

Submitted to Public Service Reform: Pre-budget scrutiny 2027-28
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What is your name?

Name:
Sarah Cameron

What is your email address?

Email:
sarah@communityenterprise.co.uk

Are you responding as an individual or on behalf of an organisation?

Organisation

Organisation details

Name of organisation

Name of organisation:
Community Enterprise

Information about your organisation

Please add information about your organisation in the box below:

Community Enterprise provides development support and consultancy to community-led and purpose-driven organisations to help them grow, become more sustainable and deliver lasting impact for people, place and planet. As a social enterprise, we reinvest 100% of our profits into strengthening communities and the sector through long-term mentoring and capacity building. Together with Bold Studio and Breeze Digital we make up the Community Enterprise Family, bringing a breadth of expertise to support third sector organisations to thrive.

Community Enterprise has worked with communities, charities, social enterprises, public bodies and regeneration partnerships across Scotland for more than 40 years. Through strategic planning, organisational reviews, community engagement, asset transfer, service redesign and capacity-building programmes, we have observed first-hand the opportunities and barriers associated with public service reform. Our response is therefore informed not only by policy considerations but by practical experience of supporting organisations and communities seeking to improve outcomes with limited resources.

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

Please provide your response in the box provided.:

Community Enterprise welcomes the focus on public service reform and recognises the significant fiscal pressures facing the Scottish Government. However, reform should be driven primarily by improving outcomes for citizens and communities rather than by achieving short-term savings targets alone. Sustainable efficiencies are most likely to be achieved through prevention, collaboration, community empowerment, and reducing duplication across public systems. We believe that achieving efficiencies at the scale proposed within the three-year period will be challenging and may prove unrealistic unless accompanied by sustained investment in preventative approaches and transformational change.

Community empowerment should not be viewed as a mechanism for replacing public expenditure with unpaid community effort. There is an important

distinction between enabling communities to take greater control of services and assets and expecting volunteers to absorb responsibilities that were previously funded by the public sector. Successful community-led delivery requires investment in capacity building, organisational development, governance, leadership and long-term support. Without this investment there is a risk that community empowerment becomes a transfer of risk rather than a transfer of power.

The target is ambitious and there is a risk that some "efficiencies" become service reductions. If savings requirements are pursued too rapidly, there is a risk of reduced service accessibility, capacity pressures and increased unmet need. Any savings programme should therefore be accompanied by clear evidence that outcomes for citizens and communities are being maintained or improved.

Key focus areas:

- Greater collaboration and shared services across public bodies and simplification of reporting, procurement and governance processes. Procurement systems often favour organisational scale, compliance capacity and financial reserves over innovation, local knowledge and social impact. If public service reform is to support preventative and community-based approaches, commissioning arrangements must become more proportionate and better able to recognise social value and community outcomes alongside price.
- In particular, greater attention should be given to collaborative commissioning and Public Social Partnerships. These approaches can combine the innovation, flexibility and local knowledge of third-sector organisations with the investment and strategic reach of public bodies. There is considerable potential to resurrect Public Social Partnerships as a mechanism for designing services around outcomes, reducing duplication and improving value for money.
- Earlier intervention and preventative approaches that reduce future demand.
- Greater recognition of the value of the third sector in delivering flexible, community-based services that often achieve strong outcomes at lower cost than more traditional service models.
- Increased investment in community organisations whose local knowledge, volunteer contribution and trusted relationships can help public services reach people earlier and more effectively.
- Assessment of efficiencies should extend beyond financial measures and include evaluation of social outcomes, community wellbeing, service accessibility and longer-term demand reduction.

Efficiencies should not simply be sought within public bodies, but across the wider public service ecosystem. Achieving the proposed savings target will require investment in prevention, stronger collaboration across sectors and a commitment to empowering communities through adequate support, rather than transferring responsibilities without resources. Success should ultimately be measured by improved outcomes for people and communities rather than by financial savings alone.

b) What progress is being made towards achieving these efficiencies?

Please provide your response in the box provided.:

We do not have access to sufficient evidence to assess the overall extent to which the Scottish Government is achieving its stated efficiency targets. However, there are indications that public bodies are increasingly exploring shared services, service redesign and community support.

Examples include Stirling Council's Thriving Communities Framework and Edinburgh Council's Community Wealth Building procurement pilot, both of which seek to redesign how public resources are used, strengthen local economic outcomes and support more collaborative approaches to service delivery.

However, there remains a need for greater transparency regarding how efficiency savings are being measured and the extent to which reported efficiencies reflect genuine service improvements rather than reductions in service provision or capacity.

c) What are the barriers to achieving greater efficiency and how can these be addressed?

Please provide your response in the box provided.:

Key barriers include:

- Fragmented public sector structures.
- Short-term annual budgeting.
- Risk aversion and silo working.
- Duplication of reporting and assurance requirements.
- Workforce capacity constraints.
- Lack of investment in preventative services.

2 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?

Please provide your response in the box provided.:

Efficiency reporting should clearly distinguish between one-off savings, recurring annual savings, productivity improvements and service reductions.

The annual budget publication should present efficiencies in a clear and consistent format, setting out the source of each saving, whether it is recurring or non-recurring, the expected financial value, and any anticipated impact on service delivery and outcomes. This would improve transparency and allow progress to be tracked over time.

Transparency is important to ensure that claimed efficiencies reflect genuine improvements rather than reductions in service quality.

The Scottish Government should also report on the wider social impact of efficiencies and reforms. Financial savings alone do not provide a complete

picture of value. Reporting should include evidence of impacts on service outcomes, inequalities, community wellbeing, prevention, and the contribution of third-sector and community organisations.

Where efficiencies are achieved through partnership working or community-based delivery models, the social value generated should be recognised alongside financial benefits. This could include measures such as improved health and wellbeing, increased community resilience, stronger social networks, volunteer contributions, employability outcomes, and reduced demand on statutory services.

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a) To what extent is this target achievable and how will it shape public service delivery?

Please provide your response in the box provided.:

Community Enterprise believes that a workforce reduction target of 0.5% per year may be achievable in some parts of the public sector through natural turnover, service redesign, digital transformation, and improved collaboration between public bodies. However, the feasibility of achieving this target will vary significantly across different services and should not be pursued at the expense of service quality, accessibility or outcomes.

Workforce reduction should not become an objective in itself. The priority should be ensuring the right skills and capacity are available to meet public need. Reform should increasingly focus on redeploying skills towards preventative and community-facing activity rather than applying uniform workforce reduction targets. Public service transformation requires different skills, including partnership working, community engagement, co-design and systems leadership.

How this target is delivered will shape the future of public services. If linked to service redesign, prevention and greater collaboration across sectors, workforce changes could support more integrated, community-based and preventative approaches. However, if reductions are implemented without sufficient investment in transformation, there is a risk of increased workloads, reduced service accessibility and diminished capacity to respond to local needs.

There is a risk that reductions in staffing could transfer, responsibilities and risk to communities, unpaid carers and the voluntary sector. Any workforce strategy should therefore consider impacts across the wider public service ecosystem and ensure that responsibilities are not shifted without adequate resources and support.

b) What progress is being made towards achieving this target?

Please provide your response in the box provided.:

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?

Please provide your response in the box provided.:

The Scottish Government should invest in workforce development and retraining and encourage redeployment across other sectors. Any changes should be implemented in a way that maintains service quality, protects preventative and community-based services, and avoids transferring responsibilities to communities or third-sector organisations without appropriate support and resources.

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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?

Please provide your response in the box provided.:

There is currently insufficient clarity about how frontline services are defined. While the term is often used to describe staff with direct public-facing responsibilities, many roles categorised as "back office" are essential to effective service delivery, including finance, HR, data management, commissioning, community engagement and partnership coordination.

The focus should be on redesigning systems and processes rather than simply reducing administrative capacity. Poorly targeted reductions in support functions can create additional burdens for frontline staff and ultimately reduce service quality and effectiveness.

The contribution of the third sector should also be recognised in any discussion of frontline services. Many charities, social enterprises and community organisations provide direct support to individuals and communities, often reaching people earlier and more effectively through trusted relationships and locally tailored approaches. These organisations play a critical role in prevention, early intervention and community resilience and are often under-funded.

Efficiencies in back-office functions should therefore be designed to strengthen collaboration between public bodies and third-sector partners, reduce duplication of reporting and administration, and free up resources for frontline and community-based delivery. The Scottish Government should recognise that effective public services depend on strong support systems and cross-sector partnerships, not solely on protecting statutory frontline roles.

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?

Please provide your response in the box provided.:

Public sector reform should place greater emphasis on outcomes, impact and social value rather than activity and process measures. Organisations can become highly efficient at delivering outputs, but this does not necessarily demonstrate what difference they are making to people's lives and communities.

Key outcomes should include improved wellbeing, reduced inequalities, stronger and more resilient communities, earlier intervention and prevention, and greater participation by people and communities in the design and delivery of services.

Services should be designed with communities rather than for communities. Public bodies should create opportunities for people to influence decisions, shape local priorities and contribute their knowledge and experience to service design. The success of public sector reform should be measured not only by financial savings, but by whether public services improve outcomes for citizens and communities.

Page 4

a) What should the Scottish Government's priorities be under its simplification workstream and what level of savings can be achieved through this approach?

Please provide your response in the box provided.:

- Funding and reporting

Third sector organisations are often required to submit similar information in different formats to multiple funders and public agencies, creating unnecessary administrative burdens for both funders and delivery organisations. Reducing duplication through a more streamlined and proportionate reporting system could produce significant efficiency gains across both government and delivery organisations.

Multi-year funding arrangements would also reduce administrative burden, improve workforce stability, support longer-term planning, and allow organisations to focus more resources on service delivery rather than repeated funding applications and reporting requirements. Greater consistency in reporting requirements across funders would further support efficiency and accountability.

- Procurement

Procurement processes should be proportionate and designed to support innovation and community benefit. Excessively complex procurement processes can discourage participation from smaller charities, social enterprises and community organisations, limiting access to local expertise and reducing opportunities for achieving wider social value.

- Governance

Reducing unnecessary layers of approval, assurance and reporting would enable faster decision-making and better use of staff time. There should be greater trust-based approaches where organisations with a strong track record are not subject to disproportionate monitoring requirements.

While it is difficult to quantify a specific level of savings, simplification has the potential to release significant staff time and administrative capacity across both the public and third sectors. The greatest benefits are likely to come from reducing transaction costs, enabling earlier intervention, improving collaboration, and allowing resources to be redirected towards frontline and community-based services. The result should be not only financial savings but improved outcomes, stronger partnerships and increased social value.

b) What progress has been made to date with preventative budgeting?

Please provide your response in the box provided.:

Community Enterprise does not have access to sufficient evidence to assess overall progress with preventative budgeting. However, while the principle of prevention is now widely recognised across public policy, progress towards preventative budgeting remains limited. Much public expenditure continues to focus on managing acute demand rather than preventing it.

While there has been greater recognition of prevention within policy and budget discussions, investment remains heavily weighted towards addressing the consequences of disadvantage, poor health and social inequalities rather than tackling their root causes.

There are, however, numerous examples where social enterprises, community organisations and third-sector providers are already delivering preventative approaches that reduce pressure on public services. These include:

- Community hubs reducing social isolation.
- Employability projects preventing long-term unemployment.
- Befriending services and home care supporting earlier hospital discharge and reducing the risk of readmission.
- Therapy services improving wellbeing.
- Community transport reducing health inequalities.
- Community-owned assets generating local wealth and resilience.
- Social enterprises supporting vulnerable groups into training and work.

These examples demonstrate that preventative budgeting can deliver both financial and social returns. However, many preventative initiatives continue to operate with short-term funding arrangements, making it difficult to sustain impact or demonstrate long-term savings.

Greater progress will require sustained investment, multi-year funding commitments and better mechanisms for measuring the long-term social, economic and fiscal benefits of preventative interventions. The experience of social enterprises and community organisations should play a central role in

shaping future approaches to 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.

Please provide your response in the box provided.:

The forthcoming Budget should accelerate the shift from reacting to problems towards preventing them from arising in the first place. While prevention has become an increasingly prominent policy objective, funding arrangements continue to favour acute and crisis services because demand is immediate, outcomes are easier to measure in the short term, and annual budget cycles make long-term investment difficult.

A key priority should be increasing multi-year investment in preventative activity delivered by public bodies, social enterprises, charities and community organisations. This should include greater support for community-based approaches that improve wellbeing, reduce social isolation, support employability, build resilience and address the root causes of poor outcomes.

Key barriers include:

- Annual budget cycles and short-term funding arrangements that limit the sustainability of preventative interventions.
- Pressure for immediate results.
- Difficulty measuring long-term savings.
- Organisational and funding boundaries between services and sectors.

Addressing these barriers will require longer-term funding commitments, more effective approaches to measuring outcomes and social value, and greater collaboration between public bodies and third-sector organisations. The Budget should provide a clearer and more consistent framework for preventative investment, enabling resources to be directed towards activities that improve long-term outcomes and reduce future demand on public services.

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

Please provide your response in the box provided.:

The Scottish Government's approach to budget-setting should:

- Increase investment in prevention.
- Provide multi-year funding.
- Support community-led approaches.
- Develop better frameworks for measuring long-term outcomes.

Budget-setting should move beyond short-term annual funding cycles and provide greater certainty for organisations delivering public services and preventative interventions. Multi-year funding enables better workforce planning, investment in capacity, and a stronger focus on long-term outcomes rather than short-term outputs.

Budgeting systems should encourage collaboration rather than competition between organisations where this will improve outcomes, reduce duplication and deliver greater public value. Funding and commissioning approaches should support and incentivise partnership working across sectors while recognising the distinct contributions of public bodies, community organisations and social enterprises.

However, collaboration should be driven by shared purpose and complementary strengths rather than being imposed as a funding requirement. Value-led organisations should not be pressured into partnerships that compromise their mission, independence or community focus. Effective collaboration depends on trust, shared values and a genuine commitment to improving outcomes for people and communities.

The Scottish Government should therefore ensure that budget-setting and funding frameworks support both collaborative working and organisational diversity, recognising that innovative, community-rooted organisations often deliver significant social value and preventative impact that may not be reflected through traditional funding and performance measures alone.

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

Please provide your response in the box provided.:

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

Please provide your response in the box provided.:

Community Enterprise does not have sufficient information to assess how effectively learning and successful outcomes from the Invest to Save Fund are being shared across the public sector.

There should be greater transparency around the Invest to Save Fund. While the principle of providing upfront investment to support reform is welcome, it is not always clear which projects have been funded, what activities have been supported, and what outcomes have been achieved.

The Scottish Government should publish regular updates detailing how funding has been allocated, the savings generated, whether those savings are recurring, and the wider social, economic and service outcomes delivered.