

## Audit scope

# Sustainability of public finances: the Scottish Government's approach to efficiency

AUDITOR GENERAL 

Prepared by Audit Scotland  
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## Background

The Scottish Government faces a challenging fiscal position, with a projected revenue funding gap of £2.6 billion and capital funding gap of £2.1 billion by 2029/30. It has set out plans to address this gap, through its Medium-Term Financial Strategies and its Fiscal Sustainability Delivery Plan.

Within these plans the Scottish Government has set out a three-pillar approach which focuses on prioritising public spending, growing the economy, and ensuring a strategic approach to taxation. The Scottish Government has acknowledged that, of these areas, prioritising public spending is the main way it can improve fiscal sustainability in the short- to medium-term.

In January 2026, the Scottish Government published its latest Scottish Spending Review, which sets out its spending plans to 2028/29 (and 2029/30 for capital). Importantly, the spending review also sets out efficiency and reform plans which aim to

deliver cumulative, recurring savings of around £1.5 billion over the spending review period. The plans include savings from efficiency and productivity measures, workforce reductions and service reforms.

## Why this audit is important

Achieving the planned savings in the Scottish Spending Review is critical to the Scottish Government's ability to deliver its medium-term spending plans. Beyond this, the Scottish Government needs to establish a more efficient and productive public sector to secure longer-term sustainable public finances and public services which meet the changing needs of the people of Scotland.

Following the May 2026 Scottish Parliament elections, new ministers and members of parliament will continue to face difficult choices to address the challenging outlook for Scotland's public finances. These choices must be supported by robust and effective plans.

## What this audit will look at

This audit will assess the Scottish Government's planning and delivery of efficiencies and productivity as part of its approach to fiscal sustainability.

The audit aims to answer the following questions:

- What is the scale and profile of planned efficiencies and productivity savings, and the expected contribution of these to the Scottish Government's medium-term financial position?
- To what extent is the Scottish Government providing effective planning, oversight and leadership of its efficiency and productivity plans?
- How well placed is the Scottish Government to deliver its efficiency and productivity plans?

The audit will consider the efficiency and productivity plans and arrangements set out by the Scottish Government. While the audit may reference individual or sector specific programmes, it will not consider these in detail.

We have reported on other aspects of the Scottish Government's approach to fiscal sustainability, including [The Scottish Government's workforce challenges](#), [Fiscal sustainability and reform in Scotland](#), and [Financial sustainability and taxes](#). This audit will build on findings from these reports and follow up relevant recommendations.

## How we will carry out this audit

We will review publications and data from the Scottish Government, including budget documents, fiscal plans and strategies, and management documents. We will interview

officials from the Scottish Government and speak to other stakeholders who are involved in the planning, delivery or assessment of public sector efficiencies.

We will also draw on intelligence and findings from other audit work where this relates to efficiency and productivity in specific sectors or individual services.

## What we want to happen as a result

This audit will provide assurance to the Scottish Parliament and the public on the Scottish Government's performance in this significant area of risk for Scottish public finances.

We will make recommendations to support improvement in the Scottish Government's planning and delivery of efficiencies and productivity measures, the transparency of its reporting, progress to date, and its management of key risks. We will also highlight areas of good practice to share learning and support ongoing improvement.

## Timetable

We plan to publish the report on behalf of the Auditor General for Scotland in May 2027.

Following publication, the Auditor General will present our findings to the Scottish Parliament.

## Contact

If you have questions about this audit, please contact our communications team on [media@audit-scotland.gov.uk](mailto:media@audit-scotland.gov.uk).

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