



ORKNEY
ISLANDS COUNCIL

Item: 16

Policy and Resources Committee: 22 September 2026.

Public Service Reform – Update.

Report by Chief Officer, Orkney Health and Social Care Partnership.

1. Overview

- 1.1. This report presents an update on Public Service Reform, for members' information.
- 1.2. NHS Orkney and Orkney Islands Council are currently addressing a combined annual deficit of approximately £26 million. This represents an unsustainable financial position, which is exacerbated by ongoing demographic changes and public protection pressures, which mean that securing more efficient joined up service provision is the best option for sustaining public services in Orkney.
- 1.3. The Scottish Government's Programme for Government 2025/26 included a pledge, by the end of the current Parliament, to publish: "Preferred models for Single Authority Models in Argyll and Bute, Orkney and Western Isles that have been developed jointly by local government and health and enable a shift towards prevention. This will include a plan and timeline for implementation, with at least one area transitioning to shadow arrangements".
- 1.4. The Scottish Government has offered to support Orkney, through Orkney Islands Council, with £300,000 of funding from its Invest to Save Fund, to support capacity to work with partners on a public service reform model for Orkney.
- 1.5. The Scottish Government had set a number of deadlines for submission of work. The Scottish Government had also intimated that it expected Orkney Islands Council to liaise with the Integration Joint Board and NHS Orkney and submit a detailed reform model by 12 December 2025.
- 1.6. Members will recall that, on 9 December 2025, the Council was presented with the Public Service Reform – Orkney's Routemap to Reform for approval which highlighted the established principles to guide the focus of the work.
- 1.7. These principles are:
 - There must be benefit to the community. Public Service Reform must deliver clear and measurable benefits to the community.

- Accountability to the Orkney community. The decision-makers of services to the public will be fully and transparently accountable to the people of Orkney.
- Understanding of the national situation. Local models of service delivery will relate to and work effectively with regional and national models.
- Reduced duplication. Key objectives will be to improve efficiency, pool resources, streamline bureaucracy and improve cohesion across Orkney's public services.

2. Recommendations

2.1. It is recommended that members of the Committee:

- i. Note the work undertaken by the Council and its partners to date in progressing work around the Public Service Reform agenda.

3. Key Highlights

- 3.1. The Steering Group have continued to meet on a regular basis since the last highlight report to Board was provided. The frequency of these meetings has just recently increased from every three weeks to twice a month.
- 3.2. As Members will recall, the Public Service Reform Event was held at the St Magnus Centre on 8 June 2026 which brought together NHS Orkney, Integration Joint Board and Elected Members along with senior leaders across both NHS Orkney and Orkney Islands Council. The day was facilitated by John Sturrock KC and had input from a range of local leaders as well as the Auditor General and Chair of the Accounts Commission. While some of those in attendance had reservations, feedback from the day was overwhelmingly positive with invitees being asked to make a pledge on what they will do to progress Public Service Reform in Orkney.
- 3.3. One of the outputs from the Public Service Reform Event was to draft an action plan. This has now been reviewed and honed with clear SMART target dates identified.
- 3.4. Adverts are now open for a Project Manager and Project Officer to support the work, and the Chief Executives of NHS Orkney and Orkney Islands Council alongside the Chief Officer are exploring what further leadership support will be required to accelerate progress.
- 3.5. Officer discussions with local leaders and Scottish Government continue monthly as Government prepares to announce its new Programme for Government in early September 2026.

- 3.6. The first Joint NHS Orkney and Orkney Islands Council Corporate Leadership Team/Executive Team Meeting was held on 13 July 2026 at the Harbour Authority Building. Further dates are organised to build on initial conversations.
- 3.7. On 12 August 2026, the Chief Officer met with the Head of Facilities, NHS Orkney, and the Service Manager (Fleet), Orkney Islands Council, to initiate discussion for potential collaboration within their remits.
- 3.8. Leaders across the organisations are looking at how to progress Public Service Reform in Orkney such as organising meetings with NHS and Council staff where opportunities arise or where there are challenges being faced in one organisation where the other organisation may be able to assist.
- 3.9. The Steering Group had a scheduled facilitated session with John Sturrock on 4 September 2026, and a follow up session for November which is being organised at the time of writing this report.

For Further Information please contact:

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Implications of Report

1. **Financial:** Significant analysis would be required to assess the financial impacts of the Routemap to Reform and any proposals impacting operating structures that may be agreed in the future. Delivery of actions developed from the 8 June Public Service Reform event is required to be met from existing budgets, ideally from the £300,000 provided by the Scottish Government for this purpose. The Project Manager and Project Officer, and associated costs, should also be funded through this funding source.
2. **Legal:** There are no immediate legal implications directly arising as a result of this report.
3. **Corporate Governance:** Not applicable.
4. **Human Resources:** Public Service Reform does not create any immediate HR changes or implications at this stage as it only outlines principles to be applied to the exploration of greater collaboration and ways of working between public sector partners in Orkney. As exploration of opportunities to work differently arise, full consideration of the impact on staff will require to be analysed and set out. In addition, two posts have been created with the Invest to Save funding to support the partners with the transition process.
5. **Equalities:** Not applicable.
6. **Island Communities Impact:** Not applicable.

- 7. Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
- ☐ Growing our economy.
 - ☒ Strengthening our Communities.
 - ☐ Developing our Infrastructure.
 - ☒ Transforming our Council.
- 8. Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
- ☒ Cost of Living.
 - ☒ Sustainable Development.
 - ☒ Local Equality.
 - ☒ Improving Population Health.
- 9. Environmental and Climate Risk:** Not applicable.
- 10. Risk:** Not applicable.
- 11. Procurement:** Not applicable.
- 12. Health and Safety:** Not applicable.
- 13. Property and Assets:** Not applicable.
- 14. Information Technology:** Not applicable.
- 15. Cost of Living:** Not applicable.

List of Background Papers

[**Item 14 Public Service Reform, General Meeting of the Council - 9 December 2025.**](#)