to identify opportunities to harness new technologies to increase efficiency.
- Maintain open dialogue with our customers (government and public sector bodies) to ensure that our frameworks continue to deliver the right services and products to meet the future needs of the public sector and the people of Scotland.

Workstream 17: Commercial Value for Money

The Commercial Value for Money (CVFM) programme provides commercial expertise across in-scope Scottish Government expenditure to secure increased value for money through the delivery of monetary efficiencies and better policy outcomes. We will focus on grant spend, scrutinising third party costs and delivery approaches, aligning spend, cross-Scottish Government training and guidance and optimisation of the Grant Fund Manager Dynamic Purchasing System. We are forecast to deliver around £19 million in cashable savings and nearly £1 million in cost avoidance by March 2027.

We will:

- Compile a register of grant funding programmes currently in operation across Government and public bodies, and build on our CVFM programme to make the landscape more straightforward for users and reduce delivery costs.
- Where appropriate, our CVFM programme will align and consolidate spend, deliver commercial scrutiny of costs, and empower grant funders to increase competitive tension in grant spend ensuring grants go to those organisations who demonstrate they can use it to maximise impact on service level improvements.
- Develop and implement performance monitoring and reporting to show the effectiveness of Scottish Government and Public Body spend on grant programmes.

Workstream 18: Single Scottish Estate

We will continue to reduce the size, cost and emissions of the public sector estate and deliver over £50 million of benefits from the Single Scottish Estate (SSE) programme by 2028. Co-locating to make more efficient use of estate will give the public access to more services in one place and reduce administrative costs.

We will:

- Continue to improve the property data held to support proposals and decisions.
- Progress current and planned Location Based Reviews, including Glasgow and Edinburgh and develop a toolkit to allow any stakeholder to progress consistent with the SSE approach.
- Ensure we move towards a smaller, better estate portfolio where co-location and Net Zero remain key considerations for all property decisions.

Examples of live and upcoming programmes delivering more efficient and effective services

While there is important work in hand to deliver efficiencies in a cross-cutting way as set out in Pillar 3, there are also public services working to complement that activity, making changes to service provision to optimise efficiency and effectiveness so that people get the service they need and deserve.

NHS Operational Improvement Plan

The NHS Operational Improvement Plan aims to improve the experience of people in accessing health and social care services. It will:

- improve access to treatment through reducing waiting times;
- shift the balance of care within health and social care;
- improve access to health and social care services through digital and technological innovation; and,
- ensure we work with people to prevent illness and more proactively meet their needs.

Health and Social Care Renewal Framework

The Health and Social Care Service Renewal Framework - gov.scot sets out a long-term strategic intent to renew health and social care services. It provides a high-level guide for change, to ensure the sustainability, efficiency, quality, and accessibility of health and social care services in Scotland.

The Framework is based around five key principles for renewal:

1. **Prevention:** Prevention across the continuum of care.

2. **People:** Care designed around people rather than the 'system' or 'services'.

3. **Community:** More care in the community rather than a hospital focused model.

4. **Population:** Population planning, rather than along boundaries.

5. **Digital:** Reflecting societal expectations and system needs.

Criminal Justice System Efficiency

We want our criminal justice system to work better for everyone who experiences it. This includes cases reaching an outcome as efficiently and effectively as possible, fewer witnesses having to come to court. Everyone will be better informed about what's happening throughout. Here increased use of digital technology will help the system to recover from the negative impacts of the COVID-19 pandemic and be efficient and effective.

The outcomes for this Vision for Justice priority programme are to:

- Reduce delays in the time cases take to progress through the justice system from start to finish;
- Improve the experience of the people involved while the case is underway;

- Improve access to information to support appropriate, early decision-making and reduce uncertainty in how processes will work; and
- Increase the use of digital to deliver better, user-centred and more efficient services, using flexible, reuseable, and scalable technology.

Education Reform

Education reform will support service improvement and efficiency:

- The establishment of Qualifications Scotland and the independent Office of the Chief Inspector of Education supports the improvement of outcomes for children and young people, and enhances support for those delivering education.
- Education Scotland is refocused to lead curriculum design, delivery and improvement including the provision of resources to support high quality learning and teaching.
- Across the Education Reform programme, a Digital Strategy will support digital improvement and investment across new and reformed education bodies, this will be aligned to the national priorities set out in the refreshed Digital Strategy for Scotland. Beyond that there will be a targeted programme of business improvement over the next five years.
- Future activity will build on the Curriculum Improvement Cycle and Qualifications and assessment reform to support the knowledge and skills required for the 21st Century.

Reform of Post-School Education and Skills

Subject to legislative processes, we will deliver a simplified post-school funding body landscape that is sustainable and efficient. We will consolidate apprenticeship funding within the Scottish Funding Council (SFC) by March 2027 and student support funding within the Student Awards Agency Scotland by March 2026. This will help to reduce complexities and provide greater clarity around the roles and responsibilities of each public body. We will also strengthen SFC's ability to monitor the financial sustainability of post-16 education bodies, ensuring public money is being used effectively.

Introducing a new Scottish Government-led approach to national skills planning, and strengthening regional skills planning, will ensure that post-school provision becomes more responsive to Scotland's strategic skills needs and priorities.

Together, these changes will help to lay the building blocks for a post-school education and skills system that is simpler, clearer and more efficient and which meets the needs of learners and the economy.

Part Five – How we will measure and understand progress

5.1 Measuring and Monitoring Progress

The scope of the work in this Strategy is wide. It needs to be if it is to tackle the deep seated challenges we face and deliver the reform required to transform public services. Each of the Workstreams and Programmes in this Strategy has its own governance and evaluation framework.

But we must also monitor and evaluate impact at a system wide level to ensure coordination. This will be undertaken by our Public Service Reform Board. The PSR Board brings external input from public bodies, local government, third and private sector to provide advice and challenge on progress of PSR within Scottish Government. The Board is co-chaired by the Minister for Public Finance and Director-General Strategy and External Affairs.

We will implement a portfolio management approach within Government to enable this change and to drive associated cultural change. This will provide clarity on the vision, scope (including supporting projects), outcomes, timelines, key enablers, dependencies, roles and responsibilities of those responsible for delivery. It will also include clarity on how we will monitor, report and measure progress, tied back to the vision and outcomes outlined in this Strategy.

We are currently developing, and will publish our Theory of Change and Monitoring, Evaluation and Learning Framework to support this work, and provide the tools needed for effective evaluation and coordination.

5.2 Equalities and Human Rights

As well as publishing our Equalities Impact Assessment of this Strategy, and committing to refreshing this as we deliver the commitments within, we will continue to meet all statutory requirements on impact assessments.

Taking a human rights based approach is about making sure that people's rights are put at the centre of policy and practice. Scottish Government is a duty bearer, or has human rights obligations, which means we must respect, protect and fulfil human rights. We are accountable to rights holders to do so.

Annex A – Projections of Avoided Public Spending

Introduction

The **Avoided Public Spending** model, developed as part of the Public Service Reform Strategy, aims to develop projections of the system-wide public spending costs associated with key 'preventable' drivers of demand into the future. This is then used to consider illustrative scenarios for reducing public spending costs in future through tackling key drivers of demand.

The modelling is based on a number of assumptions, as set out in this annex, and is **used for illustrative purposes only**. Analysing the system-wide costs associated with drivers of public spending demand, such as poverty or obesity, is complex. Tackling key underlying drivers of public spending demand will depend on a number of factors and will require cross-cutting policy efforts.

Results

The results of the modelling are shown in figure 1. The indicative modelling suggests:

- The whole-system cost of poverty, including the increased public spending on health, education, criminal justice and housing that results from poverty, is projected to reach £11.1bn by 2035/36. Reducing overall poverty by a quarter (which, based on latest statistics, is equivalent to reaching the Scottish Government's target for child poverty by 2030) could avoid £2.9bn of public spend and halve the projected fiscal gap by 2035/36.

- The public spending cost of smoking, including wider costs to the health service, social care and responding to fire-related incidents, is projected to reach £2.5bn by 2035/36. Achieving the Tobacco and Vaping Framework target to reduce population smoking prevalence to 5% by 2034 could avoid £1.6bn of public spend and reduce the projected fiscal gap at 2035/36 by 26%.

- Obesity is projected to cost the health service £1.3bn by 2035/36. Reducing Scotland's obesity rate from 32% to between 28% and 22% by 2035/36, which would bring Scotland's obesity rate in line with rates seen in Canada and Finland respectively, could avoid between £130m and £380m of spending within the NHS, and reduce the fiscal gap at 2035/36 by 2-6%. The wider cost avoidance beyond the NHS would reduce this even further.
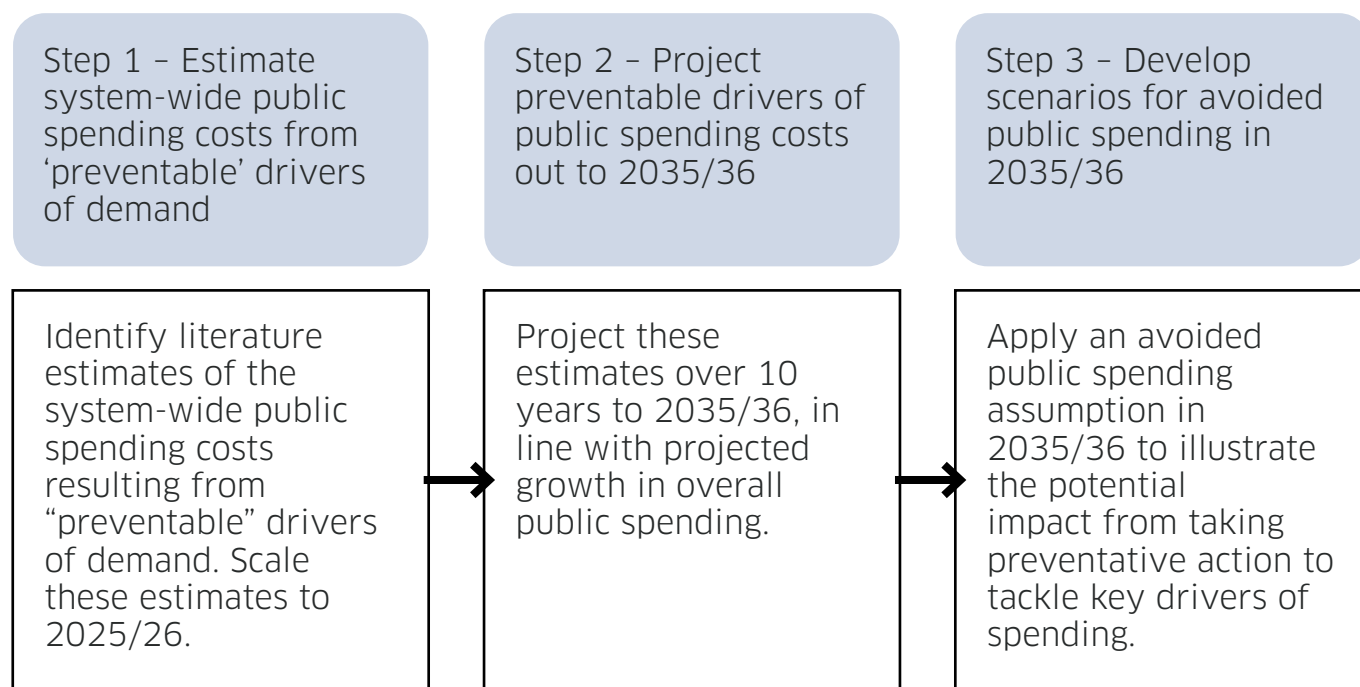
Figure 1 – Estimates of avoided public spending cost from tackling a selected preventable demand drivers

Driver of preventable public spending	Estimated system-wide public spending cost (2025/26)	Projected public spending cost (2035/36)	Scenario (reduction in 2035/36)	Avoided system-wide public spending cost 35/36	Reduction in projected fiscal gap 35/36
Poverty	£7.4bn	£11.1bn	Reduce overall poverty by a quarter (equivalent to reaching the Scottish Government's target for child poverty by 2030).	£2.9bn	Reduced by 48%
Smoking	£1.6bn	£2.5bn	Target to reduce smoking prevalence to 5%. Reduction of 64% compared to 14% prevalence rate in 2023	£1.6bn	Reduced by 26%
Obesity	£0.9bn	£1.3bn	Reducing obesity from 32% to between 28% and 22% 2035/36 (in line with obesity rates in other comparable countries)	£0.1-0.4bn	Reduced by 2-6%

Modelling approach

The process for developing projections of avoided cost are set out in figure 2. The model estimates the system-wide public spending costs from selected preventable drivers of demand; projects these to 2035/36 based on wider projections for public spending; and uses scenarios to illustrate the potential avoided public spending that could result from increasing prevention efforts over time.

Figure 2 – Avoided Public Spending Model Approach

Step 1 – Estimate system-wide public spending costs from 'preventable' drivers of demand	Step 2 – Project preventable drivers of public spending costs out to 2035/36	Step 3 – Develop scenarios for avoided public spending in 2035/36
Identify literature estimates of the system-wide public spending costs resulting from "preventable" drivers of demand. Scale these estimates to 2025/26.	Project these estimates over 10 years to 2035/36, in line with projected growth in overall public spending.	Apply an avoided public spending assumption in 2035/36 to illustrate the potential impact from taking preventative action to tackle key drivers of spending.

The model assumes that avoided costs are achieved through maximising the impact of current preventative activity or enhancing preventative activity through systems change, as opposed to increasing public spending beyond that currently expected. This reflects the focus of the Public Service Reform Strategy on effective systems change for achieving greater impacts from preventative activity.

Drivers of public spending modelled

A literature review exercise was conducted to identify estimates of systems-wide public spending costs related to drivers of "preventable" demand. This found significant variability in the quality of evidence underpinning estimates of different preventable demand drivers.

As a result, two main criteria were set for inclusion of public spending cost estimates in the model - the estimate should be 1) based on a reasonably robust methodology and 2) should include a range of potential public service costs.

Based on these criteria, we selected three estimates as follows:

• **Poverty** – The estimate used in the model is based on a 2016 Joseph Rowntree Foundation (JRF) report for the UK, which includes the wider public spending costs on health, education, care, the justice system and housing, which are attributable to poverty. This estimate was apportioned to Scotland based on Scotland's share of the UK number of people in poverty.[15] Other estimates were available, however the coverage of these estimates were limited compared to the JRF estimate. These

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15   Counting the cost of UK poverty | Joseph Rowntree Foundation

estimates were used to sense check the apportioned JRF estimate.

- **Smoking** – the model uses a 2024 estimate of the public spending related costs of smoking from Landman Economics/ Action on Smoking and Health.[16] The report includes results for the UK and England and includes the costs of smoking associated with the health service, social care and fire-related incidents. The Scotland estimate was generated by subtracting the England public service costs figure from the UK estimate, and apportioning based on Scotland's population share of the rest of the UK estimate. This report estimates the costs to the NHS, social care and fire services from smoking.

- **Obesity** – The estimate used in the obesity projection is taken from analysis of the health public spending costs of obesity by Frontier/NESTA.[17] This covers the health costs arising from treating health diseases that are attributable to obesity. The wider cost avoidance beyond the NHS would reduce this even further.

Figure 3 provides an overview of the estimates for each of the above drivers of preventable demand. Given estimates are from different years, these were scaled to the year 2025/26 using growth rates in public spending from the Government Expenditure and Revenue Scotland 2023-24 publication (for the years up to 2023)[18] and Scottish Budget 24/25 and 25/26 (for the years 2024/25 and 2025/26).[19][20]

Figure 3 – Estimated system-wide public spending cost of selected preventable drivers

Preventable driver of demand	Public spending cost estimate (estimate year)	Source	Estimate scaled to FY 2025/26
Poverty	£4.63bn (2016)	Joseph Rowntree Foundation (apportioned to Scotland)	£7.35bn
Smoking	£1.56bn (2024)	Landman Economics	£1.63bn
Obesity	£0.77bn (2023)	Frontier Economics	£0.84bn

It should be noted that estimating the public spending cost associated with cross-cutting drivers of demand is complex and it is likely that most studies don't cover the full range of costs. As a result, estimates of public spending demand should be treated as illustrative and "ranking" different drivers may not be appropriate. Some of the estimates used are also apportioned to the Scotland and would benefit from further analysis to produce more robust Scotland specific estimates.

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16   CBPF-model-May-2024.pdf
17   Costs_of_obesity_in_Scotland_Frontier_Economics.pdf
18   Government Expenditure and Revenue Scotland (GERS) 2023-24 - gov.scot
19   Scottish Budget 2025 to 2026 - gov.scot
20   Scottish Budget: 2024 to 2025 - gov.scot

Projections of key public spending demand drivers

To develop longer term projections on Scotland's spending and funding, the avoided public spending model uses the Medium Term Financial Strategy (MTFS) 2025 as the source of baseline data on overall Scottish Government spending and funding. This projects Scotland's public spending and funding over five years from 2025/26 to 2030/31.

Recognising that tackling cross-cutting drivers of public spending demand is a long-term activity, the model extends the MTFS projection for spending and funding out to 2035/36 based on the average growth rate over the 5-year MTFS projections.

We grow all preventable demand drivers noted in figure 1 in line with the projection for overall public spending to reflect growth in costs such as inflation and wages over time. In reporting results, we also illustrate the impact of reducing public spending costs on the gap between Scotland's spending and funding.

Scenarios for future avoided cost

To illustrate the potential impact of tackling key drivers of future public spending demand, we then apply an assumption for the reduced public spending cost to be achieved after 10 years (2035/36) from enhanced prevention activity. The scenarios used for each of the projections are provided in Figure 4.

Figure 4 – Scenarios for avoided public spending costs from preventable drivers

Preventable driver of demand	Avoided public spending scenario
Poverty	Reducing overall poverty by 26%, which is equivalent to reaching the Scottish Government's target for child poverty by 2030
Smoking	Smoking prevalence is reduced from 14% at present to 5% in 2034, in line with the Tobacco and Vaping Framework target. This represents a 64% reduction in smoking.
Obesity	Obesity is reduced by between 10% and 30% by 2035/36, which would bring Scotland's obesity rate (32%) roughly in line with obesity rates in Canada (28%) and Finland (22%) respectively.[21]

In these scenarios, it is assumed that the avoided public spending costs are achieved through maximising current preventative activity, or enhancing this activity through systems change. It does not factor in any increasing public spending beyond that currently expected. If some additional spending is required to achieve future savings, then this would need to be factored in.

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21   Scotland Health Survey (for Scotland obesity rate). Global Obesity Observatory for estimates of obesity rate in other comparable countries.

Limitations and caveats

Note there are a number of caveats to this approach for projecting preventable public spending costs and this analysis should be treated as **illustrative only**.

- The systems-wide costs associated with drivers of public spending demand, such as poverty or obesity, is complex to estimate. Therefore, studies of this kind often underestimate the true costs across all domains of public services.

- The model only considers the cost of drivers such as obesity and poverty on public spending. These drivers will likely have wider impacts on economy, society and public revenues, meaning the wider societal cost is much higher than considered in this model focussing entirely on public spending impacts.

- The model assumes that there is a direct correlation between a reduction in prevalence rates (e.g. the obesity rate) and public spending. For example, a 10% reduction in obesity is assumed to lead to a 10% reduction in spending after 10 years. However, evidence on the strength of this relationship varies.

- Reductions in public spending costs set out in this analysis assume no additional public spending to achieve them. The underlying assumption is that cost reductions are achieved through maximising the impact of existing public spending in preventing future costs, or in enhancing this activity. If additional investment is required, then the projected (net) cost avoided will be less.