



Report to Partnership Meeting 11 September 2026

CONSULTATION

Public Service Reform – Transport Governance

Purpose of Report

To update Members on the Scottish Government's Public Service Reform agenda and its potential implications and opportunities for regional transport governance and delivery.

The report also advises Members of the HITRANS response submitted to the Scottish Parliament Public Service Reform Committee's Call for Views as part of its Pre-Budget Scrutiny 2027-28 and seeks homologation of that response, which is attached as Appendix 1.

Background

The Scottish Government has identified Public Service Reform as a significant priority for the current Parliamentary period, with an emphasis on improving efficiency, prevention, collaboration and simplification of public service delivery.

For HITRANS, this presents an important opportunity to consider how transport services and programmes can contribute to the wider reform agenda.

Transport responsibilities are currently distributed between Scottish Government, Transport Scotland, Regional Transport Partnerships, local authorities and other public bodies. Many transport functions also operate across administrative boundaries and require collaboration between different organisations.

Public Service Reform therefore provides an opportunity to consider whether functions are being undertaken at the most appropriate level, applying the principle of subsidiarity rather than advocating organisational change for its own sake.

National government will continue to have an essential role in setting policy, legislation, national standards and strategic investment priorities. Equally, many transport functions are appropriately led and delivered locally by Councils.

However, there are functions and programmes which naturally operate across local authority boundaries or benefit from economies of scale, specialist expertise and coordinated programme management. Regional Transport Partnerships provide an established statutory mechanism through which these activities can be undertaken.

Regional Transport Governance

The current discussion builds upon previous consideration of transport governance undertaken through the development of the National Transport Strategy.

The National Transport Strategy Transport Governance Working Group, supported by independent consultants Jacobs, identified opportunities to strengthen regional transport governance and concluded that further work should be undertaken to develop an implementable regional model.

The Public Service Reform agenda provides an appropriate opportunity to revisit this work and consider where Scotland's existing Regional Transport Partnerships can contribute to more efficient and effective public service delivery.

This should principally be an evidence-led consideration of where functions are best delivered, rather than a presumption that responsibilities should either remain centralised or automatically transfer to another tier of government.

HITRANS considers that there is particular merit in examining functions which:

- operate across local authority boundaries;
- require scarce specialist expertise;
- benefit from economies of scale;
- require integration between different transport modes;
- involve regional investment programmes; or
- would benefit from closer alignment with regional economic, spatial and public service priorities.

Existing Regional and Shared Service Delivery

There are already strong examples demonstrating the ability of regional and collaborative arrangements to improve efficiency while retaining local accountability.

Public Transport Information Shared Service

HITRANS delivers a Public Transport Information Shared Service across its five constituent Council areas.

This enables specialist expertise to be coordinated regionally rather than replicated separately within each authority, providing greater resilience, consistency and economies of scale while supporting improved information for passengers and operators.

This provides a practical example of Public Service Reform being delivered through sharing capacity rather than simply reducing it.

Electric Vehicle Infrastructure Fund

HITRANS also leads delivery of the Electric Vehicle Infrastructure Fund programme covering Shetland, Orkney, the Western Isles and Argyll and Bute.

Regional programme management allows specialist technical, procurement and project-management expertise to be established once and deployed across several local authority areas.

A similar collaborative approach has been adopted through the EVIF partnership involving Highland Council, Moray Council, Aberdeenshire Council and Aberdeen City Council.

These approaches demonstrate the benefits available from pooling specialist capability while individual Councils retain control over their local priorities.

Roads Collaboration

There are also opportunities to explore greater collaboration in roads functions.

HITRANS and Nestrans have been considering opportunities for collaboration across their respective areas. Roads services face particular pressures around specialist workforce capacity, resilience and procurement, and there may be opportunities to develop shared arrangements where these can improve service outcomes and value for money.

Regional collaboration does not require the removal of local authority responsibility. It can instead provide additional capacity and resilience to support Councils in exercising those responsibilities.

Funding Reform and Multi-Year Delivery

A significant issue highlighted in the HITRANS submission to the Public Service Reform Committee is the impact of single-year funding arrangements.

Annual settlements can prevent delivery organisations from taking decisions that would provide better long-term outcomes.

For example, where Regional Transport Partnerships receive funding for sustainable transport or access-to-employment interventions, multi-year certainty would enable HITRANS and partner Councils to identify gaps in the public transport network and develop targeted interventions to address them.

It is considerably more difficult to support a new or enhanced public transport service where funding is available for only one year. Introducing a service creates an expectation amongst passengers and employers that it will continue, and it would be irresponsible to establish a service without reasonable confidence that funding could be sustained if the intervention proves successful.

Similar challenges apply to infrastructure.

In 2025/26, HITRANS received approximately £1 million through the Active Travel Infrastructure Fund Tier 2 programme in late November 2025 for construction of an active travel route in South Uist, with expenditure required by the end of March 2026.

The project was successfully delivered, but the compressed timetable illustrates how annual funding can place unnecessary pressure on public-sector partners, communities and contractors and can result in programmes being shaped around financial-year deadlines rather than the timescales most likely to deliver the best outcomes and value.

Multi-year settlements would allow HITRANS and partner Councils to establish investment pipelines, undertake procurement more efficiently and make longer-term decisions based on regional priorities.

Public Service Reform and Prevention

Transport should also be recognised as an important contributor to preventative public spending.

Access to reliable transport supports employment, education, healthcare, independent living and participation in community life. Inadequate connectivity can conversely create additional demand elsewhere within the public sector.

The emerging Highlands and Islands Health and Transport Action Plan provides one example of how closer coordination between transport and health partners can improve the planning and delivery of services across organisational boundaries.

Public Service Reform should therefore assess transport investment not only through direct transport outputs but through the wider public value and avoided costs it can create.

Highlands and Islands Air Connectivity

The HITRANS submission also identifies Highlands and Islands aviation as an example of where Public Service Reform could encourage a more integrated approach.

Public support currently contributes to airport infrastructure and operation, Public Service Obligation air services and the Air Discount Scheme through separate mechanisms.

There is an opportunity to consider how these interventions collectively support a regional connectivity network and whether existing public investment can be better aligned with wider outcomes including:

- access to healthcare and public services;
- education and employment;
- business connectivity;
- population retention;
- resilience of island and remote communities; and
- sustainable economic growth.

This does not presume a particular future governance or funding model. Rather, HITRANS considers that Public Service Reform provides an opportunity to examine whether existing arrangements collectively deliver the greatest possible public value.

Workforce and Regional Capacity

Public Service Reform also has implications for public-sector workforce planning. HITRANS supports approaches based upon service redesign, natural turnover, collaboration, shared specialist expertise and digital transformation rather than arbitrary reductions in staffing.

Regional shared services can help reduce duplication while retaining scarce professional capacity.

There is also an opportunity to consider the geographical distribution of public-sector employment. Digital and hybrid working increasingly allows specialist national roles to be located closer to the communities and services they support.

For rural and island Scotland, decentralisation of suitable roles could improve understanding of local circumstances and decision-making while distributing the economic benefit of public-sector employment more widely.

HITRANS Response to the Public Service Reform Committee

The Scottish Parliament Public Service Reform Committee invited submissions as part of its Pre-Budget Scrutiny 2027-28.

A HITRANS response was prepared and circulated to Partnership Members ahead of the submission deadline of 14 August 2026.

The final response is attached at Appendix 1.

The submission emphasises a number of key principles:

- Public Service Reform should improve outcomes rather than simply reduce expenditure.
- The principle of subsidiarity should inform decisions about whether functions are best delivered nationally, regionally or locally.
- Scotland should make greater use of existing regional governance arrangements where these can reduce duplication and improve delivery.
- Shared services provide opportunities to retain specialist capacity while improving efficiency.
- Multi-year funding is essential where meaningful preventative interventions require medium- or long-term commitment.
- Funding and reporting requirements should be proportionate to programme value and risk.
- Public Service Reform should recognise the wider economic and social value created by transport.
- Improved and standardised data should support transparent and evidence-led decision-making.

The submission also invites the Committee to consider HITRANS for any subsequent oral evidence or further engagement arising from its inquiry.

Next Steps

The Scottish Government's Public Service Reform programme is expected to continue to develop over the current Parliamentary period.

HITRANS will continue to engage with Scottish Government, Transport Scotland, COSLA, partner Councils, other Regional Transport Partnerships and wider public-sector partners to identify opportunities where transport can contribute to more effective and efficient public service delivery.

This will include continued work on shared services and regional collaboration, together with engagement on the future funding and governance of transport programmes.

A wider discussion between Regional Transport Partnerships is also underway on the contribution that strengthened regional transport governance could make to Public Service Reform.

Item 21 on the agenda advances some initial officer thoughts on this and further reports will be brought to the Partnership as this work develops and where specific proposals require Member consideration.

Recommendations

Members are invited to:

1. Note the Scottish Government's continuing focus on Public Service Reform and the potential implications and opportunities for transport governance and delivery.

2. Note the opportunities for greater use of regional and shared-service delivery where this accords with the principle of subsidiarity and can improve outcomes, efficiency and resilience.
3. Homologate the HITRANS response to the Scottish Parliament Public Service Reform Committee's Pre-Budget Scrutiny 2027-28 Call for Views, attached as Appendix 1.
4. Support continued engagement with Scottish Government, Transport Scotland, COSLA, other Regional Transport Partnerships and partner Councils on the role that regional transport governance and collaborative delivery can play within Public Service Reform.

Risk Register

RTS Delivery

Impact: Positive

A stronger focus on regional and collaborative delivery could assist implementation of the Regional Transport Strategy through improved coordination, programme management and alignment of investment.

Policy

Impact: Positive

Engagement in Public Service Reform provides an opportunity for HITRANS to influence future transport governance and funding arrangements and ensure that the particular requirements of rural and island communities are reflected.

Financial

Impact: Positive / Neutral

Regional shared services and multi-year programme management have the potential to reduce duplication and improve value for money. Any transfer or expansion of responsibilities would require appropriate resources to accompany those responsibilities.

Equality

Impact: Positive

More integrated regional transport planning and longer-term funding arrangements have the potential to improve accessibility to employment, education, healthcare and essential services, particularly for rural and island communities.

Report by: Ranald Robertson
Designation: Partnership Director
Date: 21 August 2026
Background: Appendix – Report Submitted following Email Consideration

APPENDIX

HITRANS Response to the Public Service Reform Committee – Pre-Budget Scrutiny 2027-28

1a. To what extent are the Scottish Government's proposed efficiency savings achievable and how will they shape public service delivery?

The proposed efficiencies are achievable where they are delivered through genuine service reform rather than simply reducing budgets. The greatest opportunities lie in reducing duplication, simplifying governance, sharing specialist expertise and ensuring services are delivered at the level best placed to achieve outcomes, applying the principle of subsidiarity.

Within transport, Scotland already has statutory Regional Transport Partnerships which provide an existing mechanism for regional collaboration. Building on established governance arrangements, rather than creating new structures, offers opportunities to improve efficiency whilst maintaining or improving service quality.

If efficiencies are achieved primarily through budget reductions, there is a risk that costs are simply transferred elsewhere within the public sector through reduced accessibility, poorer connectivity and increased demand for other services.

1b. What progress is being made towards achieving these efficiencies?

HITRANS cannot comment on progress across the whole public sector but has demonstrated locally that collaborative regional delivery can improve efficiency, reduce duplication and strengthen delivery capacity.

The Public Transport Information Shared Service we provide across our five Council areas provides a practical example. By coordinating public transport information functions regionally on behalf of partner authorities, specialist expertise can be shared rather than replicated separately within each organisation. This reduces the staffing requirement that would otherwise arise from maintaining equivalent capacity across multiple authorities, provides greater resilience and consistency, and enables smoother and more coordinated delivery for passengers and operators.

A similar approach has been taken through delivery of the Electric Vehicle Infrastructure Fund programme on behalf of Councils. Regional programme management allows specialist technical, procurement and project-management capacity to be developed once and deployed across several local authority areas. This avoids each authority having to establish and resource separate delivery arrangements, reduces duplication in programme administration and helps provide a more consistent approach to procurement, delivery and engagement with the market. HITRANS leads the EVIF project covering Shetland, Orkney, Western Isles and Argyll & Bute. A similar approach to collaboration has also been delivered by local authorities including the collaboration between Highland, Moray, Aberdeenshire and Aberdeen City Councils.

These examples demonstrate that regional shared-service models can generate efficiencies not simply through reducing staff numbers, but by concentrating specialist capacity at the scale where it can be used most effectively. They can provide greater resilience, smoother programme delivery and economies of scale while retaining local democratic accountability and ensuring

that individual Council priorities continue to shape delivery. There is significant potential to apply this model more widely where specialist functions or programmes naturally operate across local authority boundaries.

Our emerging Health and Transport Action Plan for the Highlands and Islands offers another opportunity to improve coordination and efficiency of service delivery across to complex sectors

1c. What are the barriers to achieving greater efficiency and how could these be addressed?

The principal barriers are fragmented funding, annual budget settlements, multiple competitive funding streams and duplicated reporting requirements.

Single-year funding is a particular obstacle to efficient service delivery. While it provides flexibility for Government, it limits the ability of delivery organisations to plan strategically, develop interventions with partners and commit responsibly to services or infrastructure where delivery extends beyond a single financial year.

HITRANS' current Transport to Employment funding provides a practical example. With multi-year funding certainty, HITRANS and its partners could take a laser-focused approach to identifying specific gaps in the transport network that prevent people from accessing employment and develop targeted interventions, including supporting new or enhanced transport services where these would address an identified need. This is considerably more difficult with single-year funding. Establishing a new service involves a start-up commitment and creates an expectation among passengers and employers that the service will continue. Where there is no certainty of funding beyond the first year, there is a significant risk that a successful service could have to be withdrawn just as it becomes established. This constrains the interventions that can responsibly be supported and can prevent investment in solutions capable of delivering better long-term employment and economic outcomes.

The same issue arises with capital programmes. Under the Active Travel Infrastructure Fund Tier 2 programme, HITRANS received approximately £1 million in late November 2025 to construct a new active travel route in South Uist, with expenditure required by the end of March 2026. HITRANS and its partners successfully delivered the investment within that exceptionally compressed period, but doing so was considerably more challenging than would have been necessary with earlier confirmation and a longer-term funding settlement.

The practical delivery period for annual funding is therefore often considerably shorter than 12 months. Late confirmation places pressure on limited public-sector, community, partner and contractor capacity and can result in projects being shaped around funding deadlines rather than the programme and timescale that would deliver the best outcomes and value for money. The fact that funding can be spent within a compressed financial window should not in itself be regarded as evidence of efficient delivery.

A multi-year approach to sustainable and active travel funding would enable HITRANS to work with its partner Councils to identify regional priorities, develop an agreed pipeline of investment and programme design, procurement and construction over appropriate timescales. This would allow resources to be deployed more efficiently, provide greater certainty to delivery partners

and supply chains, and enable investment to be prioritised according to where it can achieve the greatest impact rather than where it can most readily be delivered before the end of a financial year.

Repeated competitive funding processes also create a significant administrative burden for applicants and funding bodies. Application, appraisal, monitoring and reporting requirements should be proportionate to the value and risk of the funding and the scale of the outcomes being sought. Where relatively modest programmes involve multiple administrative layers or disproportionately complex requirements, transaction costs reduce the resources and capacity available for frontline delivery.

There is therefore an important distinction between seeking efficiencies within individual public bodies and reforming the funding and administrative systems within which those bodies operate. Multi-year settlements, earlier funding decisions, proportionate assurance requirements, simplified reporting and fewer fragmented competitive funds could themselves reduce costs, release capacity and enable better outcomes from existing levels of public investment.

2. How should efficiencies be presented in future Scottish Budgets?

Future Budgets should distinguish clearly between recurring savings, one-off savings, productivity improvements, cost avoidance and reductions in expenditure.

Efficiency reporting should also be linked to service outcomes so that Parliament can judge whether reforms have genuinely improved public services rather than simply reduced spending.

3a. To what extent is the Scottish Government's workforce reduction target achievable and how will it shape public service delivery?

Workforce reductions should be achieved through service redesign, natural turnover, collaboration and digital transformation rather than arbitrary staffing reductions.

The emphasis should be on ensuring the public sector has the right skills and capacity to deliver services effectively. Regional collaboration and shared specialist expertise can improve resilience whilst avoiding unnecessary duplication. There should be a focus on local deployment of existing capacity where it can help improve decision making and help support local economies.

Workforce reform should also consider opportunities to decentralise public-sector employment and locate roles closer to the communities and service areas they support. This can strengthen understanding of local circumstances and improve decision-making through greater direct experience of the communities being served, while distributing the economic benefits of public-sector employment more widely across Scotland. An example of this is in the lack of deployment of staff involved in the delivery of Scottish Government ferry contracts to the areas served by ferries. The rationale for basing people in the central belt rather than Stornoway, Kirkwall or Oban is difficult to justify from the perspective of the islands who depend on those ferry services.

Digital and hybrid working, combined with better use of the existing public-sector estate, creates opportunities to achieve this without replicating organisational structures or increasing overheads.

3b. What progress is being made towards achieving workforce reductions?

HITRANS is not in a position to comment on national progress.

However, transparent reporting on workforce changes, associated savings and impacts on service delivery would assist Parliament in assessing whether workforce reform is improving public service performance.

4. How should workforce reductions be managed?

Priority should be given to natural turnover, redeployment, retraining and sharing specialist expertise across organisations.

Care should be taken not to reduce the professional capacity required to deliver reform. There needs to be recognition that stretched workforces are invariably least able to implement necessary changes or improvements. Small organisations and rural and island authorities can be particularly affected by the loss of specialist staff, making collaborative regional approaches increasingly important.

Regional shared-service arrangements offer a practical way to achieve workforce efficiencies without losing specialist capability. HITRANS delivery of the Public Transport Information Shared Service and the Electric Vehicle Infrastructure Fund programme demonstrates how expertise can be pooled across several partner authorities, avoiding the need to duplicate specialist posts and programme-management capacity in each organisation while supporting consistent and resilient delivery across the region.

5. What should be considered a frontline service?

Greater clarity is required over what constitutes a frontline service.

Many enabling functions, including engineering, procurement, programme management, digital systems and public transport information, directly support frontline delivery and should not automatically be regarded as administrative overheads.

Public Service Reform should therefore focus on reducing duplication rather than reducing capacity that enables frontline services to operate effectively.

6. Beyond financial savings, what outcomes should Public Service Reform achieve?

Public Service Reform should improve outcomes for citizens rather than focusing solely on reducing expenditure.

Success should be measured through improved accessibility, stronger regional economies, better integration of services, reduced inequalities, improved access to employment, education and healthcare, greater resilience and more sustainable public services.

Transport is an enabling service that supports delivery across many areas of government and should increasingly be viewed in terms of the wider public value it creates.

7a. How can public services be simplified?

Simplification should focus on applying the principle of subsidiarity so that responsibilities are delivered at the national, regional or local level according to where they can be delivered most effectively.

For transport, this means making better use of existing Regional Transport Partnerships where services naturally operate across local authority boundaries, while retaining national leadership for strategy, legislation and investment, and local responsibility where decisions are best taken at community level.

Simplification should also include reducing fragmented funding programmes, streamlining reporting requirements and expanding shared services where appropriate.

7b. What progress has been made towards preventative budgeting?

Whilst there has been increasing recognition of prevention, annual funding cycles and organisational funding boundaries continue to limit progress.

Transport provides a good example of preventative investment by improving access to employment, education, healthcare and essential services whilst reducing social isolation and supporting economic participation.

However, preventative interventions often require sustained investment over several years to realise their full benefits.

7c. How should future Budgets support preventative spending?

Future Budgets should support preventative spending through multi-year funding settlements, greater flexibility across portfolios and outcome-based funding.

Providing greater funding certainty would enable delivery organisations to invest in longer-term interventions that reduce future demand on public services.

One example is Highlands and Islands aviation. Existing public investment supports airports, Public Service Obligation services and the Air Discount Scheme through separate arrangements. Public Service Reform provides an opportunity to review these collectively as part of a regional connectivity strategy that focuses on improving access to healthcare, education, employment and sustainable economic growth.

Similarly, multi-year funding for regional sustainable transport programmes would allow Regional Transport Partnerships and local authorities to plan services with confidence, providing sustainable solutions to identified transport needs rather than relying on short-term interventions.

7d. How should the Budget-setting process change?

The Budget should place greater emphasis on long-term outcomes by:

- providing multi-year funding where appropriate;
- reducing reliance on competitive bidding;
- simplifying funding arrangements;
- supporting collaborative regional delivery; and
- recognising the wider benefits of preventative investment across public services.

This would improve planning, reduce administrative costs and provide greater certainty for delivery partners.

8a. How should the Invest to Save Fund be used?

The Fund should continue to support projects that generate long-term efficiencies and improve public service outcomes.

Alongside digital innovation, it should support shared services, collaborative programme delivery and organisational change that delivers sustainable improvements rather than short-term savings.

8b. How should learning from successful projects be shared?

Successful projects should be evaluated consistently and learning shared across the public sector so that proven approaches can be adopted more widely. However, evaluation and reporting requirements should be proportionate to the value, risk and scale of the intervention. A small local project should not carry the same reporting burden as a major national programme.

A scalable and standardised approach, using concise project summaries, common outcome measures and accessible open data where appropriate, would allow learning to be shared without creating another administrative process. Existing regional partnerships, collaborative

networks and practitioner communities should be sustained and strengthened as mechanisms for sharing good practice, reducing duplication and accelerating innovation.

Decision-making should be based on robust, transparent data. Improvements are needed in the standardisation of data collection and in how data is retained and shared through open-data platforms.

HITRANS thanks the Committee for the opportunity to contribute to this important inquiry and would welcome the opportunity to provide further evidence should that assist the Committee's work.