

Public Service Reform Update



Introduction

Public Service Reform (PSR) is the central mission of the newly elected SNP minority government, with the cabinet secretary in charge, Ivan McKee, [describing it as](#) “the defining task of this session of parliament.” While PSR has been a priority for several years, the new government has expressed a renewed determination in this parliament to “reshape the devolved public sector” and reduce the public sector workforce. This briefing provides a post-election update on the government’s plans.

Overview

The Scottish Government published its **Public Service Reform Strategy** and **Fiscal Sustainability Delivery Plan** in June 2025 (see briefings [163](#) & [165](#)). While this is branded as “reform” and wrapped in the comforting language of prevention and “empowering” communities and the workforce, these plans are a cuts exercise which will bring job losses greater and faster than those we’ve experienced over the past 15 years of austerity.

Targets over the next 5 years include:

- Cutting £1billion from public services (£200m each year for 5 years).
- 0.5% cuts to the workforce each year. The IFS and IPPR estimate this will mean **between 18,000 – 20,000 jobs lost**.
- The government says it will do this while ‘protecting the frontline’, ie it divides the workforce into ‘frontline’ and ‘the rest’, the latter viewed as a drain on resources rather than essential enablers.
- A 20% cut in spending on corporate functions by Scottish government and public bodies.
- 3% recurring savings annually required of NHS boards.

In common with the public service cuts agenda of the Thatcher governments, key aspects of the PSR plan involve a significant transfer of not just resources but control from public to private sectors and a further undermining of local democracy. Jenny Gilruth, cabinet secretary for finance & local government, [has already stated](#) she expects local authorities to play a very important role despite COSLA’s warning that after years of “efficiencies”, there is nothing left to cut that will not have a direct impact on services.

The timetable

- The government has pledged **in its first 100 days** to lay out its plans for public service reform and for a Public Service Renewal bill. **We can expect these when parliament returns on 31 August.**

KEY POINTS:

- **Public Service Reform (PSR) is the central mission of the new minority SNP government.**
- **Plans to reshape the devolved public sector could involve up to 20,000 job losses over the next 5 years**
- **The PSR strategy is led by cabinet secretaries Jenny Gilruth (Local govt and finance) and Ivan McKee (PSR)**
- **Parliament’s new [Public Service Reform committee](#) has issued a [Call for Views](#) on the proposed cuts open until 14 August.**



Contact UNISON’s Bargaining & Campaigns team:

Susan Galloway
s.galloway@unison.co.uk

Stephen Low
s.low2@unison.co.uk

Nicola Morris
n.morris@unison.co.uk

Claire Beaton-Thomson
c.thomson@unison.co.uk

- In the meantime, as part of their pre-budget scrutiny, **both the parliament's Public Service Reform Committee and Finance & Public Administration Committee have issued calls for views** on the impact on services of these budget and workforce cuts, and the viability of the government's plans for tackling the budget deficit.
- Ministers held a 'summit' meeting in October last year with the leaders of every public sector body in Scotland to discuss the centralisation and outsourcing of a huge range of services including, but not limited to finance, HR and IT ([Briefing 167](#)). They were asked to commit to concrete actions to deliver these goals.
- So far there has been little detail around how these goals will be achieved, but at a recent post-election summit with public sector leaders the focus was on speed of action and driving faster decisions about reforms.
- Since the election the government has urged every public body to engage early with trade unions about their reform plans.

Parliament public service reform debate 11 June

Ivan McKee told parliament on [11 June](#) that PSR is not about making cuts, it's about "protecting the frontline" and improving services by "taking waste out of the system." His claim that we can be "... more efficient while delivering the same or better services" is the familiar refrain of "more with less".

But to be clear: the plan is not for 'efficiency savings' to be reinvested in 'frontline' services. The plan is for budgets to **permanently contract**.

[An inquiry](#) by the parliament's finance & public administration committee 3 years ago was highly sceptical of these same plans. Informed by evidence from the Scottish Fiscal Commission, Audit Scotland, the Fraser of Allander Institute and the STUC, the committee's report concluded it would be "incredibly challenging" to meet these targets without negatively affecting public services. It asked for detail on how back-office functions could be cut without affecting frontline services, and for an assessment of where more or fewer staff are needed.

The Accounts Commission has warned that:

- Half of Scotland's health boards require government loans to avert financial collapse ([2025](#)).
- Local councils have a budget gap of over £0.5 billion ([2026](#)). Because of underfunding they are increasingly failing to meet even their statutory duties, whether that is homelessness, child protection or trading standards. Between 2006 and 2018, 35,000 FTE local government jobs were lost (a 15% cut in the workforce).
- Yet the last parliament passed legislation reforming public service delivery in housing, adult social care and the children's care system which, if implemented, will increase demand on existing services and, in some cases, require a workforce that doesn't currently exist.
- Integration Joint Boards, responsible for social care and community health, have a combined budget gap of £449m ([2026](#)). They are unable to meet current, let alone the rising future demand for care, given Scotland's growing demographic challenges ([Briefing 168](#)).

KEY POINTS:

Calls for Views (open until 14 August 2026)

[Public Service Reform committee Call for Views](#)

[Finance & Public Administration committee Call for Views](#)

[Briefing 163](#) Scottish Public Service Reform Strategy (Sept 2025)

[Briefing 164](#) Medium-Term Financial Strategy 2025 (Sept 2025)

[Briefing 165](#) Fiscal Sustainability Delivery Plan (Sept 2025)

[Briefing 167](#) (October 2025) Scottish Public Service Reform Summit

[STUC Public Service Reform Briefing](#) (June 2026)

[Briefing 173](#) Council Budget Crisis (July 2026)

Public Sector Reform: the rhetoric

The cabinet secretary told parliament that the PSR Strategy is about improving public services through better joined up working and a shift to prevention, *but with fewer staff and smaller budgets*. The Fraser of Allander Institute has said it is implausible that a 0.5% cut to the workforce will have no effect on frontline services, unless there are some “pretty heroic improvements in productivity.” ([Finance Cmttee Inquiry 2023](#)). What we know with certainty is that the budget settlements inflicted on councils for years are the main cause of the dysfunction, unmet needs, and plummeting public satisfaction with local services.

Ivan McKee claims PSR can deliver a shift to prevention. The reality is, since the Christie Commission reported, the pressures of austerity have forced out early help, in order that scarce resources can be concentrated on the most acute and complex need. The government's ‘Invest to Save’ fund of just £30m across all public bodies is not a serious response to this.

It's incredible that the cabinet secretary cites the creation of Police Scotland, and the regionalisation of colleges as successful examples of the centralisation he'd like to see more of, given their record of deteriorating services to communities and poor treatment of their workforce.

The reform we need

The cabinet secretary has expressed to parliament a wish for trade unions to be partners in reform, as only “through empowering the staff who work in our services and who know them best to come forward with ideas to make those services better and their work more fulfilling.” ([11 June 2026](#)).

UNISON agrees that our public services need reform, but it is reform supported with investment through progressive tax reform, and based upon the principles of devolving power and resources, renewing local democracy and accountability to service users and electors, on investment in preventative spend and early intervention, and on community wealth building to democratise local economies. It must be based on detailed planning including workforce planning. We cannot afford more misconceived attempts such as the abandoned National Care Service reform of the last parliament, which wasted £27 million of public money.

Actions

The government's public service reform plans affect *every sector* in which members work across our public services.

- Please discuss this briefing at your branch committee and feed back through your sector committee.
- UNISON is working with through its sector committees on an organising strategy to combat this threat to public services and the workforce which delivers them. Make sure your branch feeds into this.
- The union will respond to the Calls for Views from the parliamentary committees, which has a deadline of 14 August

New Parliament

Party responsibilities - Public Service Reform (PSR)

Ivan McKee, Cabinet Secretary for Public Service Reform

Hannah Mary Goodlad, Minister for Public Finance
Supports the Cabinet Secretaries for PSR and for Local Govt & Finance (Jenny Gilruth).

Party Public Service Reform Spokespersons:

Murdo Fraser, Conservative

Lorna Slater, Greens

Michael Marra, Labour

David Green, Lib Dems

Malcolm Offord, Reform UK

Public Service Reform Committee: membership

Convenor: Bob Doris, SNP

Depute: Michelle Campbell, SNP

Alex Kerr, SNP

Max Bannerman, Reform UK

Murdo Fraser, Conservative

Lorna Slater, Greens

Joe Fagan, Labour