

Clare Haughey MSP
Convener
Health Social Care and Sport Committee
The Scottish Parliament
By email to: HSCS.committee@parliament.scot

13th January 2025

Dear Clare

Pre-Budget Scrutiny 2026-27

I thank you for the Health, Social Care and Sport Committee pre-budget scrutiny report which you published on 31 October 2025. In it you outlined a series of recommendations focussed on mental health funding, spending priorities, improving data transparency, and promoting prevention and evidence based decision making. I am pleased to provide responses to the Committee's questions, which you will find within the Annex to this letter.

The Committee will be acutely aware of the challenges we collectively face within the 2026-27 financial year. The Health and Social Care portfolio is facing significant pressure that necessitates a series of difficult choices. It is within this challenging environment that we must nonetheless deliver an accessible health service free at the point of use and deliver our vision for health and social care.

The Scottish Government recognises that a wide range of public spending contributes to health and mental wellbeing outcomes. It remains committed to improving transparency through frameworks such as the Service Renewal Framework, Population Health Framework, enhanced costing systems, and modern prioritisation tools. These measures aim to ensure that investment decisions are aligned with strategic objectives and deliver maximum value.

I would like to thank the Committee once again for its letter, and for its continued scrutiny of this incredibly important area. I look forward to continuing to engage with the Committee and hope you have found this response useful.

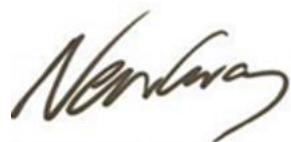
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Your sincerely



NEIL GRAY

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Annex A – Response to HSCS Committee Recommendations

Spending Priorities

Committee Recommendations

- While acknowledging there is general support for the priorities set out in the Scottish Government's Mental Health and Wellbeing Strategy and accompanying Delivery Plan, the Committee regrets that it remains very difficult to identify links between those priorities and how mental health budgets are spent.
- The Committee considers there may be opportunities to make those links through the Population Health Framework and the Service Renewal Framework. It calls on the Scottish Government, in responding to this report, to provide additional data to illustrate how and to what extent expenditure of budgets for mental health can be linked back to the priorities identified in the Mental Health and Wellbeing Strategy.
- Following its initial pilot of PBMA approaches to budget prioritisation, the Scottish Government decided not to pursue this model further. The Committee would be interested to understand why the Scottish Government decided not to pursue this model further. It further calls on the Scottish Government, in responding to this report, to set out what actions it is taking, if any, to encourage the use of budget prioritisation approaches such as PBMA with health boards and integration authorities.

Response

- The Mental Health & Wellbeing Strategy and accompanying Delivery Plan set out a range of cross-cutting and cross-sectoral actions with the vision of a Scotland, free from stigma and inequality, where everyone fulfils their right to achieve the best mental health and wellbeing possible.
- The 10 priorities in Scotland's Mental Health and Wellbeing Strategy are designed to drive progress toward its nine population level outcomes, making sure there is a clear link between action and impact. Each priority addresses an important area, from reducing stigma and improving population wellbeing to strengthening crisis support and ensuring quality of care and treatment. All the actions within the delivery plan are based on these 10 priorities and are mapped on to outcomes such as improved mental health literacy, timely access to care, and reduced inequalities. By mapping priorities to outcomes, the Strategy creates a framework where every intervention contributes to the overarching vision. A

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Strategy Monitoring framework and progress report are scheduled for publication shortly.

- The Scottish Government acknowledges that a wide range of public spending contributes to mental health and wellbeing outcomes. This links to the social determinants of mental health – for example, spend on tackling poverty can contribute to improved mental health and vice versa. While it is not straightforward to capture all relevant spend across Scottish Government portfolios and delivery partner spend, the Strategy and associated Delivery Plan make those links, in recognition of their importance. In relation to the Health contribution, NHS Boards are expected to spend around £1.5 billion on mental health in 2025-26 as part of their overall settlement, alongside supporting targeted investment in prevention, early intervention, and third-sector partnerships.
- Opportunities to strengthen these links exist through the Population Health Framework (PHF) and Service Renewal Framework (SRF). The PHF focuses on primary prevention and mitigating drivers of ill-health, aiming to reduce long-term demand on health services by improving socioeconomic determinants of mental health. Similarly, the SRF promotes efficient resource use and a shift to community-based care, aligning financial sustainability with strategic priorities. Both frameworks embed prevention and collaboration into planning, delivery, and budgeting, creating mechanisms to demonstrate how mental health priorities influence resource allocation.
- Through the Mental Health Enhanced Outcomes framework, which was baselined in the overall board settlement in 2025-26, we have provided Boards with additional resources to support progress on key areas such as CAMHS, Psychological Therapies and Perinatal services.
- Our increased investment in Mental Health in recent years has seen this Government deliver a range of measurable improvements across multiple areas. For example:
 - National performance against the 18-week CAMHS standard has been met for the last year, with 91.5% of children and young people starting treatment within 18 weeks of referral and with 1 in 2 children and young people referred to CAMHS now starting treatment within 5 weeks.
 - Since March 2021 we have seen the Psychology workforce grow by 29.8% with 1,702 WTE clinical staff now in post.
 - Local authorities report that almost 80,000 children, young people and their family members accessed community-based mental health support in 2024-25, with £15 million per annum now baselined in local government budgets for this purpose.

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- We exceeded our commitment to fund over 800 additional mental health workers in A&E departments, GP practices, police custody suites, and prisons and the funding for this has now been baselined.
- We have increased highly specialist service for infant and perinatal mental health, including 14 expanded or new Community Perinatal Mental Health Services, 12 new Infant Mental Health Services and 10 new Maternity and Neonatal Psychological Intervention Services; complementing this with early intervention and prevention services provided through the Perinatal & Infant Mental Health Third Sector fund.
- We have provided £84 million for grassroots projects through the Communities Mental Health and Wellbeing Fund for Adults since 2021. The fund supports local groups to deliver programmes for adults which build resilience and tackle social isolation, loneliness and mental health inequalities. The fund supported an estimated 300,000 people across Scotland in its first year alone and is a key example of our preventative spend.
- Regarding Programme Budgeting and Marginal Analysis (PBMA), the Scottish Government explored this methodology in 2012 through a pilot with Public Health Scotland. The work was exploratory and focused on categorising costs rather than conducting marginal analysis over time. It was not prioritised further due to PHS business decisions at the time. While PBMA was not adopted, Health and Social Care Directorates in the Scottish Government are now trialling a prioritisation approach based on multi-criteria decision analysis (MCDA). A Multicriteria Decision Support tool has been developed by Health and Social Care Analysis for this purpose and is going to be trialled for new spend decisions by the newly established Investment and Value Board (IVB). Additionally, NHS Boards are implementing Patient Level Information Costing Systems (PLICS), which will provide granular financial insights to enhance budget scrutiny and decision-making at both board and integration authority levels.
- In summary, while direct attribution of mental health budgets to specific priorities remains complex, the Scottish Government is committed to improving transparency through frameworks like PHF and SRF, enhanced costing systems, and modern prioritisation tools. These measures aim to ensure that investment decisions are aligned with strategic objectives and deliver maximum value for mental health services.

Data Availability

Committee Recommendations

- The Committee has been disappointed to hear evidence of an ongoing lack of transparency in the way that data is collated and disseminated in relation to

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mental health spending. It highlights evidence from stakeholders that there remains substantial data which is not centrally collated or published that could improve transparency around how mental health budgets are spent. It therefore calls on the Scottish Government to set out what further action it plans to take to provide greater clarity as to how mental health spending aligns with agreed policy priorities.

- The Committee would also ask the Scottish Government to outline what plans it has to evaluate the impact of spending on mental health services to help better inform spending decisions. The Committee would also ask the Scottish Government to provide data on actual spend on mental health services.
- Given the overall lack of service level data on mental health spending and the complex landscape that, in some ways, has been further complicated by the process of integration of health and social care, the Committee calls on the Scottish Government to commit to undertaking the more detailed analysis of current spending necessary to enable appropriately informed budget decisions to be made around mental health, now and in the future.

Response

- The Scottish Government acknowledges the Committee's concerns regarding transparency and the need for robust evaluation of mental health spending. Significant steps have already been taken, and further actions are planned to strengthen clarity, accountability, and impact assessment.
- NHS Scotland expenditure on mental health is published annually in the Scottish Health Service Costs Book by Public Health Scotland (PHS), providing a consistent framework for financial data across NHS Boards. The most recent publication (February 2025) includes enhanced detail, such as clinical psychology expenditure for the first time, following Audit Scotland's recommendations.
- NHS Boards are expected to spend around £1.5 billion on mental health services in 2025-26. The majority of this expenditure will come from NHS Boards' core budgets, with funding also included from the Mental Health Programme budget for 2025-26. Funding previously allocated for the enhanced Mental Health Outcomes Framework, along with other programmes, have been baselined in boards budgets from 2025-26.
- Additionally, a new interactive Mental Health Quality Indicator Dashboard was launched in November 2024, enabling users to view key process and outcome indicators at Board and Integration Joint Board level. This dashboard will continue to expand with outcome measures linked to the Core Mental Health Standards, improving visibility of how spending aligns with policy priorities.

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- Recognising the complexity introduced by health and social care integration, the Government will continue to pursue detailed analysis of current spending patterns. This work will build on existing frameworks and standards, such as the Core Standards for Mental Health set out above and specifications for psychological therapies, ensuring that budget decisions are evidence-based and aligned with national priorities.
- The Scottish Government is committed to exploring ways to better capture links between expenditure and strategic priorities. Where possible, this includes indicating potential costings in the refreshed Delivery Plan scheduled for 2026 and ongoing engagement with PHS and delivery partners to improve data collection and reporting. Over 2026 we will be using robust data on the population's mental health and wellbeing needs and evidence on effective models of care, together with revised outcome measures, to put financial sustainability at the centre of our work to design and deliver the Target Operating Model for mental health in Scotland. This will allow us to evaluate the impact of our spending on an ongoing basis.
- Evaluation is central to informed decision-making. The Government has invested in improving routine data collection through initiatives such as the Child, Adolescent and Psychological Therapies National Dataset (CAPTND) and analysis from the Health and Care Experience Survey, which provides insights into patient experiences and equalities data. These efforts will support outcome-based evaluation of mental health services and inform future resource allocation.
- In summary, while progress has been made through enhanced reporting, new dashboards, and improved datasets, the Scottish Government remains committed to further strengthening transparency, linking spend to outcomes, and conducting detailed analyses to support informed and equitable mental health investment.

Prevention

Committee Recommendations

- The Committee notes some support amongst key stakeholders for separately identifying "preventative spend" as a mechanism for driving progress towards allocating a greater share of funding towards prevention over time. The Committee remains convinced of the need for consistent benchmarking data and clearer and more consistent definitions to be able to monitor progress towards prioritising preventative spend.

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- The Committee further notes that the Population Health Framework already emphasises the importance of a preventative approach and the need to gather evidence to demonstrate a progressive shift towards prevention in health-related spending. With this in mind, the Committee calls on the Scottish Government to provide clearer guidance to health boards and integration authorities regarding those mental health interventions that are considered to constitute prevention.
- The Committee calls on the Scottish Government to commit to regularly publishing baseline data on preventative spend to enable progress in this area to be objectively assessed.
- The Committee calls on the Scottish Government to set out what actions it is taking or plans to take to ensure budget decisions are made in a way that better reflects the cross-cutting nature of prevention in allocating funding.
- Finally, the Committee calls on the Scottish Government to provide reflections on the potential need for additional funds to be allocated to mental health in the short term to help manage the transition towards a more preventative approach to mental health spending in the long term.

Response

- The Scottish Government recognises the importance of prioritising preventative spend and agrees that consistent benchmarking and clear definitions are essential to monitor progress. Work is already underway through the Prevention Project, which includes developing a budget-tagging method to identify and track preventative spend across the Scottish Budget. This approach will provide a framework for benchmarking and clearer definitions, supporting decision-making and prioritisation. Initial pilot results are expected in summer 2026, with integration into the annual budget process by the end of 2026.
- On publishing baseline data, the Scottish Government is committed to improving transparency. The preventative spend tagging pilots will inform regular reporting, enabling objective assessment of progress. This aligns with recommendations to embed prevention into planning, delivery, budgeting, and accountability frameworks.
- As a central aspect of this work is to increase our understanding of performance, outcomes and effectiveness, we will develop a revised outcomes framework for Mental Health, with updated performance metrics and clearly defined outcome measures. This will be aligned with the overall Health and Social Care outcomes framework, the Mental Health and Wellbeing Strategy and the Core Mental Health Standards and we will continue to work with Health

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Boards and other partners to improve the data needed to deliver and improve this over time.

- More generally, the financial implications of the Public Health Framework will be considered further across government as work progresses to take forward individual actions. Its focus on more effective use of existing resources for primary prevention will require aligning efforts across the system, including across local and national government, NHS, community & voluntary sector and businesses. PHF actions include embedding prevention into planning, delivery, budgeting, and accountability; including an action to develop new approaches to resource allocation that support prevention.
- To reflect the cross-cutting nature of prevention in budget decisions, the Government is trialling a Multicriteria Decision Analysis (MCDA) approach through a new Investment and Value Board. This tool will help ensure funding allocation decisions consider prevention alongside other priorities, supporting a more holistic approach to resource allocation.
- In the context of the 2026-27 budget, we have provided additional investment of £10.65m, covering Neurodivergent Conditions (£7.65m) and Changing Places (£3m). We have also significantly invested in Mental Health in recent years.
- It is important to note that a number of programmes that were previously funded by the direct Mental Health programme budget have now been baselined into NHS Board budgets. This changes the presentation of the budget for mental health and while it may look like the programme budget has reduced in comparison to the 2025-26 published budget, this is not the case with the funding now included directly within the core funding that NHS Boards receive from the Scottish Government.
- Finally, the Government acknowledges that transitioning to a more preventative approach may require short-term investment. While the majority of mental health funding is now baselined into NHS Board budgets for sustainability, Ministers remain committed to maintaining mental health – including measures to promote early intervention and prevention - as a key priority within a challenging fiscal context.

Evidence Base

Committee Recommendations

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- The Committee asks the Scottish Government what plans it has to ensure that Government strategies are following a solid evidence base, and whether it will carry out an impact evaluation on spending decisions, particularly in the area of mental health.
- The Committee further calls on the Scottish Government, in responding to this report, to set out what actions it is taking to improve the evidence base on preventative spending to enable more effective decision-making on mental health budgets.

Response

- The Scottish Government has a legal duty to ensure that policy proposals and spending plans are underpinned by robust and high-quality impact assessments and evidence. This year, the Scottish Government is adopting a different approach to assessing the impact of spending decisions. The strategic integrated impact assessment is a new approach to assessing and better understanding the equality, fairness and other impacts of Scottish Government's key tax and spending decisions at strategic fiscal events, such as the Budget. Rather than doing impact assessments separately, this approach considers the potential impacts together, with an aim of providing a more complete understanding of the potential combined impacts of the Scottish Government's key budget decisions on people in Scotland.
- This integrated assessment approach also aims to ensure that impact evidence informs the Scottish Government's budget choices earlier and more effectively in the decision-making process, while maintaining compliance with our statutory requirements. This responds to calls from stakeholders for more timely assessments to meaningfully influence decisions.
- The Scottish Government published its *Evaluation Action Plan* in August 2024, which sets out a vision for routinely evaluating policies and programmes. It aims to ensure staff are skilled in managing and using evaluation outputs, and that evidence from evaluations informs improvements in outcomes. The Centre of Expertise in Appraisal and Evaluation is driving this culture change across government. Additionally, a revised outcomes framework for mental health is being developed, with updated performance metrics and clearly defined outcome measures aligned to the overall Health and Social Care outcomes framework. This will improve understanding of performance, outcomes, and effectiveness of mental health spending decisions.
- Financial sustainability and value for money are central to the SRF. As set out earlier, adopting the use of the MCDA tool for new spending decisions will help assess the impact and cost-effectiveness of investments, including in mental

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health. Furthermore, NHS Boards are implementing Patient Level Information Costing Systems (PLICS), which will provide detailed patient-level financial insights to enhance scrutiny and decision-making.

- As set out earlier, preventative spending is a key focus of the PHF and the Public Service Reform Strategy. The budget tagging pilot to benchmark data against clear definitions of preventative spend, aims to strengthen the evidence base for how preventative spending, including mental health interventions, mitigates demand for public services and improves long-term outcomes.
- In summary, through enhanced evaluation frameworks, decision-support tools, preventative spend tracking, and improved financial transparency, the Scottish Government is taking concrete steps to ensure strategies are evidence-based and spending decisions, particularly in mental health, are evaluated for impact and effectiveness.

Ring-Fencing

Committee Recommendations

- The Committee calls on the Scottish Government, in responding to this report, to address directly the concerns of those contributing evidence to the Committee who have argued the case for elements of mental health funding to be ring-fenced. In the absence of ring-fencing, it further calls on the Scottish Government to set out what alternative actions it is taking to address these concerns.

Response:

- There are currently no plans to ringfence Mental Health spend within budgets. Boards must retain flexibility in their spending decisions to meet specific demands, and the Scottish Government will continue to engage with Boards to meet the target of investing 10% of their budget on Mental Health and 1% on CAMHS by the end of the Parliamentary term.
- NHS Boards are responsible for setting out how they will spend their funding to deliver on priorities that have been set out by Ministers. NHS Boards will draw funding for local mental health services from the overall funds allocated to them by the Scottish Government and they have responsibility for working with their partners to ensure local budget decisions deliver local and national priorities, including for mental health.
- The Scottish Government is progressing activity to develop a multi-year Scottish Spending Review (SSR), which will outline how we intend to deliver on our priorities in a fiscally sustainable way.

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Spending Review

Committee Recommendations

- The Committee highlights the negative impact a lack of long or even medium-term certainty around budgets has on the provision of mental health services, particularly with respect to the many services provided by third sector partners.
- With this in mind, the Committee seeks reassurance from the Scottish Government that the Spending Review will provide a degree of longer-term certainty for mental health budgets and budgets for health and social care more broadly.

Response:

- The Scottish Government published a Scottish Spending Review alongside the 2026-27 Scottish Budget on 13th January 2026. The SSR outlines how we intend to deliver on our priorities in a fiscally sustainable way and will provide spending plans for three years for resource and four years for capital. We recognise the benefit of providing longer term financial plans to support organisational planning across Scotland. It is important to note that while these indicative allocations help planning, budgets continue to be decided annually, due to the single year settlement from the UK Government.
- As part of preparations for the SSR, Ministers and officials have conducted engagement with stakeholders and partners across portfolios. This has provided insights into expectations and key issues within Health and Social Care.
- Given the importance of the third sector in delivering mental health and wellbeing support, we have been delighted to include a range of third sector mental health partners in the Government's 2-year Fairer Funding pilot across 2025-27 and will be looking to learn from that.

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