Pre-budget scrutiny 2027-28: how can the Scottish Budget best advance public service reform?

August 2026

SWBG's key messages

Gender budget analysis should be a critical part of the Scottish budget and policy making process. It can support the Scottish Government's four priority areas (eradicating child poverty, growing the economy, tackling the climate emergency, and building high-quality and sustainable public services) while driving better outcomes by ensuring spending decisions are transparent, evidence-based and responsive to the different needs of women and men.

Gender budgeting serves three essential functions:

- promoting fiscal accountability;
- increasing gender responsive participation in the budget process.
- restructuring fiscal policies to promote gender equality.

Gender budgeting is underpinned by the principles of **transparency**, **participation**, and an **outcome-focused approach** that seeks to advance **equality**.

In the context of falling levels of public trust in institutions, tight financial circumstances and perceptions of failing public services, gender budgeting approaches could be crucial to rebuilding trust and ensuring that public spending better reflects people's needs and priorities.

Finally, the use of gender budgeting can help identify the different impacts of spending and efficiency decisions and ensure that inequalities are not deepened through the process of public service reform, and ideally that the process works to reduce inequalities.

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):

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

As members of the Tax Justice Scotland coalition, we support the points made in their submission to the Finance and Public Administration Committee highlighting the concern that the planned efficiencies are neither realistic nor deliverable at a scale sufficient to make public services sustainable.

The reliance on efficiencies rather than, or in isolation from, revenue reform has important gender equality and human rights implications. The lack of gender analysis of the likely differential impacts of these savings on different groups is concerning. This is despite the publication of an EQIA alongside the PSR strategy, which acknowledges that women are more likely to experience poverty but provides little analysis of why this is the case or how the PSR measures could affect women differently.[1] Women are more likely to work in the public sector and to rely on public services because of their caring responsibilities. Research by IPPR has shown that the Scottish Government's public service reform strategy could imply the loss of 18,000 public sector jobs and risks Scotland "sleepwalking into austerity". IPPR has also highlighted that the deployment of AI is unlikely, in itself, to reduce the costs of public service delivery.

Moreover, budget constraints are already shaping service delivery to the detriment of service users. The findings of the Accounts Commission's *Integration Joint Boards: Finance and performance 2024* provide an example of the scale of this challenge. The report highlights the financial pressures facing Integration Joint Boards (IJBs), alongside increasing demand for services, growing unmet and more complex needs, workforce pressures and a lack of progress in shifting care towards community and preventative services.[2] The report shows that:

1. IJBs are facing increased demand for services, alongside a growing level of unmet and more complex needs. There is also variability in the extent to which people who use services feel they have choice and control;
2. Unpaid carers are increasingly relied upon as part of the system but are also greatly affected by the cost-of-living crisis;
3. There is a lack of collaboration and systematic shared learning on improvement activities;
4. Current commissioning and procurement practices are driven largely by budgets, competition and cost rather than outcomes for people.

Crucially, the report also finds that IJBs have had to achieve savings as part of their partner funding allocations for several years and that doing so while maintaining service levels has become increasingly difficult, highlighting that IJBs have had to consider more significant options, including ending funding for some care and support services, as statutory duties are prioritised. The report further warns that relying on non-recurring

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[1] Scottish Government (2025) Public service reform strategy: impact assessments
[2] Accounts Commission (2024) Integration Joint Boards. Finance and performance 2024

savings to bridge funding gaps is not a sustainable approach to balancing budgets. In addition, our local budget reviews have identified that local authorities are reporting that they have exhausted efficiency savings available to them and are now looking to reduce services. In the past few years some local authorities have indicated that they may face difficulties in meeting statutory responsibilities.[3]

These findings are directly relevant to the question of whether further efficiencies can realistically be achieved without affecting public service delivery. They suggest that, where efficiencies are pursued primarily as a response to budgetary pressures, there is a significant risk that they will translate into reductions in services rather than genuine improvements in efficiency or effectiveness. This could increase unmet need, undermine preventative approaches and shift costs elsewhere in the system, including onto unpaid carers and other groups already experiencing inequalities.

Of particular concern to SWBG is that reductions in services often increase levels of unpaid care required. The gendered nature of this means that there is a risk that public sector reform will further drive women's inequality. We believe this means that there is a need to consider not only whether savings can be achieved financially, but also who will bear the costs of those savings and what their wider social and economic consequences will be.

We have previously called for the current model of health and social care integration to be reviewed to ensure the lessons from this are used to inform future reforms. We advocate that further reforms must be developed through meaningful engagement with, and co-design alongside, people who use services, unpaid carers and the workforce. The Accounts Commission itself highlights the importance of clear and open conversations with people who use services, the workforce, and other stakeholders about the difficult choices required to achieve financial sustainability.

More broadly, SWBG considers it important to interrogate what is meant by “efficiency” and “effectiveness” as part of public service reform. While budget pressures may have pushed public service reform to the top of the policy agenda, financial savings cannot be its only driver. Before implementing policies aimed at increasing efficiency in the public sector, policymakers need to ensure that sufficient data is available to assess their wider impacts, particularly on an ageing population and on groups already experiencing inequality.

[3] Scottish Women’s Budget Group (2023) Local Authority Budget briefing 2023

For example, if “efficiencies” translate into reductions in public services, policymakers should assess the likely effects and longer-term costs, including potential increases in ill health, unmet care needs and unpaid care, and how these may interact with widening inequalities, including gender inequality. An apparent saving in one area of public spending may generate additional costs elsewhere, while also undermining the outcomes that public services are intended to achieve, and the priorities set by the Scottish Government.

What progress is being made towards achieving these efficiencies? What are the barriers to achieving greater efficiency and how can these be addressed?

Major barriers to achieving greater efficiencies are the lack of gender analysis in PSR, siloed approaches to policy and budget-setting processes, year-on-year budgeting, and a lack of focus on outcomes. These issues can result in a narrow focus on short-term savings, without adequately considering the longer-term impacts of decisions or whether they ultimately deliver better outcomes or increase costs elsewhere. For example, last year’s Local Budget Review found that one Local Authority made savings by removing school crossing patrols, which had a direct impact on parents, particularly mothers, and subsequently required investment in traffic lights and pedestrian crossings. While this may ultimately result in savings over the longer term, the example illustrates the risks of making savings decisions primarily in response to immediate budgetary pressures, without sufficiently considering their wider impacts and potential costs elsewhere.

Regarding the lack of gender analysis, this is particularly concerning because women are more likely to work in the public sector. In 2023, over 60% of people employed in the public sector in Scotland were women, compared with 44% in the private sector. [4] Furthermore, women are more likely to rely on public services because they continue to undertake the majority of unpaid care. Savings and efficiencies can therefore disproportionately affect women, both as public sector workers and as users of public services. Without gender analysis, policy and budget decisions risk affecting women in multiple ways: through potential job losses or changes to working conditions, while also increasing the amount of unpaid labour they undertake when public services are reduced or no longer meet people’s needs. Our earlier example from IJBs demonstrates this.

The tendency to use siloed approaches in policy and budget processes is another concern, particularly where an excessive focus on efficiencies and savings can have

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[4] Scottish Government (2024) Public sector: economic overview

unintended consequences elsewhere. For example, preventative spending can come under pressure as public bodies prioritise meeting their statutory obligations. However, insufficient investment in prevention can result in people reaching crisis point and requiring more intensive and costly services, including health services, ultimately increasing costs elsewhere in the system. Siloed approaches can also fail to account for the role of unpaid care in enabling public services to operate. In our discussions with SWBG members about PSR, efficiencies and savings, members highlighted that the success of some policy interventions, such as hospital at home initiatives still rely on unpaid carers managing, for example, telephone apps, including updating critical information, with no contingency plans or additional support in place for unpaid carers.

Year-on-year budgets are another barrier to effective planning and to shifting the focus from intervention towards prevention in line with PSR objectives. Short-term budget cycles can make it difficult to invest in preventative approaches where the benefits and savings may only become apparent over a longer period. In a session with members of our Economic Empowerment Group, one participant explained that her GP had referred her to sports classes to prevent her asthma from developing into chronic obstructive pulmonary disease (COPD). She found that the classes helped improve her breathing, but her health deteriorated slightly during the year she had to wait to access the classes. Addressing this issue to short-term approaches requires greater focus on longer-term planning and investment, alongside mechanisms for assessing the longer-term costs and benefits of spending decisions.

Finally, the focus on efficiencies can mean that insufficient attention is paid to outcomes, creating a risk that apparent savings generate greater costs or policy problems elsewhere. For example, if spending reductions undermine progress on child poverty or improving health outcomes, the longer-term financial and social costs may outweigh any short-term savings achieved. Greater emphasis should therefore be placed on whether reforms deliver improved outcomes and reduce demand over time, rather than measuring efficiency primarily through immediate reductions in spending.

Taken together, these barriers point to the need for a broader understanding of efficiency within PSR: one that considers gender equality, prevention, unpaid care, longer-term costs and outcomes alongside immediate financial savings. Embedding gender budgeting approaches into policy and budget-setting could help identify unintended consequences and ensure that efficiency measures contribute to sustainable public services rather than simply shifting costs onto other parts of the system, individuals or unpaid carers.

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

The Scottish Government should provide more detail for each budget line, including what the spending allocation covers, its intended outcomes and, ideally, progress against indicators linked to those outcomes. This would improve transparency and allow for greater scrutiny of spending decisions and increase understanding about whether allocations are delivering the intended outcomes.

Any efficiencies or reductions in budget lines should be clearly explained, with gender budget analysis used to understand the potential implications of savings ("their costs"), including their impact on outcomes. This would allow potential risks to be identified and appropriate contingency plans to be put in place.

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

a. **To what extent is this target achievable and how will it shape public service delivery?**
b. **What progress is being made towards achieving this target?**

Please refer to our answers to the previous two questions.

Additionally, SWBG is currently undertaking its Local Budget Review for the 2026/27 financial year. Emerging findings indicate that savings are often achieved through natural attrition, recruitment freezes, and occasionally voluntary severance, rather than through the removal of posts identified as surplus. This approach raises concerns that reductions may not necessarily be based on an assessment of workforce requirements or service needs.

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?

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?

This question risks missing the broader issue of what approach and processes are required to deliver services that meet the intended objectives and align with the Government's priorities. Back-office staff, including administrative staff, play a vital role in supporting frontline staff and enabling services to be delivered effectively. Without sufficient data and analysis, and with an excessive focus on achieving savings, there is a risk that reductions in back-office capacity will simply shift administrative responsibilities onto frontline staff. This could reduce the time available for frontline staff to deliver services and ultimately have a detrimental impact on the people who rely on them.

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?

Pending the revision of the National Performance Framework, Public Sector Reform should help deliver the Scottish Government's four priorities, including statutory targets such as those relating to child poverty. More widely, actions linked to Public Sector Reform should comply with the Public Sector Equality Duty (PSED), which requires public bodies to have due regard to the need to advance equality of opportunity between people who share a relevant protected characteristic and those who do not.

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

a. **What should the Scottish Government's priorities be under its simplification workstream and what level of savings can be achieved through this approach?**
b. **What progress has been made to date with preventative budgeting?**
c. **How should the forthcoming Budget support greater progress towards preventative budgeting across the devolved public sector? Please set out any barriers and how these can be addressed.**

The next Scottish Budget should allocate specific levels of funding to support areas such as social care that are inherently preventative.

The Independent Review of Adult Social Care in 2021 already identified the additional investment required, both now and in the future, to improve the outcomes "achieved by and with people who use services." In line with the recommendations set out in the report, investment in this area would help people access "support at the point they feel they need it, including for advice and signposting to local community-based resources and help", while removing barriers to accessing support, such as the current eligibility criteria and charging regime. [5] This would allow for greater emphasis on prevention and early intervention and demonstrate how investment in preventative services can reduce the need for more intensive and costly interventions in the future.

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

Budget tagging tools, such as the Preventative Budgeting Tool, need to be paired with robust analysis, a clear understanding of the outcomes that investment is intended to achieve, and robust measurement and evaluation processes. This is essential to answering the more fundamental question: is this the best way to use these resources? While the Preventative Budgeting Tool provides a useful starting point for identifying preventative spending, it does not connect spending robustly enough to the outcomes it is intended to deliver. We would therefore suggest linking the Tool more closely with the gender-aware policy analysis used in gender budgeting, helping to ensure that decisions about preventative spending are informed by a clear understanding of who benefits, what outcomes are being achieved, and whether resources are being used in the most effective way.

Finally, the Scottish Government should embed gender budget analysis as part of its budget-setting process to improve transparency, strengthen public engagement with the budget process, better link budget decisions to outcomes, and advance equality. Clearer budget information, alongside high-quality analysis of data and evidence, are key to achieving these objectives and supporting effective public service reform.

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

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

An evaluation of the Fund at a national level does not appear to exist, which limits scrutiny of its outcomes and the ability to assess its return on investment. [6] [7]

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[5] Scottish Government (2021) Independent Review of Adult Social Care in Scotland
[6] Scottish Government (2025) Invest to Save Fund proposals: FOI release
[7] Scottish Government (2025) Invest to Save Fund applications and queries: FOI release

The only information that appears to be publicly available relates to two freedom of information requests submitted in May and June 2025. However, these provide only partial information, as the final decisions on which bids to fund had not been made at the time. In any case, the information provided does not show the expected level of savings from the investments, nor does it explain how some of the projects align with the Government's public service reform priorities.

As a result, there is insufficient publicly available evidence to assess the extent to which the Invest to Save Fund is delivering ongoing savings or achieving its intended outcomes.

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

There appears to be limited publicly available information on how successful outcomes and learning from projects funded through the Invest to Save Fund are being shared more widely across the public sector. The Scottish Government should publish information on each project, including the level of funding, objectives, expected outcomes (including savings), and actual outcomes achieved. This would allow successful approaches to be identified, evaluated and shared more systematically across the public sector, supporting their replication where appropriate.

Gender budget analysis should also form part of this assessment, including consideration of the differential impacts of projects on different groups, with particular emphasis on gender equality. This would help ensure that projects are contributing to tackling inequality and that projects which do not support this objective, in line with the aims of PSR, are not approved and/or replicated.

For further information

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About Us

The Scottish Women's Budget Group (SWBG) is a charity that promotes women's equality. We do this by helping people understand how budgets and economic policy can tackle inequality. SWBG brings together a wide range of women from across Scotland who have an interest in women's equality and want to achieve better gender equality in our society. We have focused on encouraging active gender analysis in the Scottish Budget process since 2000. SWBG offers training to Councillors and Council Officers on the use of gender budget analysis tools in local budget processes.

Find out more: www.swbg.org.uk