

## News release

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### Reform of public sector now urgent

**Faster reform of Scotland's public sector is needed to protect services in the long term and improve people's lives.**

The Scottish Government is facing increased costs, including a higher public sector wage bill, while the cost-of-living crisis is driving greater demand for public services. Without careful management of public finances, there is a risk that the government could overspend in 2022/23, which could have implications for future budgets.

Most of this year's budget is already committed, leaving ministers little flexibility in the short term. The government also faces difficult choices in setting the 2023/24 budget, which will be impacted by the UK Government's spending and tax decisions. Ministers will need to balance short-term necessities and longer-term priorities, particularly around the government's reform agenda.

Significant financial pressures on public services existed before the current crisis. The government has outlined how it will tackle these challenges in its resource spending review, but it has struggled to deliver reforms as planned in the past. If services are to remain financially sustainable in the future, it is vital that these latest reforms are delivered effectively.

#### **Stephen Boyle, Auditor General for Scotland, said:**

"The Scottish Government, like all governments, has to deal with the immediate challenges that external events bring.

"But to improve lives and protect services in the long run, these challenges cannot distract from the need for broad reform of the public sector.

"Balancing short and long-term demands is always a difficult task. But the significant financial pressures on Scotland's public bodies have been growing for several years, and there is now an urgent case for the reform of how services are delivered."

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#### **Notes to Editor:**

**1.** If the Scottish Government were to overspend against its budget, this money could be clawed back from the following year's budget. This would be the first such occasion since the creation of the Scottish Parliament.

**2.** The Auditor General has [previously highlighted](#) an implementation gap between the Scottish Government's ambitions for reform and delivery on the ground.

**3.** Examples of cost pressures on the public sector include approximately £700m of enhanced pay offers made to date. See Exhibit 1 for details of other rising costs.

**4.** £1.2 billion of savings and reductions to the 2022/23 budget have been announced to date. See Exhibit 2 for details.

**5.** Public service reforms included in the Scottish Government's Resource Spending Review, include the broad aim of keeping the total cost of the overall 2023/24 annual pay bill the same as 2022/23. See Exhibit 3 for the government's other proposed areas of reform.

**6.** Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

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