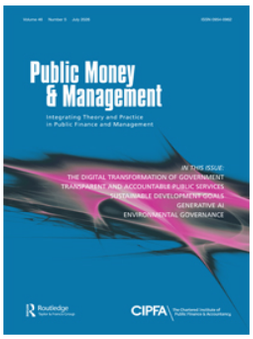

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Debate: The fiscal and political tensions of sustaining a devolved public sector workforce

Tom Montgomery

Stirling Business School, University of Stirling, UK. tom.montgomery@stir.ac.uk

Introduction

One aspect of devolution in the UK, often overlooked, is the power to create and sustain a workforce that delivers public services. In Scotland, this task is infused with an added layer of political importance. While much has been discussed, debated and critiqued around a 'Scottish approach' to policy-making (Cairney et al., 2016; Sinclair, 2024), the focus is often on wider debates around fiscal responsibility and tax-raising powers (McIntyre et al., 2023) rather than those more everyday implications of workforce planning. Nevertheless, in the aftermath of the 2026 Scottish Parliament elections, it is entirely possible that the future of the devolved public sector workforce may move centre stage.

Distinction and devolution

The Scottish Government currently navigates a context where the public sector workforce has grown significantly since the establishment of the Scottish Parliament (Auditor General, 2023). The devolved public sector workforce encompasses the devolved civil service, local government, police and fire services, as well as the National Health Service (NHS) in Scotland, along with further education colleges and other bodies. Having been in power for almost two decades, the Scottish National Party (SNP) appears to have reached a critical juncture in terms of decision-making around the delivery of public services in Scotland.

The Scottish Government has overseen the expansion of the workforce delivering public services in Scotland. This has included the establishment of a new agency for the delivery of welfare: Social Security Scotland. This agency has attracted both praise and criticism as a symbol of the commitment the Scottish Government has made to the development of a different path in the delivery of welfare. In such debates comparisons are often drawn with Westminster governments of different political compositions which have been critiqued for the way in which they have sought to roll back spending on welfare (Edmiston, 2017) and pursued policies of benefits sanctions (Wright & Dwyer, 2022).

The investment in creating a new agency for social security speaks to the very different 'social democratic imaginary' (Wiggan, 2017) that the SNP has sought to transmit to the electorate in terms of demonstrating the potential direction of social policy in an independent Scotland. Thus, any initiatives involving public service reform must be understood in the context of the fiscal and political terrain that the Scottish Government must navigate.

Pay and reform in Scotland's public sector

At the same time, using its existing devolved powers, the Scottish Government has often sought to avoid industrial conflict with public sector workers. For example, in the NHS, a pay deal in 2026 with doctors represented by the British Medical Association (BMA) avoided pay-related strike action that other parts of the UK had witnessed (Scottish Government, 2026a). While there are similarities in Edinburgh and London around some of the key features of negotiations around pay increases in the public sector workforce (Trades Union Congress, 2022; Scottish Trades Union Congress, 2024), the SNP Government has again emphasised differences in the deals it has reached with trade unions including above inflation increases (Scottish Government, 2024).

Nevertheless, despite consistent commitments to better pay deals in Scotland, the Scottish Government has simultaneously identified a looming spending dilemma on the horizon (Paterson, 2025; McCall, 2026). Consequently, the Scottish Government has in recent times committed to a strategy of public service reform (Scottish Government, 2025a). A key part of this reform has been a commitment to ensuring a redesign of service delivery and 'achieving fiscal sustainability and managing the public sector paybill' (Scottish Government, 2026b, p. 2). This relates to the Fiscal Sustainability Plan of 2025 set out by the Scottish Government which has identified a reduction in the public sector workforce as a key aspect of this strategy to ensure the sustainability of public finances. This involves a commitment to 'a managed downward trajectory for the devolved public sector workforce in Scotland (0.5 per cent per annum on average over the next five years) as part of a shift in workforce plans and operating models' (Scottish Government, 2025b, p. 8). While this same strategy affirms a commitment to protect 'front line services' and ensuring fair and sustainable pay increases for staff, it does raise questions about the future composition of the devolved public sector workforce.

A clear statement of intent following the victory of the SNP in the Scottish Parliament elections of May 2026 has been the creation by the First Minister John Swinney of a new role—the Cabinet Secretary for Public Service Reform. This role will be pivotal in driving forward changes for Scotland's

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public services and the devolved public sector workforce that delivers them.

The debate for the (new) Scottish Parliament

Whether (and how) any plans to reduce the paybill of the devolved public sector workforce are borne out remains to be seen. However, the commitment to a managed downward trajectory, in the context of an increased focus on fiscal sustainability, indicates that the SNP Government is approaching a crossroads in how it thinks about the future of the devolved public sector workforce. While the emphasis on public sector reform is not new in Scotland (Scottish Government, 2011), this fresh focus carries implications that can be summarised via two challenges: one practical and one political. The practical challenge of reform stems from any effort made to extract more efficiencies from a workforce dealing with increasing demands for services while at the same time sickness absence rates among staff are reaching record highs (Accounts Commission, 2025). The political challenge is that the Scottish Government has sought to carve out an approach to the delivery of public services and the pay deals with public sector workers that is distinctive from governments in Westminster. Maintaining that distinctiveness and avoiding industrial conflict with public sector trade unions while implementing reforms will be a difficult balancing act.

Consequently, how the Scottish Government navigates the fiscal and political tensions of sustaining a devolved public sector workforce may come to dominate the current session of the Scottish Parliament.

Disclosure statement

No potential conflict of interest was reported by the author(s).

ORCID

Tom Montgomery http://orcid.org/0000-0001-5996-6043

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Tom Montgomery is Lecturer in Work & Organisations at Stirling Business School, University of Stirling, UK. His research interests include employment relations, the future of work and public policy.