



## **STUC Briefing, Public Service Reform Scottish Government Debate, June 2026**

### **Scotland's public services are at breaking point**

- Scotland's public sector workforce has not recovered from post-2010 austerity. There are 62,000 fewer public sector roles today than in 2008 and the public sector's share of total employment has fallen from 24% in 2010 to 22% today.<sup>1</sup>
- While the public sector workforce has grown more recently – particularly in the NHS and civil service – this reflects the pressures of demographic change and the transfer of responsibilities from the EU to the Scottish Government following Brexit.<sup>2</sup>
- Demographic change means public sector spending is rising across almost all developed countries.<sup>3</sup> Scotland's approach to public sector reform must begin with these facts, rather than ill-conceived notions that the public sector is bloated and requires arbitrary cuts.

### **The public do not support cuts**

- The Scottish Government's proposal to cut the public sector workforce by 0.5% a year for the next five years is estimated by the IFS and IPPR to amount to 18,000-20,000 jobs.<sup>4</sup>
- Yet the Scottish public are already dissatisfied with the state of public services. Satisfaction with the NHS has fallen from 64% in 2019 to 22% in 2024.<sup>5</sup> Dissatisfaction with council services is at a record high.<sup>6</sup> The IPPR and the Fraser of Allander Institute have both noted that cuts on the scale proposed will not be possible without diminishing public services.<sup>7</sup>
- Recent polling suggests that two-thirds of people in Scotland believe that taxes should be increased to invest in public services in Scotland, rather than cut.<sup>8</sup>

### **Politician's distinction between frontline and back-office staff is unhelpful**

- Teachers, nurses, doctors, firefighters, care workers and cleansing staff are more efficient and their work more impactful when they have the support of administrators, researchers and support staff behind them.
- Unions know from experience, for example in Police Scotland, that a focus on 'frontline staff' and a cut in 'back office' functions can leave frontline workers stuck in the back office, doing jobs that they are not qualified for, or are over-paid for.<sup>9</sup> It makes no sense to have doctors or senior nurses preparing the rota when there is an administrator who could do this job for less than half the cost.

### **Productivity increases will not fill the looming fiscal gap**

- Public services are, by their very nature, labour-intensive. This is a strength. We want social care staff to spend more than 15 minutes visiting homes to provide quality care, and we want teachers teaching small class sizes.
- However, this means slow productivity growth is an intrinsic characteristic of public services and costs will rise over time. While sectors like manufacturing can offset rising wages through increased productivity, the public sector cannot.
- To avoid a staffing crisis in essential public services, public sector wages will increase in line with more capital-intensive sectors. This is known as 'Baumol's costs disease' and is well-evidenced by historical data.

- Scotland's population is aging earlier than in the rest of the UK and this will require more investment in public services, particularly health and social care, not less.
- This is why IPPR conclude: *"To undertake financial planning on the assumption of large and sustained increases in productivity would be irresponsible"*.<sup>10</sup>

### **Public Service Reform requires investment not cuts**

- The Christie Commission recognised the lag between savings that preventative services deliver, and the initial cost of investment in those services. Unfortunately, this is not reflected in Scotland's Public Service Reform Strategy which envisages short term savings with no strategy to increase investment in preventative services.
- A proper strategy would recognise that investment in prevention requires upfront investment and parallel delivery of acute and preventative services, until savings from prevention kick in and acute services can be reduced.

### **We need to kick out the private profiteers from Scotland's public services**

- Research by the Association for Public Service Excellence (APSE), estimates that outsourcing is draining £2 to 3 billion every year from Scotland's public services through private profit and financial extraction.<sup>11</sup>
- In social care, up to £28 in every £100 leaks out of the largest private care homes in the form of profits, rent, payments to the directors, and interest payments on loans.<sup>12</sup> This is despite private sector care providers paying lower wages, having more complaints and worse staffing ratios than public and voluntary sector care providers.
- Outsourcing across Scotland's local authorities is not only increasing in real terms but significantly outstripping spend on the directly employed workforce.<sup>13</sup>
- The services that are most commonly outsourced, such as social care and soft facilities management, are overwhelmingly staffed by women. Women are therefore far more likely to be outsourced than men and are disproportionately impacted by it.
- Outsourcing is often presented as the most affordable option, but this ignores the wider costs it creates to the Scottish economy, both in terms of loss of economic value and the consequences of low pay for front line public service workers.
- Real public service reform would begin with increased tax revenue to enable public investment in preventative services, and an end to the leakage of public funds to private profit through a major programme of insourcing.

### **For further information contact:**

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<sup>1</sup> STUC analysis of statistics - <https://www.gov.scot/collections/public-sector-employment-statistics/>

<sup>2</sup> <https://www.ippr.org/articles/more-for-less-scottish-public-services>

<sup>3</sup> <https://x.com/jburnmurdoch/status/1851658431607758872>

<sup>4</sup> Holding teaching numbers constant and increasing the non-NHS administrative staff in line with recent increases implies a 1.3% reduction a year in other areas. <https://ifs.org.uk/publications/ifs-scottish-budget-report-2026-27> and <https://www.ippr.org/articles/more-for-less-scottish-public-services>

<sup>5</sup> <https://natcen.ac.uk/news/scottish-social-attitudes-survey-marks-25-years-tracking-scotlands-changing-views>

<sup>6</sup> <https://www.gov.scot/publications/scottish-household-survey-perceptions-of-local-councils-2024/pages/perceptions-of-local-councils/>

<sup>7</sup> <https://fraserofallander.org/2026-scottish-manifesto-analysis-scottish-national-party/> and <https://www.ippr.org/articles/more-for-less-scottish-public-services>

<sup>8</sup> <https://diffleypartnership.co.uk/wp-content/uploads/2026/03/WeAll-Report-March-2026-FINAL.pdf>

<sup>9</sup> <https://unison-scotland.org/service-groups-and-sectors/police/>

<sup>10</sup> <https://www.ippr.org/articles/rethinking-public-sector-productivity>

<sup>11</sup> <https://www.stuc.org.uk/resources/apse-report-for-stuc-research-on-outsourcing-final.pdf>

<sup>12</sup> <https://www.stuc.org.uk/resources/profitting-from-care-report.pdf>

<sup>13</sup> <https://www.stuc.org.uk/resources/local-government-outsourcing.pdf>