# The Health and Social Care Alliance Scotland (the ALLIANCE)

ALLIANCE
HEALTH AND SOCIAL CARE
ALLIANCE SCOTLAND
people at the centre

# Public Service Reform: Pre-budget scrutiny 2027-28
# ALLIANCE response

## 14 August 2026

## Introduction

The Health and Social Care Alliance Scotland (the ALLIANCE) welcomes the opportunity to respond to the Public Service Reform Committee's Pre-Budget Scrutiny 2027-28 call for views.[1] The ALLIANCE has a longstanding interest in public service reform, particularly in relation to the integration of health and social care services, the development of Scotland's social security system, and the role of the third sector in public service delivery.

As such, we noted with interest last year's publication of a Public Service Reform Strategy[2], and have written to the newly appointed Cabinet Secretary for Public Service Reform, Ivan McKee MSP, to highlight our key priorities for the next five years. These include third sector sustainability; reforming social care; investing in prevention; strengthening human rights; and widening access to information about community services and resources.

To help inform our response to this call for views, the ALLIANCE organised an engagement session for our members. This brought together a range of organisations from across the third sector, professional bodies, and individuals with lived experience to share their experiences, views and ideas on the Scottish Government's public service reform agenda at this early stage. We have summarised the content of the discussion in an anonymised format throughout our response.

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

## Question 1a: To what extent are these savings achievable, and how will they shape public service delivery?

During our engagement event, many participants questioned whether efficiencies of this scale were achievable without more fundamental reform to service delivery. Some suggested that there is a risk of the public service reform programme being confined to "tinkering", and that whilst prevention, collaboration and community-based support have been policy ambitions for some time, little structural change has been made to deliver on them.

Overall, participants felt that realising meaningful, long-lasting efficiencies would require:

- Redesign of services rather than attempting to improve existing services;
- Shifting investment towards prevention and community support;
- Changing funding models and incentives;
- Demonstrating political courage in making long-term changes.

## Question 1c: What are the barriers to achieving greater efficiency and how can these be addressed?

Although unsure that the proposed scale of efficiency savings can be found, members participating in our engagement session did agree that there are opportunities to reduce administrative and bureaucratic duplication that exists in the health and social care sectors. Examples included:

- Incompatible IT systems between different parts of the system;
- Duplicated administrative processes, such as repeated data entry;
- Silo working between organisations and teams within them;
- Fragmented commissioning arrangements.

The idea that “what is measured matters” was also raised during the event. Current performance frameworks which focus on measuring hospital performance against waiting time standards, for example, were felt to result in a system that was designed to meet those targets, at the expense of a preventative approach to healthcare.

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

### Question 3a: To what extent is this target achievable and how will it shape public service delivery?

The ALLIANCE is concerned that a simple headcount reduction target is an unhelpful approach. Rather than asking how to reduce staff numbers, participants at our engagement event felt the government should be asking whether the current shape of the workforce was as effective and efficient as it could be.

For example, one participating mental health organisation felt that demand for more costly clinical services could be reduced if other forms of community support and early intervention, such as Peer Support Workers and Community Link Workers, were properly resourced. Such an approach may not reduce headcount but may still create savings through preventing mental health issues from escalating to a crisis point requiring clinical intervention.

A member with lived experience also noted the need for workforce planning to include an awareness of the role of unpaid carers. Although by definition not part of the formal workforce, unpaid carers have a vital role to play in supporting public services and preventing others from reaching crisis point, but they themselves need support in order to manage their caring responsibilities. Again, this is an area where a different workforce composition could deliver savings without necessarily reducing headcount.

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

Participants at our member engagement session suggested that it would be important to make sure that the workforce itself is involved in this process, including via trade unions. Those involved directly in service delivery were felt to be more likely to know where points of friction and duplication caused them the most difficulty, and have suggestions for how these could be addressed, or where workforce reductions would create further problems.

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

Participants in our engagement event expressed concern that it remains unclear exactly what constitutes a “frontline” role, and whether there is sufficient appreciation of the vital role played by back-office staff. Back-office staff and functions were felt to be enablers for frontline staff to remain frontline.

Although the third sector is not directly included in a reduction in the public sector workforce, many organisations are familiar with the challenges that arise from a lack of administrative capacity. The ALLIANCE, our members, and partners across the third sector have all raised concerns about third sector funding which does not adequately cover core costs such as HR and IT. This has a direct, negative impact on service delivery, as frontline delivery staff must then spend more of their time on administrative work.

The same logic applies equally to the public sector. For example, the balance between “NHS Managers” and clinicians is a regular topic for discussion in the media and action by governments, on the assumption that there should be fewer of the first and more of the second. Yet when back-office staff are cut in the NHS, their work does not disappear with them and instead falls on clinicians.

ALLIANCE members have expressed concern that, as has previously been the case, the protection of frontline public sector roles may not be matched by similar protection for frontline third sector roles. Charities, community and voluntary organisations were felt to be first in line for cuts, despite the vital role they play in public service delivery.

In many cases, these services do not simply complement statutory services, but fill a gap that is not or cannot be filled by the public sector. As one response to our earlier "Stretched Beyond Limit" report noted, there has also been a trend towards expecting third sector crisis services to "pick up the pieces" after cuts to preventative services.[3]

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

The ALLIANCE advocate for an approach to public service delivery that is rooted in prevention, community provision and reducing health inequalities, and which is person-centred and human rights based. In the long term, the balance of funding must shift decisively towards prevention and supporting people, including disabled people, people living with long term conditions, and unpaid carers, to live as well as possible.

Crisis services must continue to exist and be sustainably funded, but far fewer people should reach the point of needing emergency interventions. Public services should work towards full realisation of fundamental human rights, including the rights to health, education, social security, independent living and participation in society. By ensuring that human rights are at the heart of service planning, design and delivery, breaches should become a rare and easily challenged exception rather than an all too frequent norm with limited scope for remedy.

Community-led approaches were felt by participants at our engagement event to be a vital part of the public service reform agenda. The necessary shift towards prevention will only be possible by designing services around communities, strengthening local infrastructure, making community resources easier to access, and escalating to specialist services only

where necessary. At the same time, the “no wrong door” principle must become reality, ensuring that regardless of where someone presents in need of support, they are directed seamlessly to the correct service.

As part of this, there must be an openness to the fact that costs in some areas may need to increase, particularly in the short term. The benefits of a preventative approach will emerge slowly over many years, rather than delivering hundreds of millions of pounds of savings in the next financial year.

**Question 7: The PSR Strategy includes 18 different workstreams which aim to remove barriers to reform. One workstream focuses on “simplification”, recognising that “complexity of processes, structures and reporting requirements is a key barrier to effective and efficient service delivery”. “Prevention” is one of three pillars providing structure to the Strategy.**

**Question 7a: What should the Scottish Government’s priorities be under its simplification workstream and what level of savings can be achieved through this approach?**

Participants in our engagement event described current governance arrangements as fragmented and difficult to navigate. This was down to the number of national bodies, many of which have overlapping responsibilities, such as NHS Boards, Local Authorities, and Integration Joint Boards (IJBs). This, alongside the number of separate service commissioning routes, leads to complex and opaque local decision making.

Although there was agreement that current structures added complexity and could and should be simplified, there was neither consensus on what the solution to this was, nor enough time at this stage to consider that question more fully. Any reform to governance structures, and particularly to IJBs, would require extensive evidence gathering and engagement in advance of primary legislation.

If structural change is felt to be necessary, the Scottish Government must begin related engagement and consultation processes as soon as possible. Any structural reform programme must meaningfully involve all delivery

partners, including the third sector, from inception, and ensure that any changes have been appropriately co-designed. As we are unsure of the scope or shape of any such reform, we are not in a position to estimate the level of savings reform could achieve.

A lived experience member also highlighted a particular issue around social prescribing. Whilst social prescribing is cost-effective overall, they noted that sometimes, provision of basic services such as some (but not all) of the free, accessible exercise classes for older people at a local leisure centre was entirely reliant on a social prescription.

This was felt to increase the burden on GPs and Community Link Workers, compared to allowing those aware of such services to self-refer to them. Although we cannot estimate the exact cost saving from such simplification, in principle these changes would ultimately contribute to the Scottish Government's aim of reducing the size of the workforce, as fewer people would be necessary to meet demand.

### Question 7b: What progress has been made to date with preventative budgeting?

There is wide agreement amongst our members that there has been a consistent failure to meaningfully progress positive rhetoric on prevention. For example, participants at our engagement event expressed frustration at the tendency towards limiting funding largely to pilots and new projects, often meaning that after these approaches have proven their worth, funding is abruptly withdrawn rather than allowing the approach to grow and bear fruit for years into the future. One participant described this as creating a cycle of continually reinventing successful services rather than embedding them.

For third sector organisations involved in public service delivery especially, this compounds the many issues with funding, such as those outlined in our "Stretched Beyond Limit" report.[4] These include one-year funding, large amounts of time lost to funding applications and reporting requirements, and late notification of funding decisions. An inability to plan for the future, and in the worst cases complete closure of third sector services in the

community, has a direct and deeply negative impact on otherwise effective preventative work, and risks simply increasing the frequency and cost of crisis interventions further down the line.

**Question 7c: How should the forthcoming Budget support greater progress towards preventative budgeting across the devolved public sector? Please set out any barriers and how these can be addressed.**

Progress towards preventative budgeting in any single year will by its nature be relatively limited. As the full scope of the new Scottish Government's public service reform strategy is yet to be established, we are reserving comment for the time being on the direct funding of statutory services. However, an interim goal, achievable in this year's budget, is to make further meaningful progress towards Fair Funding for the third sector, ensuring that the effective, preventative public services delivered by the sector are secure and sustainable over the coming years.

The Scottish Council for Voluntary Organisations (SCVO) has recently published a comprehensive refresh of their Fair Funding asks, which the ALLIANCE support.[5] As part of this, Scottish Government must deliver multi-year funding for the sector, that covers core, project and increased National Insurance Contribution costs, includes inflationary uplifts, and timely notification of funding awards.

**Question 7d: What changes to the Scottish Government's approach to budget-setting are needed to effectively deliver public service reform?**

The ALLIANCE are longstanding advocates of a human rights budgeting[6] approach and have repeatedly called on the Scottish Government to adopt this approach in the annual budget. Human rights budgeting is an inherently preventative approach to spending, as it works from the premise that public spending should ensure that people's fundamental human rights should be fully realised. Where people's human rights, for example the right to health, are not upheld, this leads to poorer outcomes and a greater need for crisis interventions.

As we noted in evidence to the Equalities, Civil Justice and Human Rights Committee as part of last year's pre-budget scrutiny, understanding of human rights is uneven across the Scottish Government.[7] Some parts of government do have an improving understanding of rights, but rights are absent or seen as a minor consideration in other areas. Particularly in light of the upcoming Human Rights Bill, we would urge the Scottish Government to be proactive in incorporating a human rights budgeting approach into the budget.

We also note that the Scottish Government have stated their intention to "tag" preventative spending in upcoming budgets. We look forward to seeing how the upcoming budget demonstrates this approach, and whether it will improve the ability to follow the money from allocation to spending on the ground, which is an essential aspect of accountability within human rights budgeting.

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

**Question 8a: To what extent is the Invest to Save Fund delivering projects that achieve ongoing savings?**

The ALLIANCE is not familiar with the detail of the Invest to Save Fund and how it has been deployed thus far, and members did not raise this during our engagement event. However, we would query whether £30 million is an adequate investment in the long-term changes needed to deliver effective, sustainable public services.

## About the ALLIANCE

The Health and Social Care Alliance Scotland (the ALLIANCE) is the national third sector membership organisation for the health and social care sector. We bring together over 3,500 people and organisations dedicated to achieving our vision of a Scotland where everyone has a strong voice and enjoys the right to live well, with dignity and respect. Our members are

essential in creating a society in which we all can thrive, and we believe that by working together, our voice is stronger.

We work to improve the wellbeing of people and communities across Scotland by supporting change in health, social care and other public services so they better meet the needs of everyone in Scotland. We do this by bringing together the expertise of people with lived experience, the third sector, and organisations across health and social care to shape better services and support positive change.

**The ALLIANCE has three core aims.**

**We seek to:**

- **Empower people with lived experience**: we ensure disabled people, people with long term conditions, and unpaid carers are heard and that their needs remain at the heart of the services and communities.
- **Support positive change**: we work within communities to promote co-production, self management, human rights, and independent living.
- **Champion the third sector**: we work with, support and encourage co-operation between the third sector and health and social care organisations.

The ALLIANCE is committed to upholding human rights. We embed lived experience in our work and aim to ensure people are meaningfully involved at every level of decision-making.

Working together creates positive, long-lasting impact. We work in partnership with the Scottish Government, NHS Boards, universities, and other key organisations within health, social care, housing, and digital technology to manage funding and develop successful projects. Together, our voice is stronger, and we can create meaningful change.

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[1] Scottish Parliament, 'Public Service Reform: Pre-Budget Scrutiny 2027-28' (July 2026), available at: https://yourviews.parliament.scot/334/public-service-reform-pre-budget-scrutiny-2027-28/

[2] Scottish Government, 'Scotland's Public Service Reform Strategy: Delivering for Scotland' (June 2025), available at: https://www.gov.scot/publications/scotlands-public-service-reform-strategy-delivering-scotland/

[3] The ALLIANCE, 'Stretched Beyond Limit' (December 2025), available at: https://www.alliance-scotland.org.uk/wp-content/uploads/2025/12/Stretched-Beyond-Limit-Report-December-2025.pdf

[4] As above.

[5] SCVO, 'Fair Funding', available at: https://scvo.scot/policy/fair-funding-procurement/fair-funding

[6] Scottish Human Rights Commission, 'Human Rights Budget Work', available at: https://www.scottishhumanrights.com/projects-and-programmes/human-rights-budget-work/

[7] Scottish Parliament Official Report, 'Equalities, Human Rights and Civil Justice Committee', (September 9 2025), available at: https://www.parliament.scot/chamber-and-committees/official-report/search-what-was-said-in-parliament/meeting-of-parliament-09-09-2025?meeting=16567&iob=141442