
Report to Clackmannanshire Council

Date of Meeting: 1 October 2026

Subject: Scottish Government Programme for Government 2026-31: Public Sector Reform Implications and Opportunity

Report by: Chief Executive

1. Purpose

1.1. The purpose of this report is to:

- summarise the key provisions of the Scottish Government's Programme for Government 2026-31;
- set out the key public service reform implications for local government;
- assess the alignment of Clackmannanshire Council's Be the Future transformation priorities, approach and current work with the stated policy direction;
- assess whether there is a case for further exploration of opportunities arising from the Programme for Government through the existing Transformation through Collaboration Programme; and
- consider the potential implications, risks and opportunities for the existing Transformation through Collaboration Programme of work with partners, including Falkirk and Stirling Councils.

1.2. The report also identifies the potential benefits, key considerations and principal risks associated with these matters whilst acknowledging that discussions and engagement are at an early stage nationally, necessitating regular future updates to Council.

2. Recommendations

It is recommended that Council agrees that:

- 2.1. the Chief Executive is instructed to engage with Falkirk and Stirling Council Chief Executives to develop a full options appraisal on the potential acceleration and evolution of the TTC Programme aligned with Programme for Government opportunity/ambition.

- 2.2. the options appraisal should build on existing TTC work, including the jointly commissioned PwC work, to prioritise opportunities for improved financial and service sustainability, outcomes, prevention, resilience, capacity, productivity and value for money, while identifying costs, implementation requirements, risks and governance implications.
- 2.3. the options appraisal should be funded from the Invest to Save funding with no requirement for additional Council budget provision at this stage.
- 2.4. the work should seek to inform national public service reform policy and identify any enabling flexibilities required.
- 2.5. authority is delegated to the Chief Executive to take forward discussions with potential partners in developing options in the interests of Clackmannanshire residents, businesses and communities.

It is recommended that Council notes:

- 2.6. the emerging national public service reform agenda is gaining traction and the Council should engage proactively in order to further influence thinking in support of delivering sustainable public services to the residents and communities of Clackmannanshire.
- 2.7. the provisions of the Programme for Government 2026-31 and its key priorities of eradicating child poverty, growing the economy, tackling the climate and nature emergencies, and strengthening the NHS and public services.
- 2.8. the Council's transformation priorities, plans and activity are positively aligned with the aims of the Programme for Government.
- 2.9. that any potential recommended changes arising from the options appraisal will be submitted to each Council for appropriate governance following full evaluation of benefits, risks and impacts
- 2.10. that Trade Unions should continue to have a meaningful role in assessing workforce impacts and shaping workforce-related proposals.
- 2.11. that the Chief Executive will continue to engage with sector partners on reform, flexibilities and potential external support.
- 2.12. that a further report on the proposed programme, governance, priorities, resources and decision gateways will be submitted to a future Council meeting.

3. Background

- 3.1. The Scottish Government's *Programme for Government 2026-31* places public service reform at the centre of delivery, emphasising prevention, outcomes, simplification, reduced duplication and more effective use of resources.
- 3.2. These statements create opportunities for local government to improve sustainability, resilience, productivity and outcomes through service redesign and collaboration. They also present risks relating to capacity, pace, funding,

governance, workforce impacts and the protection of local accountability and service quality.

- 3.3. The Council must therefore consider both the opportunities and risks as further policy, legislative and funding detail emerges. Any response should remain evidence-led, proportionate and subject to appropriate options appraisal, assurance and democratic decision-making.
- 3.4. Existing Transformation through Collaboration work with Falkirk and Stirling Councils provides a practical and positive basis for this consideration, including whether the pace, scale or scope of the programme should change.
- 3.5. The pace of national discussion on public service reform creates an opportunity for the three Councils. Those Councils that are able to demonstrate credible reform proposals are more likely to influence the future shape of local government and secure access to national support, flexibilities and investment.

4. Key Provisions of the Programme for Government 2026-31

- 4.1. The Programme for Government 2026-31 is a five-year programme, supported by annual updates aligned to the Scottish Budget. (see Appendix 1). It combines direct household support with commitments on housing, skills, transport, climate action and public service reform. Its four priorities are:
 - eradicating child poverty
 - growing the economy
 - tackling the climate and nature emergencies, and
 - strengthening the NHS and public services.
- 4.2. Child poverty is presented as the central mission, bringing together income support, reduced household costs, childcare, housing security, skills development and employability, and whole-family support. The Programme also provides for affordable-housing investment, homelessness prevention, further Housing First support and a new national housing agency.
- 4.3. The economic programme emphasises investment, productivity, skills, fair work and regional strengths, including a single National Skills Plan by spring 2027. Climate commitments link emissions reduction and adaptation with green jobs, lower costs, sustainable transport, nature protection and community resilience. Related measures address household costs, transport access, community cohesion, equalities and public protection.
- 4.4. Public service reform has the aim of improving outcomes and sustaining frontline and community-based services. There is a strong focus on early intervention and prevention, place-based whole system working, simpler and more integrated service delivery, digital and data, and empowering communities and cross-sector collaboration.
- 4.5. The headlines of the proposed reform include:
 - a reduction in Scotland's territorial Health Boards from 14 to 2 Strategic Health Boards;
 - an emphasis on prevention and community-based care with more care being

moved from hospitals to community settings, maximising care delivered in people's homes;

- changes in focus from hospital-centric care to community-centric care, from treatment-focused investment to prevention-focused investment, and from separate health and social care systems towards greater integration;

- the potential for the biggest reform agenda for local government since 1996, with an emphasis on regionalisation, prevention, integration with health and social care, community empowerment and public sector simplification:

- (i) changes to the delivery of housing services with a focus on preventing homelessness, ending unsafe temporary accommodation, early intervention and greater scrutiny;

- (ii) changes within education to further empower school leaders, in collaboration with local authorities, to raise educational standards and reduce variations in performance, along with a number of supporting changes outwith the school environment; and

- a reduction in Scotland's 130 public bodies to reduce duplication and improve efficiencies.

5.0 Public Service Reform Implications for Local Government

5.1 The Programme for Government presents public service reform as a means of improving outcomes and sustaining frontline services, rather than as a discrete efficiency exercise. For local government, this points to greater emphasis on prevention, place-based and whole-system working, simpler delivery arrangements, digital and data, and reduced duplication.

5.2 Local government's democratic mandate, statutory responsibilities and convening role provide a strong basis for reform. Opportunities include redesigning services around people and place, integrating pathways across organisational boundaries, sharing specialist capacity and securing greater resilience, productivity and value for money where collaborative or regional delivery adds value.

5.3 On 21 September the Scottish Government released further information on its proposals under the title "A Proposal For Reform Of Local Governance" (Appendix 2). The document references a view that the current structure of local government sees some authorities that are either *"too big to be local or too small to be strategic"* The proposition is that there is a need for regional authorities, alongside more decentralised community authorities.

5.4 The Government's opening proposition for discussion is that current local government arrangements are replaced with a smaller number (6 to 10) of Regional authorities focussing on strategic decision-making, with a substantial number (120-160) of Community authorities focused on local decision-making. While there may be a general model in most cases, recognising their unique status and needs, the Scottish Government proposition is that this would sit alongside bespoke solutions for island communities.

- 5.5 Community authorities would sit within the borders of Regional authorities, with the aim that Community authorities would see "burgh / county / town / district / island" authorities based on identifiable communities. For example, this could include areas such as Kilmarnock in Ayrshire, or Leith in Edinburgh, or Blairgowrie and Rattray in Perthshire, it could be townships, villages or islands.
- 5.6 According to the document, full regional authorities would focus on strategic decision-making in areas such as economic development, business support, housing, strategic planning, employability support, skills and relevant areas of transport, including Regional Transport Partnerships and potentially some functions currently with Transport Scotland. They would also be responsible for waste and cleansing; civil defence, resilience and response, provision of regulatory services; and, early learning and education.
- 5.7 Functions for Community authorities would focus on those decisions which the Scottish Government suggest are most effectively made closest to their impact, such as householder planning applications, community planning, licensing decisions, as well as management of the historic environment and open space and greenspace, the regeneration of local town centres, and the provision and maintenance of local leisure, sport and culture facilities.
- 5.8 The Scottish Government propose that councillors would continue to be elected at the current ward level, sitting on both the Community authority and on the associated Regional authority. This would improve local decision-making and enable greater strategic working. The same overall Regional administrative or corporate structures would support both Regional and Community authorities. The Scottish Government indicate that the aim is to have greater subsidiarity with more local decision making but supported by the efficiency of delivery by regional structures. Further information can be found on the proposals at Appendix 2.
- 5.9 The Scottish Government has not yet confirmed the future shape of social care services, but intend that it will engage with Cosla on this, including the future scope of social care and social work. Scottish Government advises that all options will be on the table including a single line of funding and accountability involving NHS decision making.
- 5.10 The Scottish Government intends to undertake a period of intensive engagement through to December. Further information on this is noted at paragraph 6.5.
- 5.11 It is, however, worth noting that the PfG states: *"Change is necessary and it cannot wait: if we are to deliver the modern, responsive, person-centred public services that people in Scotland expect, we need to agree the vision and turn our collective capacities to implementation."*
- 5.12 The aim of the Scottish Government is to conclude discussions in time to enable decisions and progress on change through the first Budget of this Parliament.
- 5.13 The Council should engage proactively as these proposals develop and seek to influence their design in the interests of local residents, communities, staff and other stakeholders, ensuring that trade unions have a meaningful role in proposals that may influence workforce.

- 5.14 The Council's existing transformation work is strongly aligned with the Programme for Government's reform ambitions. Be the Future Transformation Programme and Target Operating model provide the framework for service redesign, prevention, improved customer pathways, digital and data-enabled delivery, workforce flexibility and financial sustainability.
- 5.15 The Family Well Being Partnership is already applying the reform principles of prevention, pooled resources, partnership delivery and community-led change, taking a whole-system approach rather than treating services or interventions in isolation.
- 5.16 Employability activity supports inclusive growth and fair work; and the Council's asset, workforce, climate and resilience work supports sustainable, joined up use of public resources. There is already strong collaborative working with Health and Police, and the Third Sector through STRIVE, Tackling Poverty and other partnerships, including some at Forth Valley level.
- 5.17 Transformation through Collaboration, alongside the Council's Be the Future Transformation, provides a practical route for extending this alignment across Falkirk and Stirling Councils, particularly where shared capacity, common processes, regional scale or stronger resilience could improve outcomes or value for money.
- 5.18 The Council is therefore not starting from scratch. It has established programmes, governance and proof-of-concept activity on which to build. Further work should test whether current plans have sufficient pace, capacity and measurable benefits to meet Programme for Government expectations, while avoiding duplication across local, partnership/regional and national reform activity.
- 5.19 Overall alignment is positive, as summarised in Table 2, but this does not remove the need for prioritisation and assurance. The Council should maintain a clear line of sight from Programme for Government ambitions to local outcomes, budgets, workforce plans, risks and benefits; identify where national reform may require changes to existing programmes; and retain formal decision gateways before committing to material changes in services, structures or delivery arrangements.

Table 2: Alignment with Clackmannanshire's Be the Future Transformation

Theme	Alignment	Implication / required response
Child poverty and family wellbeing	Strong	The Family Wellbeing Partnership provides an existing whole-system platform to evidence impact, share learning and strengthen prevention across services and partners.
Housing and homelessness	Strong, with capacity pressures	Align supply, prevention, temporary accommodation, planning and registered social landlord partnerships. Monitor funding, workforce and delivery expectations.
Inclusive growth and community wealth building	Strong	Use regional strengths, anchor institutions, procurement and employability activity to secure local benefit and fair-work outcomes.
Public-service reform	Very strong	Align the Target Operating Model, service redesign, digital and data work, financial sustainability and Transformation through Collaboration.
Climate and resilience	Strong	Connect adaptation, emergency planning, assets, transport, planning, procurement, biodiversity and net-zero investment.
Governance and performance	Strong, with higher expectations	Create a clearer golden thread from priorities and resources to outcomes, risks and benefits. Strengthen evidence of benefits realization.

6. Transformation Through Collaboration: Approach and Potential Benefits

- 6.1 Council(s) agreed to Transformation through Collaboration work between Clackmannanshire and Falkirk Councils in November 2025, with Stirling Council subsequently joining to create a wider Forth Valley opportunity. Initial jointly commissioned work, including PwC support, informed the current governance, scoping and proof-of-concept activity. The programme does not presume service merger or transfer; it assesses whether activity is most appropriately delivered locally, regionally or nationally. This approach aligns with the Programme for Government ambition to combine regional scale with local connectivity, democratic accountability and community empowerment.
- 6.2 The Programme for Government specifically references the Transformation through Collaboration work being developed by Clackmannanshire, Falkirk and Stirling Councils, alongside collaborative reform activity across the Ayrshire councils. These examples demonstrate the Scottish Government's interest in locally led models that combine regional scale with local accountability and provide practical evidence to inform wider public service reform.
- 6.3 The three councils have recently been advised that our second joint bid to the Scottish Government's Invest to Save Fund has been approved, providing a further £1.5 million to support the TTC programme in addition to the £2m secured in 2025/26. This additional award sustains the Scottish Government's commitment to the work and provides capacity to progress the wider options appraisal and associated programme activity proposed at recommendation 2.1 and paragraph 6.9
- 6.4 Transformation through Collaboration provides an existing tri-council platform for translating the Programme for Government's reform ambitions into locally accountable delivery. Existing governance, proof-of-concept and scoping work enables Clackmannanshire, Falkirk and Stirling Councils to test whether shared capacity, expertise, systems and processes can improve outcomes,

resilience, productivity and value for money while maintaining responsiveness to local needs.

- 6.5 The Scottish Government have advised that they will undertake engagement on the PfG over a 10 week period with immediate effect. This will include dialogue with the public, community groups, local government, public sector partners, trade unions, the third sector and other key stakeholders. The purpose is to seek views on the future of local governance and to seek feedback on the proposition for local government. The Government are open to discussions both with Cosla collectively as well as individual and groups of councils. They will also hold thematic discussions on areas such as social care, education and community empowerment, which will be co-ordinated with Cosla. It is important for the Council to engage in such discussions.
- 6.6 Cosla has discussed the PfG at Council Leaders' meetings. A special Leaders' meeting was held on 11th September to enable further discussion and to hear from the First Minister. Following this meeting, Cosla issued a public statement: [Public Service Reform Must Strengthen Local Decision Making, Not Weaken It | COSLA](#)
- 6.7 In light of such developments, there is also a need for the Council, along with Clackmannanshire and Stirling Councils, to consider the longer-term vision for the Transformation through Collaboration Programme and whether this needs to be amended to accommodate the PfG.
- 6.8 Whilst national dialogue remains at an early stage, the Scottish Government are intending to move at pace on defining what and how reforms should be implemented. Any work on the Council's position therefore needs to respond to this pace, if it is to help influence the changes for local government. This must be with a particular focus on the impact on our communities, retaining the identity of the wider Clackmannanshire area within a regional body, and our ability to deliver high-quality services and support, at a local level, for our 51,610 residents (NB, the Stirling and Falkirk populations are 94,040 and 160,230 respectively, based on National Records Scotland data, June 2025).
- 6.9 To progress this, it is proposed that an external consultant be appointed to undertake an Option Appraisal on behalf of partner Councils. This could consider the options available which respond to the Scottish Government's proposals for reform and potential regionalisation. In assessing options, it could assess their benefits with a focus on the outcomes for communities, and the various risks and implications, including the financial impact of change.
- 6.10 The proposal would be for individual and/or group discussions to take place with Members and officers from the three partner Councils. From this, an objective assessment of the options including no change to the current three separate and democratic Councils through to full regionalisation with one single Council covering Forth Valley, the outcomes, and a proposed way forward could be developed. This would provide an evidence-led proposal on any preferred model for consideration, prior to any model being further developed. It would also help to inform the future development of the Transformation through Collaboration Programme.

- 6.11 Given the Scottish Government's timeline for engagement, it is important for any Option Appraisal to be undertaken by the end of the calendar year. This allows partner Councils to respond in a way which aims to enable them to influence their own future. It will, however, remain the decision of each individual Council to determine what option best meets the needs of its communities for the future.
- 6.12 The appraisal would examine the options available in respect of governance framework, organisational design and supporting structures required to deliver reform, alongside service-level opportunities. It would set out practical options, their benefits, costs, risks and implications. This aims to support objective and evidence-led scrutiny by elected members before any preferred model is developed further.
- 6.13 Any acceleration should focus on a controlled portfolio of high-value opportunities, apply consistent options-appraisal and benefits-realisation methods, address governance, workforce, finance, digital and data requirements at an early stage, and remain subject to formal decision-making by each Council.
- 6.14 The following opportunities provide the basis for further appraisal. They are not assured outcomes and will require evaluation through the full options-appraisal process:
- faster mobilisation of reform;
 - delivery of national priorities through locally accountable models;
 - improved organisational and service resilience;
 - protection and improvement of priority services;
 - greater workforce capacity and career development;
 - digital, data and process improvement;
 - stronger prevention and whole-system working;
 - economies of scale and stronger commissioning;
 - improved access to expertise and innovation;
 - a stronger regional proposition and greater strategic influence;
 - improved investment readiness and reusable collaborative capability;
 - improved financial sustainability; and
 - stronger evidence and benefits realisation.
- 6.15 The options appraisal and any subsequent business cases should distinguish clearly between cashable savings, cost avoidance, productivity gains, resilience benefits and improved outcomes.

7.0 Potential and Emerging Risks

- 7.1 The proposed options appraisal provides an opportunity to consider a broader and more sustainable reform model. It also introduces risks that will require active management. National dialogue is at an early stage, little explicit detail has been published and the anticipated 10 week period to December 2026 for reaching consensus on the direction of travel, creates a demanding timetable.
- 7.2 Some potential risks arise directly from the TTC programme; others reflect the wider national reform agenda and may change as policy, legislation and funding arrangements develop. At this stage key risks include:
- uncertainty over the future shape of local government, social care and NHS governance, with potential implications for statutory responsibilities, funding flows, accountability and local service delivery;
 - weaker local democratic accountability, community voice, connectivity or responsiveness if regional scale is pursued without clear safeguards, local influence and oversight;
 - pressure to progress reform before national arrangements, funding, enabling legislation or delivery expectations are sufficiently clear;
 - different partner priorities, timescales and risk appetites affecting progress or decision-making;
 - overstated, delayed or uneven financial benefits, including unfunded transition and implementation costs;
 - insufficient leadership, programme, professional or operational capacity to deliver change safely while maintaining existing transformation, improvement and service-delivery priorities;
 - service disruption, reduced performance or unequal locality outcomes during transition;
 - workforce uncertainty, industrial-relations impacts and loss of key skills or experience;
 - legal, statutory, procurement, information-governance, digital, data and cyber constraints that may limit or delay implementation;
 - public or stakeholder concern that options are predetermined or that reform will reduce local services;
 - dependency on arrangements that may be difficult or costly to change or exit.
- 7.3 These risks do not provide a case against appraisal. They reinforce the need for clear design principles, independent challenge, transparent engagement, staged decision gateways and evidence-led assessment of costs, benefits and impacts. Given the pace and limited national detail, regular reporting to elected members will be required as the position develops.
- 7.4 The options appraisal should therefore include clear criteria against which success can be judged, including financial sustainability, service resilience, workforce impact, governance implications, impact in our communities and value for money.

8.0 Sustainability Implications

- 8.1 The Programme for Government and the proposed acceleration support prevention, resilient public services, inclusive economic development, climate adaptation and more effective use of public resources. Individual proposals may, however, have different social, economic and environmental effects and will require proportionate assessment before implementation.

9.0 Resource Implications

- 9.1 Financial implications: This report does not approve expenditure or claim quantified savings. Subject to agreement by all partners, the options appraisal will be funded from the Invest to Save Fund, with no requirement for additional Council budget provision at this stage. The financial implications of any subsequent proposals, including programme capacity, transition costs, investment requirements, savings, cost avoidance and benefit-sharing, will be set out in future business cases and reports.
- 9.2 Staffing: The options appraisal and any subsequent programme will require proportionate programme, service, finance, legal, HR, procurement, digital, data and communications capacity. Workforce implications will vary by proposal and will be subject to engagement, consultation and relevant employment processes.
- 9.3 External support: Officers will continue to explore Scottish Government, COSLA, Improvement Service and wider sector support, including invest-to-save or other enabling funding where available.

10.0 Exempt Reports

Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

11.0 Declarations

Our Priorities

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all ☒

Our families; children and young people will have the best possible start in life ☒

Women and girls will be confident and aspirational, and achieve their full potential ☒

Our communities will be resilient and empowered so that they can thrive and flourish ☒

12.0 Council Policies

Complies with relevant Council Policies ☒

Have you attached the combined equalities impact assessment to ensure compliance with the public sector equality duty and fairer Scotland duty?

(All EFSIAs also require to be published on the Council's website)

Yes ☐

If an impact assessment has not been undertaken you should explain why:

An equality and fairer Scotland impact assessment is not required for the strategic direction proposed in this report because no service-delivery or workforce change is approved. Screening and, where required, full impact assessments will accompany future business cases and implementation decisions

14.0 Legality

The recommendations establish further development and appraisal work only. Legal advice will be required on the governance and delivery model for each material proposal, including statutory accountability, procurement, employment, data protection, decision-making and inter-authority agreements.

15.0 Appendices

Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1: Summary of Key Programme for Government elements

Appendix 2: A Proposal for Reform of Local Governance

Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☒ (please list the documents below) No ☐

Scottish Government, Ambitious for Scotland: Programme for Government 2026-31, published 1 September 2026.

Clackmannanshire Council, PfG 2026-31: Main Implications for Clackmannanshire.

Clackmannanshire Council, Transformation through Collaboration reports, updates and frequently asked questions.

Relevant Council reports on the Budget Strategy, Medium-Term Financial Strategy, Target Operating Model and Be the Future transformation programme.

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Nikki Bridle	Chief Executive	

Approved by

NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Chief Executive	

Appendix 1

Summary of Key Components of Programme for Government

Ambitious for Scotland Programme for Government 2026 – 2031

Overall Vision

- The Scottish Government sets out a five-year programme focused on four overarching missions:
 - Eradicating child poverty.
 - Growing the economy.
 - Tackling the climate emergency.
 - Strengthening the NHS and public services.

Eradicating Child Poverty

- Expand financial support for low-income families and maintain a strong social safety net.
- Reduce everyday living costs and improve housing affordability.
- End the use of unsafe and harmful temporary accommodation for children.
- Improve skills, employment opportunities and earnings for families.
- Introduce a new childcare offer covering children from 9 months old through to the end of primary school.

Growing the Economy

- Make Scotland the best place to do business by increasing investment and supporting home-grown firms.
- Increase business and investor confidence by removing barriers to growth.
- Prioritise growth sectors and strengthen regional economic development.
- Deliver economic growth that reflects the distinct strengths of different parts of Scotland.

Climate and Nature

- Accelerate action on climate change while creating green jobs and reducing costs for households.
- Ensure the transition to net zero benefits communities and the economy.
- Build resilience to the impacts of climate change already being experienced across Scotland.
- Protect landscapes, nature and environmental assets.

NHS and Public Services

- Reduce NHS waiting times and ensure no one waits more than 26 weeks for treatment.
- Improve access to GP services.
- Shift more care from hospitals into homes and local communities.
- Treat drug-related deaths as a public health emergency and intensify action to reduce them.

Children and Education

- Improve early childhood development and educational outcomes.
- Focus on attendance, attainment, behaviour and curriculum improvement in schools.
- Strengthen support to ensure children have safe and positive futures.

Safer Communities

- Improve public protection through earlier and more joined-up interventions.
- Prevent crime and reduce reoffending.
- Work towards a more sustainable prison population.

Tackling Key Social Challenges

- Continue efforts to address the cost-of-living crisis.
- Take stronger action to prevent violence against women and girls.
- Promote community cohesion and challenge antisemitism, Islamophobia and racism.

Prevention and Early Intervention

- Establish a new Prevention Unit at the centre of government.
- Invest in Social Impact Partnerships, starting with £200,000 and potentially growing to a £10 million fund over the parliamentary term.
- Strengthen support for families before birth and throughout early childhood.
- Develop a Scottish Prevention Investment Framework to prioritise preventative spending.
- Focus on preventing homelessness and helping more people into sustainable employment.

Public Service Reform

- Reform public services around citizens' needs rather than organisational structures.
- Explore a new model of regional local government alongside greater community empowerment.
- Pursue social care reform to improve efficiency, fairness and outcomes.
- Empower school leaders and simplify governance arrangements.
- Restructure the NHS by replacing 14 territorial health boards with two strategic health boards and reducing the number of special boards.

Government Efficiency

- Reduce duplication and complexity across Scotland's more than 130 public bodies.
- Increase efficiency and direct more resources to frontline services and delivery.

NATIONAL RENEWAL THROUGH PUBLIC SECTOR REFORM

A PROPOSAL FOR REFORM OF LOCAL GOVERNANCE

INTRODUCTION

The Programme for Government set out a clear necessity for public service reform at the heart of the Government's ambitions.

Our aims for reforms are to rewire the state to help improve the delivery of public services and maximise the efficient use of public spending. The case for change is pressing and urgent, requiring public services that are modern, responsive, and person-centred. Put simply, we want to deliver improved services, rather than simply preserve the existing local governance architecture.

As part of our reform ambitions the Government committed to engaging intensively with partners in relation to reform of local governance. Our aim is to find as much common ground as is possible and reach a shared direction before the end of this year about solutions so that we can move from debate to implementation, with early decisions informing the next Scottish Budget.

The Government enters this dialogue with an open mind; we do not seek to be prescriptive at this stage. However the Government recognises the need to aid discussions by setting out an initial proposition. There have been extensive discussions about reform and change over recent years, and a number of initiatives led by existing local authorities themselves. Following engagement with representatives of local government in Scotland, we are outlining in this paper the nature of fundamental reform the Government wants to consider in order to support this intensive period of dialogue and help to reach initial conclusions.

This paper is intended to be a starting point to facilitate debate and discussion with the objective of establishing a measure of shared agreement about the scale and the broad shape that reform could take.

Scotland is fortunate, because of our size, that some priorities are best delivered at a national level; others are best delivered regionally; and some at a level closer to communities. What we must now do is get that balance right, enabling us to deliver more responsive and more effective public services that meet the needs of our people and our communities.

The current model of local government has not been reviewed since devolution and the restoration of the Scottish Parliament in 1999. Increasingly our current model of governance creates anomalies and risks inconsistencies in service delivery and, ultimately, outcomes for the people we serve.

The Government's starting point is ensuring that we have the organisational capacity and capability we need at the right levels – strategic and also local – to unleash economic opportunities and achieve the ambitions of communities in all areas of Scotland. This will also mean identifying where resources can be pooled to greatest effect and most efficiently, ensuring that key services and outcomes are delivered consistently well.

STRATEGIC REGIONAL AUTHORITIES WITH LOCAL DECISION MAKING

The point has been made that the current structure of local government sees some authorities that are either too big to be local or too small to be strategic. That is why the Government believes there is a need for regional authorities, alongside more decentralised community authorities.

The Government's opening proposition for discussion is that our current local government arrangements are replaced with a smaller number (6 to 10) of **Regional authorities** focussing on strategic decision-making, with a substantial number (120-160) of **Community authorities** focused on local decision-making. While there may be a general model in most cases, recognising their unique status and needs, our proposition is that this would sit alongside **bespoke solutions for island communities**.

Community authorities would sit within the borders of **Regional authorities**, with the aim that **Community authorities** would see 'burgh / county / town / district / island' authorities based on identifiable communities. For example, this could include areas such as Kilmarnock in Ayrshire, or Leith in Edinburgh, or Blairgowrie and Rattray in Perthshire, it could be townships, villages or islands.

We would propose that councillors would continue to be elected at the current ward level, sitting on **both** the **Community authority** and on the associated **Regional authority**. This would improve local decision-making and enable greater strategic working, without the necessity of a further layer of elections or creating additional tiers of bureaucracy. The same overall Regional administrative or corporate structures would support both **Regional and Community authorities**. The aim is to have greater subsidiarity with more local decision making but supported by the efficiency of delivery by regional structures.

ACHIEVING THE RIGHT BALANCE OF POWERS

Existing local government responsibilities do not need to be the full extent of regional functions or local devolution. As part of the Government's broader commitment to streamline the public sector landscape, there are functions within existing public bodies which could be brought within the regional or local democratic sphere as part of this reform, while acknowledging that every region will have different circumstances.

We are keen to hear others' views about where the best balance of powers and functions lies. In any refreshed model of Regional and Community governance we would want to ensure that the range of functions, powers and duties in each part of the system are coherent, create impact and have the right balance between statutory duties and discretionary powers to enable regions and communities to deliver impact.

At a headline level, illustratively, we would propose that **Regional authorities** would have an enhanced role in regional economic development and business support – to enable them to make decisions and deliver projects that reflect local strengths, opportunities and ambitions. This would include housing, with some functions and responsibility shared with More Homes Scotland; strategic planning, alongside a national Planning Hub; employability support, aligned to economic development and skills with the potential for greater national commissioning and/or coordination; and relevant areas of Transport, including Regional Transport Partnerships and potentially some functions currently with Transport Scotland.

Regional authorities would also continue to assure delivery of the many vital core services which people experience daily and which are provided currently by local authorities, including the environmental services such as waste and cleansing; civil defence, resilience and response, shared with national government; provision of regulatory services; and, early learning and education aligning with our 3-18 curriculum, with some elements potentially directed more locally by **Community authorities**, while supporting empowered headteachers and schools.

At a local level in **Community authorities**, illustratively, functions and decision-making responsibility may include the planning, commissioning and delivery of joined up, community-based support that is person-centred and responsive to local need, including Whole Family Support. Functions for **Community authorities** would focus on those decisions which are most effectively made closest to their impact, such as householder planning applications, community planning, licensing decisions, as well as management of the historic environment and open space and greenspace, the regeneration of local town centres and the provision and maintenance of local leisure, sport and culture facilities.

KEY CONSIDERATIONS

The Scottish Government believes this approach would represent a fundamental strengthening of governance arrangements and ensure a much stronger approach to regional economic development, place and infrastructure, while reducing backroom duplication and putting more resources into delivering services for local people.

However, as well as ensuring a coherent set of functions, duties and powers, key issues remain which we would want to consider further, including the identification of the right geographical scope for these regions and communities.

At its core, this proposal seeks to ensure a clear link between the community and the regional, with mutual benefits each way, but comes with several options and issues to consider, including:

- This model will work well for existing, recognised communities at the appropriate scale – but that will not be the reality in every area. It will be important to ensure that people feel a sense of belonging and recognise their area as these are identified.
- Regional authorities or dual mandates would bring a significant increase in responsibilities for those Councillors and would prompt serious consideration of the appropriate remuneration and the time commitment expected of the role.
- This model must be designed in a way to ensure an interface for greater community participation, building on the strengthened community decision-making arrangements.
- There needs to be a statutory obligation on Regional Authorities to devolve appropriate functions to Community Authorities.

The scope of functions and design of Island Single Authority Models will be pursued in dialogue with those communities, which may vary by Islands to recognise their unique circumstances as part of any reform process.

EMPOWERED LOCAL AREAS AND COMMUNITIES

This model will also ensure an improved interface for greater community participation, building on the strengthened community decision-making arrangements.

Building on our local empowerment agenda which has included community wealth building, asset transfer and participatory budgeting, we envisage a strengthening of local community level decision making. This model would give local areas through community development corporations, social enterprises and other community groups the tools to articulate their priorities and to build community assets and services, working alongside the community authorities.

Democracy Matters community engagement, undertaken jointly with COSLA, has shown a real appetite across Scotland to ensure all of our towns, villages and neighbourhoods have meaningful influence and control over the way public services are designed and run. The programme also highlighted an eagerness to explore new ways of taking those decisions ensuring everyone people can have a say, such as widening the use of citizens' assemblies and participatory budgeting.

Ultimately, this approach should mean decisions are taken closer to people where that could improve local outcomes, on the services and functions most appropriate.

FUNDING ARRANGEMENTS

The Government's view is that the critical starting point will be to determine and agree the split of responsibility between community, regional, and national. This will inform the level and methods of funding most appropriate.

Consideration will then need to be given to how that funding should be distributed, reflecting different local needs, and in turn this will depend on the degree of local and regional revenue raising powers.

HEALTH AND SOCIAL CARE

Alongside local governance arrangements, the Scottish Government has also committed to using the next three months to engage with local authorities, trades unions, and healthcare and service providers to reach agreement on reform of social care.

As an existing responsibility, social care and social work must also be a part of our dialogue on reforming local government. But it also goes beyond this – how we ensure that we improve integrated support for people, and how social care interacts with primary and community health, alongside broader, related, functions such as housing and family support, not just as a standalone service. The current approach to the integration of social care services is not in all circumstances meeting the needs of people and this key question must be answered in the dialogue around reform.

Scottish Government's view is that all options for social care services and social work be considered, taking into account new organisational structures for the NHS and proposals for Regional and Community authorities.

NEXT STEPS

The Scottish Government will be an active participant in the dialogue over the coming weeks and months, ensuring that we engage broadly with a range of partners, stakeholders and communities. These proposals are set out to encourage discussion and debate and do not represent our final views on these matters, but it does indicate the scale of ambition we are looking for and the ideas we want to explore.

The expectation of the Scottish Government is that as dialogue at a strategic level continues, more detailed and specific proposals will be developed for further consideration amongst Parliament, Local Authorities and Communities.

