

Inquiry into the Scottish Budget process in practice

Purpose

1. The Committee is invited to take evidence from the following witnesses in relation to the Committee's inquiry into the Scottish Budget process in practice:

John Wood, Director of Membership and Resources, Convention of Scottish Local Authorities (COSLA),

Andy Witty, Director of Strategic Policy and Corporate Governance, Colleges Scotland,

Sheghley Ogilvie, Public Affairs Officer, Scottish Council for Voluntary Organisations (SCVO),

Dr Alison Hosie, Research Officer, Scottish Human Rights Commission,

Dave Moxham, Deputy General Secretary, Scottish Trades Union Congress, and

Carmen Martinez, Policy and Engagement Lead, Scottish Women's Budget Group.

2. The written submissions received from the witnesses listed above are attached at Annexe A.
3. To inform the inquiry, a [summary of responses](#) has been produced, along with a [SPICe briefing](#) setting out how key aspects of the budget process have operated this session, including when relevant documents were published and the time available for their scrutiny.

Inquiry remit and approach

4. The Committee agreed on 4 February 2025 to carry out a short, focussed [inquiry into how the Scottish budget process has worked in practice this parliamentary session](#), with the following remit—

- to establish the extent to which the four core objectives¹ for the budget process are being met,
 - to identify any barriers to meeting these core objectives and how these might be overcome,
 - to establish how key documents aimed at supporting the full-year budget process are currently being used and where improvements might be made to support effective scrutiny,
 - to determine whether the information, guidance and support provided to committees to assist them in their budget scrutiny remains adequate and fit-for-purpose, and
 - to identify any improvements that can be made to the budget process that can be put in place for Session 7 and to inform the scope of any future wider review carried out jointly by the Scottish Parliament and Scottish Government.
5. The Committee does not intend, as part of this inquiry, to revisit the four objectives or the full-year approach of the budget process, which were recommended by the [Budget Process Review Group in its 2017 report](#) and endorsed through the [Budget Process Session 6 Agreement](#) between this Committee and the Scottish Government.²
6. The Committee ran a [call for views](#) from 12 February to 26 March 2025. It also [sought the views of other Scottish Parliamentary committees](#) on how the budget process operates from their perspective and if the support and guidance they receive could be enhanced. 32 submissions were received, including seven from committees. Witnesses providing evidence on 22 April³ also submitted written evidence in advance of that meeting which is available on the Committee's inquiry web pages.
7. Evidence sessions for this inquiry began on 1 April and are due to continue throughout May. The Committee is expected to publish a report of its findings in June 2025.

Previous evidence sessions

Scottish Fiscal Commission

¹ The four core objectives of the budget process are that it has led to: greater influence on formulation of the Scottish Government's budget proposals, improved transparency and increased public understanding and awareness of the budget, responded effectively to new fiscal and wider policy challenges, and led to better outputs and outcomes as measured against benchmarks and stated objectives

² Any wider review would require to be carried out jointly by a successor committee and Scottish Government.

³ The Office for Budget Responsibility, Professor Mairi Spowage, Director of the Fraser of Allander Institute, and Professor David Bell, Professor of Economics, University of Stirling.

8. The Committee took evidence from the Scottish Fiscal Commission (SFC) at its first evidence session for this inquiry on 1 April 2025. The following key issues were discussed—

- The SFC welcomed greater transparency in budgetary information, including publication of annual spending allocations by Classifications of Functions of Government (COFOG), as well as comparisons between next year's Budget and the latest spending position in the current year.
- However, more transparency and consistency of presentation is needed, including in relation to regular in-year transfers, pay and workforce data, and climate change data.
- It is unclear to what extent the Scottish Government's Medium-Term Financial Strategy (MTFS) informs Government decisions. Options for publishing the MTFS in election years should be explored to ensure there is no gap in medium-term outlook at the start of a five-year session.
- There is uncertainty regarding what information the new Fiscal Sustainability Delivery Plan (FSDP) will contain or where it fits into the budget process. The SFC's view is that the FSDP should recognise long-term pressures and set out the actions the Scottish Government is taking now to start to address these.
- While recognising the volatility in recent years, the SFC stressed the importance of carrying out regular comprehensive Scottish Spending Reviews (SSRs), which provide sufficient detail rather than being 'high-level'. It was noted that the 2022 Resource Spending Review "was not detailed enough" and that future SSRs should also reflect where additional funds would be spent if they become available and also where cuts would be made if less funding materialises.
- Challenges with engaging the public in the budget process were discussed, including that the fiscal framework can seem "intimidating".
- The need to better understand where public money is being spent and what outcomes are being achieved as a result was also highlighted.
- Ideally, the SFC needs four to five working weeks after the UK Autumn Budget has been published to develop forecasts for the Scottish Budget.

Office for Budget Responsibility (OBR)

9. At its meeting on 22 April, the Committee took evidence from the OBR when the following issues were explored—

- Its efforts to enhance transparency in relation to its role and forecasts that impact the Scottish Budget, including explaining in more detail where its judgements differ from those of the SFC.
- The regular engagement that takes place between the SFC and OBR, including the sharing of information, assumptions, and modelling approaches.

- How it learns lessons and updates modelling where inaccuracies are identified through its forecast evaluation of Scottish forecasts and uses real-time data to supplement outturn information.
- The timetable for the UK Government supplying policy information is usually adhered to though late notice of policy commitments does occur and impacts forecasts, including recent welfare reforms.
- The panel's view that there is no optimum or ideal timing and sequencing of OBR and SFC forecasts.
- How the OBR forecasts and scrutinises department spending at UK level, including the outcomes of its review into the preparation of its March 2024 forecast for departmental expenditure limits.
- Its role in evaluating the long-term sustainability of the UK public finances and assessing fiscal risks, including fiscal pressures due to the ageing population, long-term pressures on health spending, and the potential fiscal impact of climate change.

Professor Mairi Spowage and Professor David Bell

10. The Committee took evidence on 22 April from Professor Mairi Spowage, Director of the Fraser of Allander Institute (FAI) and Professor David Bell, Professor of Economics at Stirling University. The following issues were discussed—

- While greater transparency has been achieved in relation to budgetary information, further improvements can be made including clarity around regular in-year transfers in the Scottish Budget.
- The Scottish Government's Medium-Term Financial Strategy (MTFS) has not delivered what was envisaged by the BPRG. It was suggested that the document is too party-political and is being used as a "tool of expectation management" for Government. Instead, the Scottish Government should focus on providing detailed spending plans, challenges, and scenario planning, as well as clear narrative on how the Scottish Government is dealing with major medium- and longer-term challenges.
- Confusion around how the Programme for Government and other key strategic documents link together and align with budgets and outcomes in the National Performance Framework.
- Scotland would benefit from zero-based budgeting taking place every decade or so, where departments are challenged on spending rather than "just taking baselines as a starting point".
- Spending reviews should take place every three years or so for resource, and every five to seven years for capital. It was recognised that spending reviews do take up a lot of resource in Government, however, it is "essential for the next Parliament that there is a medium to longer-term plan", particularly within the context of increasing external risks.

- Capacity issues with MSPs, committees and the Parliament which impact on their ability to carry out impactful whole-year budget scrutiny.
- Guidance for Committees could ask Committees to distinguish between short- and longer-term concerns in their pre-budget reports. The ‘Committee of the Future’ model, for example that in Finland, was highlighted as an option to bring more of a scrutiny focus on longer-term challenges.
- Both governments should be more proactive in allowing access to data to support more impactful budget scrutiny and transparency.
- Developing the fiscal literacy of all MSPs is crucial.
- Possible expansion of the parliamentary budget office model was discussed. The Financial Scrutiny Unit (FSU) in SPICe has similar functions, including providing a confidential enquiry and costing service to MSPs. As this could support and encourage more involvement in the budget process from all MSPs, there may be scope to further promote this service.

Evidence session with the Auditor General of Scotland (AGS) and Audit Scotland

11. The Committee took evidence on 29 April from the AGS and Audit Scotland. The following key issues were discussed—

- The current economic context highlights the need to plan for different scenarios. Such scenarios should be included in strategy documents such as the MTFS.
- There needs to be clarity on the type of events that will delay the publication of key documents (such as the MTFS) and details on the length of the deferral.
- There should be clear alignment between the different strategies published by the Scottish Government. For example, there needs to be a clear link between the MTFS and the National Performance Framework.
- Although the Scottish Budget is complex, the National Performance Framework, if done properly, could be the way in which the general public gets an understanding of the aims of the budget.
- In recent years the focus of Scottish Government decisions has been predominantly short-term. To address fiscal sustainability a more strategic approach is needed.

Roundtable evidence session on 6 May 2025

12. At this meeting the Committee is due to take evidence, in roundtable format, from COSLA, Colleges Scotland, SCVO, SHRC, STUC and the Scottish Women’s Budget Group. Their written submissions are attached at Annexe A. The submissions focus on the following key themes:

COSLA

13. In COSLA's view, to improve budget scrutiny the Scottish Government should engage effectively with local authorities on policy development where Local Government has a key interest. Its submission states that "whilst there is some good practice in terms of early engagement with Local Government on policy and funding, there are still a number of policy commitments made without prior discussion with Local Government".
14. COSLA suggests that one of the key barriers of the Scottish Budget is its complexity which, it argues, could be alleviated by improving "like for like comparisons between budgets". It further notes that delays in publishing the Medium-Term Financial Strategy (MTFS) is a "challenge from a Local Government perspective".
15. The submission also highlights the need for "multi-year settlements" in order to provide more funding certainty to Local Government. The submission goes on to say that "the [Scottish Government's] Fiscal Sustainability Delivery Plan should include realistic reflections of the continued cost to deliver statutory services across the whole public sector, which reflects increasing cost and demand pressures". This is in light of the fact that "Local Government and the wider public sector have been expected to continue to deliver the same services as well as more and more new services, all within squeezed funding".

Colleges Scotland

16. In its submission Colleges Scotland argues that for effective responses to new fiscal and wider policy challenges "further work is needed to link decisions with both priorities and future direction".
17. When discussing the Scottish Government's Fiscal Sustainability Delivery Plan, the submission argues that the plan should include "a direction on the fundamental change to how public money is spent, cutting across the different portfolio boundaries" as well as "information on the role of reform in delivery of the objectives".
18. The submission also suggests that the Scottish Government's future spending reviews should provide "clarity on the transformation ambition and how it will be funded, a more strategic approach to manage pressures, [and a] provision of certainty, as uncertainty is just setting up institutions to fail". Colleges Scotland further notes the need for multi-year funding and advocates against "in-year adjustments which deal with pressures in the short term, rather than finding a solution to deal with the cause of the pressure itself".

SCVO

19. SCVO's submission calls for increased transparency in relation to funding data given "in the current environment it is difficult to truly understand the impact of the Scottish Budget on the voluntary sector". The submission goes on to say that "in 2025/26 the Third Sector Infrastructure & Development Budget Line was £14.1 million. SCVO estimates the Scottish Government invested over £1 billion in the voluntary sector in 2023".
20. SCVO further suggests that "fiscal transparency would enable voluntary organisations, civil servants, scrutiny bodies, and others, to better understand Scottish Government decisions, funding flows, and budget changes, and to fully engage with government on the potential impacts of the Scottish Budget".
21. The submission also argues for "more substantial progress on multi-year funding over the next five years, [...] It is essential that multi-year funding is included within the Medium-Term Financial Strategy". It then goes on to say that "the process for engaging in the MTFS is also less clear and defined than the Scottish Budget process. In addition to transparent fiscal information, further transparency in how to engage in processes around the MTFS is needed".

SHRC

22. In its submission, the SHRC highlights "a key concern is the disconnect between key budget documents and decision-making processes". It notes that impact assessments are conducted after key budgetary decisions have already been made "rather than being used as an analytical tool to inform decisions at an early stage".
23. When discussing outcome-based budgeting, the submission suggests "there is insufficient connection between resource allocation and Scotland's National Performance Framework (NPF). While the NPF was originally introduced as an outcomes-based budgeting framework to enable more outcomes-focused decision-making, in its current form it fails to achieve this goal."
24. The SHRC also notes that the role of civil society and community groups is weakened by the reactive approach taken towards stakeholder feedback—

"Several barriers continue to limit the effectiveness of the budget process. One significant issue is the timing of engagement, which often occurs too late to allow for meaningful external contributions. By the time consultations take place, key decisions have already been made, reducing the scope for stakeholders to shape budget priorities in any substantive way. [...] A critical gap in the current budget process is the absence of an annual Pre-Budget Statement (PBS)."

STUC

25. The STUC argues in its submission that the MTFs has not supported a more strategic approach to financial planning in part because “of a lack of early Scottish Government engagement with trade unions on strategic decisions about public sector resourcing and public sector pay”. The STUC further notes that the lack of engagement with trade unions on pay “has led to a regular cycle of strike ballots, particularly in local government and contributed to the Scottish Government having to implement in-year emergency spending controls”.
26. On fiscal sustainability, the submission welcomes the Scottish Government’s investment in “social security over and above the funding we receive from the UK Government”. It then goes on to say that “while this investment is welcome, unless this is accompanied by additional tax revenue, funds will have to come from public services. This is not sustainable”.
27. When suggesting improvements to the effectiveness of the budget process, the STUC said the Scottish Government should enable “local government to be more responsible for raising more of the funds that it spends”.

Scottish Women’s Budget Group

28. When discussing the stated objectives of the budget process, the Scottish Women’s Budget Group submission suggests that “the Scottish Budget is not outcome-focused enough” and this leads to an “implementation gap which has persisted during this parliamentary session”. The submission goes on to say that “one of the key adjustments that we would like to see is a greater focus on monitoring linked to outcomes to understand the impact of the budget on the Government’s policy objectives”.
29. The submission argues that “while the [MTFS] has provided a sense of direction in Scotland’s financial planning this has often been short lived. [...] the [...] in year changes to the budget [...] would suggest that the MTFs and/or other fiscal tools are not currently supporting the Scottish Government’s fiscal planning to the extent that they should.”
30. With regard to the effectiveness of the Scottish Budget process, the Scottish Women’s Budget Group states in its submission that “the question remains to what extent the committees’ pre-budget scrutiny process makes a difference to the formulation of budget proposals”.

Next steps

31. The Committee will continue taking evidence in relation to its inquiry into the budget process in practice during May and to publish its findings in June.

Committee Clerking Team
May 2025

Annexe A: Written submissions from witness organisations

Written submission from Colleges Scotland

Part 1: Four objectives of the budget process

1. To what extent have the following four objectives for the Scottish budget process been met this parliamentary session – please address each of the below points in turn.

Please use the textbox below to provide your answer

In regard 3rd objective, effective responses to new fiscal and wider policy challenges, further work is needed to link decisions with both priorities and future direction, driven by issues that cross portfolios e.g. change in demographics, climate challenges, economic delivery required and alleviating poverty.

There is a need to identify closer and quicker actions derived from connections between the economic strategy and what each public body needs to do, hence helping decision-making on the priority for public funding that goes beyond just the priority in a particular portfolio.

In regard the 4th objective, better outputs and outcomes, these need to be linked more clearly to future priorities across the portfolios, as well as providing for regional objectives within a national framework.

2. Please set out any barriers to meeting the four core objectives of the budget process and suggestions as to how these might be overcome.

Please use the textbox below to provide your answer

Barriers include the lack of maturity in the link between decisions with both priorities and future direction, which is driven by issues that cross different portfolios. These wider issues to be addressed include change in demographics, climate challenges, economic delivery required and alleviating poverty.

This can be achieved by considering elements such as population trends, workforce changes, mapping skill gaps and needs across the period, infrastructure requirements to deliver, public service provision and where people are relocating to geographically.

Part 2: Medium-Term Financial Strategy (MTFS)

3. To what extent does the MTFS support a more strategic approach to the Scottish Government's financial planning?

Please use the textbox below to provide your answer

The last published document was in 2023 and included a focus on spending on the missions around equality, opportunity and community. These missions have now changed, which highlights the need for these documents to be updated in a timely manner.

4. How is the MTFS currently used by parliamentary committees and how might it be further developed to support effective scrutiny and a strategic approach to financial planning?

Please use the textbox below to provide your answer

The MTFS should be the document that provides the clarity on progress on delivery against the objectives set in the previous MTFS.

Part 3: Fiscal Sustainability Delivery Plan

5. What key areas should the Fiscal Sustainability Delivery Plan include to ensure it supports fiscal transparency and “stable ground” for longer-term financial planning?

Please use the textbox below to provide your answer

The FSDP should provide more than just progress against the relevant MTFS.

The FSDP would add more value if it covered the following elements:

A direction on the fundamental change to how public money is spent, cutting across the different portfolio boundaries

Identify how Scottish Government will change the public service delivery models in response

Include information on the role of reform in delivery of the objectives

Align economic growth spending to gaps in skill needs

State how Scottish Government will ensure key skills that are required

(by employers and employees) can be delivered and adequately funded

Identify the risks

6. How should parliamentary scrutiny of this Plan, a new aspect of the budget process, operate?

Please use the textbox below to provide your answer

Individual committees should scrutinise the FSDP against the elements outlined in Q5 above

Part 4: Approach to spending reviews

7. Learning from the practice of this parliamentary session, how should the Scottish Government approach future spending reviews?

Please use the textbox below to provide your answer

The need for provision of multi year funding

Provision of clarity on the transformation ambition and how it will be funded

Better data on savings, costs and progress in regard to reform

A more strategic approach to manage pressures

Provision of certainty, as uncertainty is just setting up institutions to fail

Part 5: Effectiveness

10. What adjustments do you consider are required to enhance the overall effectiveness of the budget process?

Please use the textbox below to provide your answer

Avoid the need for in-year adjustments, which deal with pressures in the short term, rather than finding a solution to deal with the cause of the pressure itself

11. Are any changes needed to the information, guidance and support provided to parliamentary committees to better support effective budget scrutiny?

Please use the textbox below to provide your answer

Adjustment plans for the parts of the public sector being subjected to reductions, to allow better longer term planning of such eventualities.

Written submission from Convention of Scottish Local Authorities (COSLA)

Part 1: Four objectives of the budget process

1. To what extent have the following four objectives for the Scottish budget process been met this parliamentary session – please address each of the below points in turn.

Please use the textbox below to provide your answer

- greater influence on formulation of the Scottish Government's budget proposals

COSLA welcomes the pre-budget scrutiny process of the Finance and Public Administration and other Committees and the opportunity to submit responses at an early stage and provide oral evidence at committee meetings.

Local Government has consistently sought earlier budget engagement, greater transparency in the makeup of the Local Government Settlement, progression towards multi-year funding and clearer links between budget decisions and outcomes. Ahead of the 2025/26 budget, there was also a clear ask for Scottish Government to recognise that Council Tax should be a decision for local authorities and there should be no freeze or national cap applied in 2025/26 and beyond.

The 2025/26 budget process saw improved engagement between the Scottish Government and COSLA. There was earlier and deeper engagement between the COSLA Resources Spokesperson and the Cabinet Secretary for Finance and Local Government and increased transparency, with Scottish and Local Government taking an 'open book' approach. It will be important to continue and build on this improved process.

As well as effective engagement at the time of the budget being published, there must be strong ongoing engagement on policy development. The Verity House Agreement (VHA) clearly set out the intention for Scottish and Local Government to work together to consult and collaborate as early as possible in all policy areas where Local Government has a key interest. Whilst there is some good practice in terms of early engagement with Local Government on policy and funding, there are still a number of policy commitments made without prior discussion with Local Government (e.g. breakfast club pilots and

FSM S1-3 tests of change). Early engagement is essential to ensure policy commitments are fully understood and costed. Compromise by both Scottish Government and Local Government has been necessary for joint working and this can result in decisions that are not always in line with the VHA priorities, for example maintaining teacher numbers (covered in more detail below).

- improved transparency and increased public understanding and awareness of the budget

As set out above, the 2025/26 budget process saw improved transparency between the Scottish Government and Local Government. The budget and the Local Government Settlement however remain extremely complex which can be challenging to understand.

COSLA is a member of the Equality and Human Rights Budgeting Advisory Group (EHRBAG), which was set up to help shape the Scottish Government's equality and human rights approach to the budget. Human rights budgeting means that the process of setting a budget should be driven by three principles: transparency, participation and accountability. In 2021, EHRBAG set out 31 recommendations to the Scottish Government in the report 'Recommendations for equality and human rights budgeting – 2021-2026 parliamentary session'. These recommendations focused around four aspects of the Scottish Budget – the budget development process; internal and external budget communication; organisation and culture and knowledge; and understanding of equality and human rights as it applies to the budget and wider decision making.

The Scottish Government response was not published until 2023. An action plan has been developed based on this and there has been some progress in some areas (including improvements to internal Scottish Government processes to improve equality and human rights considerations and impact assessments in developing budget proposals) but there is still some way to go towards taking a truly human rights budgeting approach to the budget.

In terms of transparency and public understanding and awareness of the budget, there have been improvements made to the Equality and Fairer Scotland Budget Statement (EFSBS), informed through discussion with EHRBAG, however it is still not clear how much value the document adds to external audiences' understanding of the budget decisions made, particularly in terms of savings decisions.

We are aware that there has been work undertaken to improve the 'Your Scotland, Your Finances' document, which is intended to be the Scottish Government's 'Citizens Budget', however we do not have enough information to know how effective this has been in increasing public understanding of the budget. It is also unclear what early engagement there is with the public to inform the budget setting process.

- effective responses to new fiscal and wider policy challenges

Scottish and Local Government must work together to respond effectively to new fiscal and wider policy challenges. The VHA has been jointly developed and agreed by the Scottish Government and Local Government with the intention that it will enable the achievement of better outcomes for people in our communities.

While there have been some successes of the VHA, there remain some challenges. Scottish Government policies, which Local Government may need to agree or be required to implement, such as the 2024/25 council tax freeze and maintaining teacher numbers, are not in the spirit of the VHA and also are not effective responses to the fiscal and policy challenges faced by Local and Scottish Government. Such policy and spending decisions place further pressure on councils who are legally required to set a balanced budget. Indeed, these policies prevent councils from achieving better outcomes for their communities and are not effective use of spend.

To alleviate pressure across wider public sector services, the Scottish Government should review its policy programme in partnership with Local Government, as per the VHA, and the wider public sector, to identify commitments that are no longer feasible to take forward, given current financial constraints. Following this, Scottish and Local Government should work in partnership to identify how best to achieve joint priorities. Spending decisions should be informed by evidence that clearly shows how the policy or service will contribute to delivering against the shared priorities. This will mean making difficult decisions, having frank and open discussions with the public about what is possible and not possible within available resources, and what may need to stop.

As set out above, equality and human rights considerations should inform spending decisions, with robust impact assessments being undertaken. There should also be consideration of the impact of any policy or spend decisions on islands. The Islands (Scotland) Act 2018

requires that changes to policy, strategy or service be subject to an Island Communities Impact Assessment (ICIA). It is unclear to what extent the Scottish Budget is subject to an ICIA to ensure that all proposals are island-proofed.

Honest discussion is also needed around future policy commitments. The Scottish Government should avoid adding to policy commitments without sustainable funding being available for existing services - services that are key contributors to wider health and wellbeing. In the last few years there have been multiple policy funding announcements which Local Government is required to deliver, in addition to its existing statutory and core services (including previous policy areas such as the Early Learning and Childcare (ELC) expansion).

To effectively make progress against our shared priorities we must take a whole system approach to funding public services, with a refocus on prevention and early intervention spend. Now more than ever, there needs to be investment in 'upstream' services that help to prevent problems rather than focusing spend on responding to them. Local Government is the key local partner in addressing each of the Scottish Government's four priorities and has a lead role in prevention.

However, repeated budgets have not recognised this, with real terms cuts to Local Government settlements and continued focus on directing spend at responding to problems. Although the 2025/26 budget saw more uncommitted revenue and capital funding for Local Government, this is still not enough to reverse the long-standing cuts to many of the vital preventative services that are key to support people out of poverty, improve people's overall wellbeing and support people into work. The key role that Local Government plays in delivering on our shared priorities must be recognised with adequate, sustainable and flexible funding.

- better outputs and outcomes as measured against benchmarks and stated objectives?

When making budget decisions or scrutinising spend, there remains a need to better focus on the outcomes to be achieved as opposed to input/output measures. An example of this is the Scottish Government's policy around maintaining teacher numbers, which is now in its third year. Ringfenced or directing funding forces even deeper cuts on wider services that are vital for improving the health, wellbeing and attainment of children and young people and which are important to making

progress towards the First Minister's priority of eradicating child poverty (such as services for children with additional support needs, social work support, early intervention services, cultural services, youth work, swimming pools and libraries).

The focus on delayed discharge is another example. While an important issue, it is only a small element of social care and 97% of people are discharged without delay. There needs to be a wider look at the health and social care system and the way that services are funded. The demand for social care services has increased in recent years and needs have become more complex. Research shows that cuts to Local Government funding can also lead to a decline in life expectancy and widening of health inequalities. There is a need to prioritise spend in areas such as adult social care, social work and other key social determinants of health, such as housing. However, funding for these areas is not keeping up with demand. The most effective way to address the number of people being delayed in hospital is by developing support in community settings that would prevent unnecessary hospital visits and admissions in the first place. As set out above, the budget does not provide the required investment in local prevention and early intervention services.

COSLA has often provided contributions to parliamentary committee's scrutiny of the impact of particular policies and/or budget decisions and this opportunity has been welcomed. It would be helpful if an outcomes-based approach is taken to this kind of scrutiny, recognising the interactions between different policies and opportunity costs of implementing some policies/spend decisions over others, as opposed to a narrow focus on input/output measures.

2. Please set out any barriers to meeting the four core objectives of the budget process and suggestions as to how these might be overcome.

Please use the textbox below to provide your answer

A key barrier is that the Scottish Budget process remains very complex. Although there have been some improvements in the transparency of the Local Government Settlement, it is still a very complex process.

One issue is considering like for like comparisons between budgets. The Scottish Government's decision to include the 2024/25 position at Autumn Budget Revision (ABR) as the comparator information (as opposed to the budget as originally presented to Scottish Parliament)

went some way to better reflect a more accurate reflection of changes year on year, however still does not provide the full picture, as this does not include any funding identified since the ABR and it is also difficult to reflect transfer of resource between portfolios within the financial year.

Part 2: Medium-Term Financial Strategy (MTFS)

3. To what extent does the MTFS support a more strategic approach to the Scottish Government's financial planning?

Please use the textbox below to provide your answer

The MTFS is well used by local authorities in their own strategic planning. The fact that there hasn't been a MTFS published since 2023 is a challenge from a Local Government perspective.

4. How is the MTFS currently used by parliamentary committees and how might it be further developed to support effective scrutiny and a strategic approach to financial planning?

Please use the textbox below to provide your answer

n/a

Part 3: Fiscal Sustainability Delivery Plan

5. What key areas should the Fiscal Sustainability Delivery Plan include to ensure it supports fiscal transparency and "stable ground" for longer-term financial planning?

Please use the textbox below to provide your answer

The Fiscal Sustainability Delivery Plan should include realistic reflections of the continued cost to deliver statutory services across the whole public sector, which reflects increasing cost and demand pressures. As set out above, in recent years, Local Government and the wider public sector have been expected to continue to deliver the same services as well as more and more new services, all within squeezed funding.

The Fiscal Sustainability Delivery Plan should align to the shared Scottish/Local Government priorities, to enable longer term planning around these areas.

COSLA has a long-held ask for multi-year certainty. The 2025/26 budget is once again an annual budget. Whilst appreciating that the Scottish Government has faced constraints due to the UK Budget processes, we have continued to highlight the importance and benefits of providing

multi-year settlements, to both Scottish and UK Government, as it provides certainty and enables more effective long-term planning.

6. How should parliamentary scrutiny of this Plan, a new aspect of the budget process, operate?

Please use the textbox below to provide your answer
n/a

Part 4: Approach to spending reviews

7. Learning from the practice of this parliamentary session, how should the Scottish Government approach future spending reviews?

Please use the textbox below to provide your answer
There should be a clear process for timely engagement with key stakeholders including Local Government.

Part 5: Effectiveness

8. To what extent has the full year budget process addressed this weakness? Please set out the reasons for your response and any suggestions on how any remaining weaknesses could be better addressed.

Please use the textbox below to provide your answer
The timing of the Scottish Budget publication is challenging for local authorities as it provides very little time to set local budgets ahead of the date that councils are legally required to do so. Additional late announcements, such as the council tax freeze in 2024/25, lead to even further challenges.

For the 2025/26 budget, having an earlier publication date and slightly earlier circulation of the Local Government Settlement spreadsheets, as well as there being 'no surprises', led to an improved process. However, the lack of certainty for Scottish Government in relation to additional funding due to consequential for the contribution to the increases in employers National Insurance Contributions is another example of the challenges, which are not necessarily in Scottish Government's control, of the timing of the Scottish and UK Budgets.

9. How effective is current public engagement in the budget process and are there any ways in which this can be improved?

Please use the textbox below to provide your answer

As set out above, it is not clear that there is any public engagement prior to the budget being published. Engaging the public on budget proposals is something that many councils do very well as part of their budget setting process and could be learned from.

As referenced above, there have been some improvements to the EFSBS but it is still unclear how this adds to public understanding of the budget decisions made.

10. What adjustments do you consider are required to enhance the overall effectiveness of the budget process?

Please use the textbox below to provide your answer

Continued earlier engagement with Local Government and other key stakeholders, earlier budget dates and addressing the complexity of the budget. Multi-year settlements will also allow certainty and longer-term strategic planning.

11. Are any changes needed to the information, guidance and support provided to parliamentary committees to better support effective budget scrutiny?

Please use the textbox below to provide your answer

n/a

Written submission from Scottish Council for Voluntary Organisations (SCVO)

Part 1: Four objectives of the budget process

1. To what extent have the following four objectives for the Scottish budget process been met this parliamentary session – please address each of the below points in turn.

Please use the textbox below to provide your answer
About our response

SCVO welcomes the opportunity to respond to questions 2, 3, 9 and 10 of the Finance and Public Administration Committee's Inquiry into the Scottish budget process in practice.

2. Please set out any barriers to meeting the four core objectives of the budget process and suggestions as to how these might be overcome.

Please use the textbox below to provide your answer
In our response to this question, we will focus on objective 2, improved transparency and increased public understanding and awareness of the budget.

Fiscal transparency is essential for everyone's understanding of Scottish Government's investment in the voluntary sector. Fiscal transparency would enable voluntary organisations, civil servants, scrutiny bodies, and others, to better understand Scottish Government decisions, funding flows, and budget changes, and to fully engage with government on the potential impacts of the Scottish Budget on voluntary organisations, their staff and volunteers, the communities they work with, and the Scottish Government's wider ambitions.

Transparent funding data is also essential to measure progress towards the Scottish Government commitment to Fairer Funding for the voluntary sector by 2026.

In the current environment it is difficult to truly understand the impact of the Scottish Budget on the voluntary sector. The voluntary sector is hugely diverse, and organisations receive funding from many different Scottish Government departments. How funding flows to the sector from departments is not broken down, and as a result, an overall picture of what the Budget invests in the sector, and if this investment increases or

decreases year on year, is not available.

The Third Sector Budget Line is one of the few lines in the Scottish Budget which funds the sector and where comparable figures are available year on year. This Budget funds SCVO and other voluntary sector infrastructure organisations and projects and is a very small part of the government's overall investment in the sector. As an example, in 2025/26 the Third Sector Infrastructure & Development Budget Line was £14.1 million. SCVO estimates the Scottish Government invested over £1 billion in the voluntary sector in 2023 (the most recent year for which accounts data from voluntary organisations is available). Ministers and civil servants regularly use SCVO's estimates to highlight the scale of government investment in the voluntary sector. Official figures are not available from the Scottish Government, a significant gap in the Scottish Government's understanding of funding flows to the sector.

Similarly, while the Scottish Government committed to Fairer Funding for the voluntary sector by 2026 in 2023, data on Fairer Funding criteria, such as how much funding is delivered on a multi-year basis or includes uplifts, is not centrally collected. That the Scottish Government does not centrally record how much funding it provides to the sector is a significant barrier in our ability to assess how the sector fares from year to year. Funding to the voluntary sector comes from across Scottish Government departments, so to understand the Scottish Government's investment in the sector it is essential that this information is both collected and published in accessible and understandable formats.

Over the last year the Scottish Exchequer has restated its commitment to increase civic trust through timely, understandable, accessible, and reusable fiscal information to enable scrutiny and progress the commitments in the Open Government Action Plan. SCVO welcomes the focus and progress on the Open Government fiscal transparency commitments, and the wider ongoing programmes of work to improve transparency, such as the move to Oracle. Currently it is unclear how these programmes can be utilised to improve the understanding of the Scottish Government's investment in the voluntary sector. We encourage the Exchequer to engage with the Fairer Funding team within the Third Sector Unit to ensure data to support the sector and others to monitor progress towards Fairer Funding is included and accessible. Similarly, there is a need to work across government departments to ensure transparent reporting on funding flows to the voluntary sector and to understand the extent to which departments across government are implementing the Scottish Government's Fairer Funding commitments

and SCVO's Fair Funding principles. The Third Sector Unit should also be consulted on wider transparency initiatives. Ensuring investment in the voluntary sector is considered and included within the Exchequer's work- and other programmes to improve funding transparency - will avoid duplication in the future. Engagement with the sector is essential to ensure that the sector is included in efforts to shape transparent, accessible financial systems and data and that outputs support the sector to understand and engage with fiscal events and data.

To support these aspirations the Scottish Government should:

- Adopt, and publish awards to, the 360Giving Data Standard, including basic identifier core fields such as recipient name, organisation, and charity number.
- Include all spending in the Scottish Government's monthly reports and improve categories to ensure data is useful and accessible.
- Collect funding information across all government departments and produce a breakdown of Scottish Government funding to the voluntary, public, and private sectors by department and budget line.
- Publish the Scottish Government's total direct investment in voluntary organisations annually from grants and contracts, with detail on the proportion that deliver on our Fair Funding principles.

To make and monitor progress on the Scottish Government's Fairer Funding commitments, it is also essential that action on transparent funding includes developing timelines, goals, and actions to both monitor progress, and ensure progress can be scrutinised by the voluntary sector and Parliament.

The Committee's previous Inquiry into effective decision making in March 2023, emphasised transparency as essential to political accountability. SCVO have made significant calls around the need for greater transparency in Scottish Government funding to the voluntary sector, which have been endorsed by the Social Justice and Social Security Committee, and would welcome further support from the Finance and Public Administration Committee. The lack of transparency in the Budget continues to be a significant barrier to the ability of SCVO, the wider voluntary sector, and others to assess the impact of budget decisions and to hold government to account.

Part 2: Medium-Term Financial Strategy (MTFS)

3. To what extent does the MTFS support a more strategic approach to the Scottish Government's financial planning?

Please use the textbox below to provide your answer

Multi-year funding is an essential element of Fair Funding, and essential to the sustainability of the voluntary sector, the services and support we provide people and communities, and security for staff and volunteers.

For over a decade, the Scottish Government has recognised the need for multi-year funding, committing to longer-term funding for the voluntary sector across multiple government strategies. In April 2023, the Scottish Government's policy prospectus, *New leadership - A fresh start*, renewed these ambitions, committing to delivering Fairer Funding for the sector by 2026, including exploring options to implement multi-year funding deals. This was followed in May 2023 by a commitment in the Medium-Term Financial Strategy to adopt multi-year spending plans. Similarly, in the 2024/25 Scottish Budget decisions about multi-year funding were deferred to the Medium-Term Financial Strategy.

Following the most recent Scottish Budget, in February 2025 the Scottish Government launched a Fairer Funding pilot committing more than £60 million to pilot projects focusing on essential services and eradicating child poverty. The pilot offered 45 multi-year funding grants to organisations across Scotland committing £61.7 million in 2025/26 and £63.2 million in 2026/27. The pilot recognises the voluntary sector's need for more security and stability to enable organisations to plan and develop and to support the sectors contribution to the Scottish Government's ambitions to eradicate child poverty and the need for longer-term interventions. The Scottish Government described the pilot as the first step in mainstreaming multi-year funding agreements more widely across the voluntary sector.

While welcome, the pilot is a very small part of the government's overall £1 billion investment in the voluntary sector. To make continued and more substantial progress on multi-year funding over the next five years, and broader progress on Fair Funding, it is essential that multi-year funding is included within the Medium-Term Financial Strategy. The Strategy should also consider other Fair Funding elements and how these can be progressed over the next five years, such as ensuring grants and contracts cover the full costs of employing staff, and inflation-based uplifts to grants and contracts. The strategic approach of the financial strategy should support action in these areas, recognising the many benefits of a sustainable voluntary sector for Scotland's society and economy and the extent to which the sector is central to achieving progress on the Scottish Government's missions to end child poverty, grow the economy, tackle the climate emergency, and improve public

services.

The Strategy, like the Scottish Budget, should also take action to offer transparent and understandable fiscal information to support voluntary organisations, civil servants, scrutiny bodies, and others, to better understand Scottish Government decisions, and funding flows, and to engage with government on the potential impacts on voluntary organisations, their staff and volunteers, the communities they work with, and the Scottish Government's wider ambitions. The process for engaging in the MTSF is also less clear and defined than the Scottish Budget process. In addition to transparent fiscal information, further transparency in how to engage in processes around the Medium-Term financial Strategy is needed.

The upcoming UK Government Spending Review should support the Scottish Government to take on action their Fairer Funding commitments in the MTSF and provide the Scottish Government a welcome opportunity to demonstrate its commitment to a more strategic approach to financial planning, including voluntary sector funding.

Part 5: Effectiveness

9. How effective is current public engagement in the budget process and are there any ways in which this can be improved?

Please use the textbox below to provide your answer

The way the Scottish Budget is constructed and delivered makes it difficult to assess, partly, as has been discussed, due to a lack of transparency but also because of the timing of the process.

There are limitations to how much SCVO, voluntary organisations, and wider civil society can contribute to the Budget Process. Opportunities to engage with the process often takes place during times when the sector is stretched. For example, many organisations, like the Scottish Parliament itself, are closed over the Christmas break limiting the amount time available to engage with a Scottish Budget delivered in December, and to prepare written and oral evidence, which is often requested early in January. Similarly, Committee Pre-Budget Scrutiny takes place over the summer break when many voluntary sector staff, like those across all sectors, are on holiday. Committee Pre-Budget Scrutiny consultations often open and close at very similar times, as a result voluntary organisations often need to prioritise which Committees to engage with due to staff capacity, particularly at a time when staff

resource may already be low.

In previous years, delays to the Budget process have also inevitably resulted in delays to funding allocations within Scottish Government departments, and, in turn, delays in funding confirmation for voluntary organisations. This has resulted in some organisations not receiving confirmation of their funding until several months into the new financial year, leading to them having to issue redundancy notices to staff.

For the current budget process, 2025/26 SCVO welcomes both the commitment from Scottish Government to multi-year funding and the commitment to ensure that all key partners and stakeholders for 2025/26 receive confirmation of funding as soon as possible after the Budget statement. SCVO will continue to monitor the extent to which these ambitions are realised, as we understand that the Scottish Government may not yet be able to centrally gather or publish data on the extent to which different government departments are meeting this target.

SCVO recognise that the release of the Scottish Budget is influenced by the UK Government's Autumn Budget. The upcoming UK Government Spending Review should offer the Scottish Government some Budget certainty over the next few years and the welcome opportunity to make longer term decisions and consider the Budget process.

10. What adjustments do you consider are required to enhance the overall effectiveness of the budget process?

Please use the textbox below to provide your answer

Fiscal transparency is essential for everyone's understanding of Scottish Government's investment in the voluntary sector. Fiscal transparency would support SCVO and other voluntary organisations to:

- Understand Scottish Government decisions.
- Assess the impact of budget changes.
- Understand any Scottish Government action to mitigate risk and the extent to which these actions are successful.
- Measure progress towards the Scottish Government commitment to Fairer Funding for the voluntary sector by 2026.

To support aspirations to increase civic trust through timely, understandable, accessible, and reusable fiscal information and to enable engagement and scrutiny with the Scottish Budget the Scottish Government should:

- Adopt, and publish awards to, the 360Giving Data Standard, including

basic identifier core fields such as recipient name, organisation, and charity number.

- Include all spending in the Scottish Government's monthly reports and improve categories to ensure data is useful and accessible.
- Collect funding information across all government departments and produce a breakdown of Scottish Government funding to the voluntary, public, and private sectors by department and budget line.
- Publish the Scottish Government's total direct investment in voluntary organisations annually from grants and contracts, with detail on the proportion that deliver on SCVO's Fair Funding principles.

To make and monitor progress on the Scottish Government's Fairer Funding commitments, it is also essential that action on transparent funding, includes developing timelines, goals, and actions to both monitor progress, and ensure progress can be scrutinised by the voluntary sector and Parliament.

On the Budget process specifically, there is a need to recognise the impact of the timing of the Budget and subsequent opportunities to engage, on the sector both in terms of Budget delays and periods of stress on staff resource.

Budget delays, as is well understood, impact financial planning, creates insecurity for volunteers, and at times service users, and can result in the issuing of redundancy notices to staff, rescinding them if funding is granted, or losing skilled and experienced staff, only to recruit again if the money comes later.

While stress on staff resource can limit the ability of organisations to engage both broadly across Committees and with the full detail of budget announcements and their impact on organisations, staff and volunteers, and the services and support the sector provides people and communities across Scotland.

SHRC

Scottish
Human Rights
Commission

Finance and Public Administration Committee Inquiry into the Scottish Budget Process in Practice

March 2025

Table of Contents

Introduction.....	4
Part 1: Four Objectives to the Budget Process	4
1. To what extent have the following four objectives for the Scottish budget process been met this parliamentary session?	4
a) Greater influence on formulation of the Scottish Government’s budget proposals	4
b) Improved transparency and increased public understanding and awareness of the budget	5
c) Effective responses to new fiscal and wider policy challenges	6
d) Better outputs and outcomes as measured against benchmarks and stated objectives	7
2. Barriers to meeting the four core objectives and suggestions for overcoming them.....	7
Barriers:	7
Suggestions for Overcoming Barriers:	9
Part 2: Medium-Term Financial Strategy (MTFS).....	9
3. To what extent does the MTFS support a more strategic approach to the Scottish Government’s financial planning?	9
4. How is the MTFS currently used by parliamentary committees, and how might it be further developed to support effective scrutiny and a strategic approach to financial planning?	11
Part 3: Fiscal Sustainability Delivery Plan	12
5. What key areas should the Fiscal Sustainability Delivery Plan include to ensure it supports fiscal transparency and “stable ground” for longer-term financial planning?	12
6. How should parliamentary scrutiny of this Plan, a new aspect of the budget process, operate?	13

Part 4: Approach to Spending Reviews.....	13
7. Learning from the practice of this parliamentary session, how should the Scottish Government approach future spending reviews?.....	13
Part 5: Effectiveness.....	14
8. To what extent has the full-year budget process addressed previously identified weaknesses?	14
9. How effective is current public engagement in the budget process, and how can it be improved?	14
10. What adjustments are required to enhance the overall effectiveness of the budget process?	16
11. Are any changes needed to the information, guidance, and support provided to parliamentary committees?.....	16
Rethinking Budget Scrutiny: A More Strategic and Collaborative Approach	17

Introduction

The Scottish Human Rights Commission (SHRC) welcomes the opportunity to respond to the Finance and Public Administration Committee's consultation on the budget process. This response draws on our experience in promoting a human rights-based approach to budgeting, with a focus on ensuring that resource allocation aligns with Scotland's international and domestic human rights obligations. We recognise the progress made toward improving transparency and public engagement in the budget process. However, significant opportunities remain for enhancing early-stage influence, aligning financial planning with national outcomes, and embedding outcome-based reporting.

In this response, we address key areas such as the effectiveness of the Medium-Term Financial Strategy (MTFS) in supporting long-term financial planning, the potential of the forthcoming Fiscal Sustainability Delivery Plan to ensure fiscal transparency and stability, and the need for a more strategic approach to spending reviews. We also highlight barriers to achieving the core objectives of the budget process and offer suggestions for improving public engagement and parliamentary scrutiny. By adopting a more robust human rights framework and improving alignment with the National Performance Framework (NPF), we believe Scotland can deliver more sustainable and equitable outcomes for all.

Part 1: Four Objectives to the Budget Process

1. To what extent have the following four objectives for the Scottish budget process been met this parliamentary session?

a) Greater influence on formulation of the Scottish Government's budget proposals

There has been some progress in enabling greater engagement with external stakeholders in the budget process, but this has not yet translated into meaningful influence on budget formulation. A recurring concern is that by the time consultations begin, many core budget decisions have already been taken, leaving limited scope for external actors—including civil society and rights holders—to shape the budget in a substantive way.

While the Scottish Government has made some efforts (to varying degrees of success) to embed human rights principles such as participation, transparency, and oversight into the budget process, these have largely focused on how the process operates, rather than what the budget seeks to achieve. In other words, there has

been an attempt to apply the procedural elements of a human rights-based approach (HRBA), but little progress in using international human rights standards to define and guide the substantive goals of the budget. This remains a key gap.

For example, SHRC's rights-based review of the Scottish budget process for the Open Budget Survey (OBS) highlighted some steps forward in improving procedural transparency and opportunities for participation.¹ However, as the Commission has previously raised, the real challenge lies in embedding human rights standards—such as the obligation to progressively realise economic, social and cultural rights—into the formulation of fiscal policy and resource allocation decisions. Without this, it is difficult to demonstrate whether decisions are reasonable, equitable, or improving outcomes for rights holders.

Nonetheless, there are some early signs of progress, particularly within certain parliamentary committees. The Equality, Human Rights and Civil Justice Committee and the Finance and Public Administration Committee have both begun to engage more directly with human rights principles, and references to human rights budgeting are starting to appear in their discussions. While this engagement remains limited and has yet to extend meaningfully across other Committees, it signals an important, if initial, step towards a more rights-based approach to fiscal scrutiny.

Incorporating international human rights standards and treaty body recommendations into the budget process would strengthen early-stage formulation and ensure alignment with Scotland's legal obligations. More inclusive and participatory pre-budget consultations with civil society groups, rights holders, and marginalised communities could further enhance this objective, ensuring that budget decisions are assessed against their impact on rights and outcomes rather than procedural compliance alone.

b) Improved transparency and increased public understanding and awareness of the budget

Efforts to improve transparency through initiatives such as the Equality and Fairer Scotland Budget Statement (EFSBS) and commitments to open government principles are evident. However, these measures often lack the depth and accessibility needed to significantly enhance public understanding. The connection between resource allocation and national outcomes, including how budget decisions impact marginalised communities, remains underexplored.

A key concern is the disconnect between key budget documents and decision-making processes. While the EFSBS is produced annually, it is not always clear how it interconnects with the Programme for Government (PfG), the Fiscal Outlook, or other strategic financial planning tools. This lack of alignment reduces its impact as a

meaningful tool for shaping decisions rather than simply assessing them retrospectively. In its current form, the EFSBS appears to mirror a more general approach to impact assessments — whereby they are conducted after key budgetary decisions have already been made rather than being used as an analytical tool to inform and influence decisions at an early stage.

To improve transparency and public understanding, budget documents should be simplified, and more visual tools and plain language explanations should be incorporated to reach a wider audience. Additionally, ensuring that documents such as the EFSBS are clearly linked to wider budgetary and policy decision-making frameworks would make them more meaningful and useful.

Providing community-level impact assessments and engaging with local groups could bridge the gap between national decisions and individual understanding. Greater use of digital platforms for engagement and visualising budget data could further support this goal, allowing for a more interactive and transparent process.

c) Effective responses to new fiscal and wider policy challenges

The Scottish Government has faced numerous fiscal and policy challenges, including rising inflation, the cost-of-living crisis, and ongoing public service reform. While short-term responses have been implemented, a more strategic and rights-based approach is needed to tackle these challenges holistically. The Resource Spending Review (RSR) highlighted the need for preventative spending and sustainable funding models, but without a clear link between spending decisions and measurable outcomes, it is difficult to assess their long-term effectiveness.

In addition to these economic pressures, demographic changes are placing increasing strain on Scotland's public finances, as highlighted by SFC. An ageing population, rising healthcare and social care costs, and broader shifts in workforce participation mean that the public sector is becoming increasingly expensive to sustain. Without a clear fiscal strategy that accounts for these demographic pressures, future budgetary decisions risk being reactive rather than forward-looking.

One of the primary concerns remains the lack of transparency in how budget decisions respond to these fiscal challenges. Future iterations of the Fiscal Sustainability Delivery Plan may help address this gap by incorporating more forward-looking assessments, scenario planning, and demographic trend analysis to better prepare for emerging fiscal risks. Ensuring that budget decisions are assessed not just in financial terms, but in their long-term impact on rights, equality, and service sustainability, will be essential in making Scotland's public finances more resilient and equitable.

d) Better outputs and outcomes as measured against benchmarks and stated objectives

There is insufficient connection between resource allocation and Scotland's National Performance Framework (NPF). While the NPF was originally introduced as an outcomes-based budgeting framework to enable more outcomes-focused decision-making, in its current form it fails to achieve this goal. Rather than guiding budget decisions in a meaningful way, the NPF largely sits separately from financial decision-making, limiting its ability to drive improvements in public policy and service delivery.

A major limitation of the NPF is that its indicators are insufficient to effectively measure progress. Many of the existing measures are broad and high-level, making it difficult to link them directly to budget decisions and assess whether public spending is delivering tangible improvements. SHRC-funded research has previously highlighted that the NPF is not widely used within the broader public sector, further weakening its role as a meaningful tool for guiding investment and policy decisions.² If the NPF is to be a truly effective framework for measuring and improving outcomes, its reform must reflect on its original purpose and embed a rights-based approach alongside economic, social, and environmental goals to ensure that all areas of public spending contribute to national and international commitments.

To address these weaknesses, a shift toward outcome-based reporting is essential, with clear benchmarks and measurable progress indicators that align with human rights standards and other key policy objectives. Embedding some form of independent monitoring and evaluation processes will also be necessary to ensure that outcomes are assessed accurately and transparently, and that the NPF becomes a meaningful tool for guiding and assessing public spending decisions rather than a disconnected policy document.

2. Barriers to meeting the four core objectives and suggestions for overcoming them

Barriers:

Several barriers continue to limit the effectiveness of the budget process. One significant issue is the timing of engagement, which often occurs too late to allow for meaningful external contributions. By the time consultations take place, key decisions have already been made, reducing the scope for stakeholders to shape budget priorities in any substantive way. As a result, the current process limits the potential for real deliberation—consultations tend to serve as opportunities for feedback on decisions already taken rather than as part of a shared, participatory decision-making process. This reactive approach weakens the role of civil society

and community groups, whose insights could add significant value if engaged earlier in the decision-making cycle.

A critical gap in the current budget process is the absence of an annual Pre-Budget Statement (PBS). As consistently advocated by the Commission and recommended by the Open Budget Survey (OBS), this document should be published ahead of the pre-budget scrutiny period over the summer, setting out fiscal policy intentions and key priorities for the year ahead.³ This would provide a vital opportunity for early and informed engagement by Parliament and civil society—linking strategic fiscal planning to resource allocation decisions before they are finalised.

A revised Equality and Fairer Scotland Budget Statement (EFSBS) could then follow and complement the PBS by providing the necessary human rights and equalities analysis and data to inform decision-making—rather than being used to justify budget decisions after the fact. This sequencing would bring the Scottish budget process closer into line with the OECD’s recommended model of ex-ante, concurrent, and ex-post budget analysis. Currently, Scotland’s approach is out of sync, with most equality and human rights assessments occurring too late in the cycle to meaningfully shape priorities or resource allocation. Realigning the process would help ensure that human rights and equalities considerations are embedded from the outset, rather than treated as retrospective assessments.

Another key barrier is the complexity and inaccessibility of budget documents. These documents are often highly technical, making them difficult for the public to understand and engage with meaningfully. Without clearer, more accessible information, many individuals and organisations are excluded from the budget discourse. Additionally, there is a weak alignment between budget allocations and Scotland’s National Performance Framework (NPF). This disconnect reduces transparency and accountability, making it harder to evaluate whether public spending is genuinely delivering on national outcomes.

The lack of robust data and year-on-year benchmarks further hampers the ability to monitor and assess progress. Without sufficient data, it is challenging to measure the impact of budget decisions and ensure resources are being used effectively.

There is also a broader lack of coherence across the core set pieces of the Scottish budget process. In particular, the Draft Budget and the Programme for Government (PfG) are insufficiently aligned. While the PfG sets out the Scottish Government’s policy ambitions—including its human rights goals—these are not clearly integrated into the Draft Budget or followed through in terms of resource allocation.

More broadly, there is limited read-across between the Medium-Term Financial Strategy (MTFS), any prospective Pre-Budget Statement (PBS), a revised Equality and Fairer Scotland Budget Statement (EFSBS), the PfG, and the Draft Budget.

Ideally, these documents should work together as part of a clear and sequenced process:

- MTFS setting out the long-term fiscal outlook
- PBS providing the immediate fiscal context
- EFSBS offering early-stage human rights and equalities analysis
- PfG outlining programme ambitions
- Draft Budget allocating resources to deliver them
- In-year budget reviews should then provide accountability for any adjustments (virements) made during implementation

Realigning these components would improve both the accessibility and the strategic coherence of the budget process.

Suggestions for Overcoming Barriers:

To overcome these barriers, it is essential to strengthen early-stage consultation and involve stakeholders earlier in the budget process. Engaging marginalised communities and civil society from the outset would ensure a broader range of voices are heard and reflected in budget decisions. An annual Pre-Budget Statement should be introduced as a standard publication, outlining key fiscal priorities and allowing for meaningful early engagement on resource allocation. Simplifying budget documents is equally critical. Using plain language, visual data representation, and infographics would help demystify the budget process and make it more accessible to the public.

Budget decisions should also be clearly linked to the National Performance Framework, human rights standards, and the Sustainable Development Goals (SDGs) to provide a more coherent framework for resource allocation. Finally, developing robust outcome-based reporting with clear performance indicators and benchmarks would enable more effective monitoring and evaluation, ensuring that public spending delivers tangible outcomes aligned with Scotland's strategic objectives.

Part 2: Medium-Term Financial Strategy (MTFS)

3. To what extent does the MTFS support a more strategic approach to the Scottish Government's financial planning?

The Medium-Term Financial Strategy (MTFS) is a useful tool for providing a long-term perspective on Scotland's financial planning, particularly in the context of fiscal

sustainability and addressing future challenges. However, the document often remains high-level and highly fiscal-oriented, making little or no reference to policy commitments, the Programme for Government (PfG), or human rights and equality considerations. As a result, it does not currently function as a truly strategic tool for linking fiscal planning with policy objectives.

A key issue is that the approach to the budget process, and therefore also the MTFS do not systematically integrate a human rights-based approach (HRBA) or explicitly consider how fiscal decisions impact the progressive realisation of economic, social, and cultural rights (ESCR). HRBA needs to be embedded throughout all budget processes, and planning documents—including both fiscal and policy frameworks—to ensure alignment and to demonstrate clearly and early on where the fiscal outlook may impact upon the Scottish Government's ability to allocate resources and fulfil ESCR obligations.

Expanding the MTFS to incorporate rights-based language and considerations would allow it to serve as a tool through which the Scottish Government (SG) can demonstrate and evidence the rationale behind its decision-making. This would provide an opportunity for the government to justify resource allocation choices, particularly in times of fiscal constraint, in a way that aligns with international human rights obligations. By framing decisions within the principles of progressive realisation, non-retrogression, and reasonableness, the MTFS could strengthen transparency and accountability in budget planning.

Importantly, introducing an annual Pre-Budget Statement as part of the fiscal planning process could enhance the MTFS by providing earlier transparency on fiscal policy priorities and enabling more robust scrutiny and engagement. This would bridge the gap between high-level fiscal forecasting and practical resource planning, allowing stakeholders—including Parliament and civil society—to better understand the government's approach to balancing resources between competing priorities.

By integrating human rights considerations and progressive realisation commitments at this early stage of budget planning, the Scottish Government would create a clearer, more accountable decision-making framework. This would ensure that fiscal planning is proactive rather than reactive, making it easier to follow how financial decisions evolve over time and how they align with Scotland's legal and policy commitments.

4. How is the MTFS currently used by parliamentary committees, and how might it be further developed to support effective scrutiny and a strategic approach to financial planning?

Parliamentary committees currently use the Medium-Term Financial Strategy (MTFS) primarily as a reference document to understand long-term fiscal trends and identify potential risks. While it provides a useful overview, its high-level nature limits its value for detailed scrutiny and targeted analysis. To support more effective parliamentary engagement, the MTFS needs to be further developed and refined in several key areas.

First, the inclusion of more detailed breakdowns of planned spending, explicitly linked to national outcomes and human rights commitments, would significantly enhance its utility. This would help committees trace the connection between fiscal decisions and Scotland's strategic priorities, making it easier to assess the alignment of resource allocation with stated objectives. Introducing measurable targets and benchmarks is another essential improvement. Clear indicators for tracking progress would allow committees to monitor whether spending is achieving its intended outcomes and make it easier to hold decision-makers accountable.

Improving integration between the MTFS, annual budgets, and the National Performance Framework (NPF) is also critical. Creating a more cohesive narrative that connects these documents would help committees gain a comprehensive understanding of how long-term planning translates into yearly resource allocation and measurable outcomes.

Additionally, building the capacity of parliamentary committees is essential. Offering targeted training on budget scrutiny, human rights budgeting, and long-term financial planning would equip committee members with the skills and knowledge they need to engage meaningfully with the MTFS and related fiscal documents.

Finally, aligning the MTFS more closely with an annual Pre-Budget Statement would significantly enhance its practical value. The Pre-Budget Statement would offer an early glimpse of emerging fiscal priorities, enabling committees to engage with and scrutinise these priorities before they are embedded in the annual budget. This early engagement would foster greater transparency, strengthen scrutiny, and ensure a more strategic approach to financial planning.

Part 3: Fiscal Sustainability Delivery Plan

5. What key areas should the Fiscal Sustainability Delivery Plan include to ensure it supports fiscal transparency and “stable ground” for longer-term financial planning?

The Fiscal Sustainability Delivery Plan should focus on several key areas to ensure it supports fiscal transparency and provides a stable foundation for long-term financial planning. First, it is crucial that the plan aligns with Scotland’s National Outcomes and clearly demonstrates how resource allocation links to these outcomes and the country’s human rights and Sustainable Development Goals commitments. A well-designed plan should offer transparency by providing detailed data on spending and expected outcomes, accompanied by scenario planning to prepare for various fiscal risks and uncertainties.

Progressive taxation should also be a central pillar of the Plan, both to generate the resources required to realise rights and to address inequality. This reflects the principle of progressive realisation under international human rights law, which obliges governments to use the maximum of available resources to advance economic, social and cultural rights over time. The UN Committee on Economic, Social and Cultural Rights recently re-emphasised that States must adopt tax policies that are effective, adequate, progressive and socially just.⁴ It warns against over-reliance on regressive taxation, such as consumption taxes, which disproportionately impact low-income households and women. Instead, the Plan should demonstrate how fiscal policy supports redistribution and enables investment in the public services essential for realising rights.

A strong emphasis on preventative spending is also critical. This includes early intervention in areas such as health, social care, and housing, which can improve long-term outcomes while reducing future demand on public services. Such investment is not only fiscally prudent, but also central to a human rights-based approach that prioritises long-term wellbeing and promotes equality. Preventative spending should be supported by clear performance indicators and evaluation mechanisms to ensure that investments are effective, targeted, and aligned with Scotland’s strategic objectives.

Finally, the Plan should integrate climate resilience and just transition goals into financial strategy, ensuring that long-term fiscal planning supports environmental sustainability and protects the rights of future generations. By aligning fiscal policies with climate goals, the plan can better safeguard Scotland’s economic and social wellbeing while mitigating the potential impacts of climate change on public finances.

An annual Pre-Budget Statement would complement the Fiscal Sustainability Delivery Plan by offering an early indication of fiscal priorities and risks. This would enhance transparency, create a more predictable planning environment, and provide stakeholders with a clearer picture of Scotland's long-term financial strategy.

6. How should parliamentary scrutiny of this Plan, a new aspect of the budget process, operate?

Parliamentary scrutiny of the Fiscal Sustainability Delivery Plan, as a new aspect of the budget process, should be structured around clear milestones and benchmarks to assess progress effectively. Establishing these milestones will provide a consistent framework for evaluating the plan's implementation and ensuring accountability. Regular reporting and updates on the plan's progress are essential to maintain transparency and allow for ongoing oversight by parliamentary committees.

To enhance the scrutiny process, ongoing engagement with civil society and human rights institutions should be facilitated. This will ensure that a wide range of perspectives are considered and help improve the overall transparency and accountability of fiscal decisions. Additionally, the plan should be closely aligned with pre-budget scrutiny, enabling it to inform the development of future budgets and maintain consistency with both the Medium-Term Financial Strategy (MTFS) and annual budget documents. This alignment will help create a coherent, long-term fiscal strategy that is responsive to emerging challenges while staying firmly grounded in Scotland's national priorities and human rights commitments.

Part 4: Approach to Spending Reviews

7. Learning from the practice of this parliamentary session, how should the Scottish Government approach future spending reviews?

Future spending reviews should adopt a rights based approach, ensuring that resource allocation aligns with Scotland's human rights obligations, the National Performance Framework (NPF), and the Sustainable Development Goals (SDGs). By grounding the spending review process in these commitments, the government can create a more equitable and accountable framework for financial decision-making. Greater transparency is also essential—providing clear criteria for assessing budgets and explaining the rationale behind resource allocation will help build trust and allow for more effective scrutiny.

A focus on preventative spending is crucial to achieving long-term outcomes and reducing future costs. Prioritising early intervention in areas such as health, social

security, and housing can lead to significant improvements in public wellbeing while alleviating pressure on public services. Additionally, meaningful participation from civil society and other key stakeholders should be embedded throughout the spending review process to ensure that decisions reflect the needs and experiences of diverse communities.

Finally, scenario planning should be integrated to address economic uncertainties and long-term fiscal risks. This forward-looking approach will help the government prepare for potential challenges and ensure that spending reviews contribute to a stable and resilient fiscal strategy.

Part 5: Effectiveness

8. To what extent has the full-year budget process addressed previously identified weaknesses?

The full-year budget process has partially addressed concerns about the interaction between the UK and Scottish budget timetables. However, the limited time for scrutiny remains a significant issue. While some improvements have been made in engagement and transparency, challenges in aligning resources with national outcomes and human rights commitments persist.

A key ongoing weakness is the absence of a dedicated Pre-Budget Statement. As repeatedly recommended by the Open Budget Survey and other international best practices, a Pre-Budget Statement would significantly improve the budget process by enabling early engagement on fiscal policy priorities. This document would provide a bridge between high-level strategic planning (e.g., the MTFS) and the detailed annual budget, offering Parliament and civil society a crucial opportunity to scrutinise and shape the government's plans before formal decisions are made.

There is also a need for better integration of fiscal and policy decisions across different government departments to ensure a cohesive approach to achieving national objectives.

9. How effective is current public engagement in the budget process, and how can it be improved?

Public engagement in the budget process is growing, but significant barriers remain. Current efforts tend to focus more on consultation than on genuine co-production, limiting the extent to which the public can meaningfully influence budgetary decisions. For engagement to be truly effective, it must become more accessible and

structured around a coherent framework, ensuring that a wider range of voices is heard and acted upon.

Simplifying budget documents is an essential first step. Using plain language and visual tools such as infographics can make complex financial information easier to understand. Targeted outreach to marginalised communities is also vital, as these groups are often underrepresented in budget discussions. Expanding digital platforms for broader access and feedback can further strengthen public participation.

While participatory budgeting has the potential to empower communities, its current form in Scotland lacks a clear guiding framework, such as one based on human rights principles. Without this underpinning, it risks becoming fragmented, inconsistent, and limited to a feedback model rather than fostering genuine public participation in decision-making.

A more meaningful approach to participation must go beyond consultation and instead focus on deliberation, where stakeholders are actively engaged in shaping budget proposals alongside decision-makers rather than simply responding to predefined options. Deliberation is at the heart of democratic governance, ensuring that engagement is continuous and reciprocal rather than occurring in isolated consultation exercises. Instead of inviting stakeholders to give their views once key budgetary decisions have already been formed, Scotland should move towards a co-development model—one in which communities, civil society, and Parliament are meaningfully involved in shaping fiscal priorities before decisions are finalised.

Embedding deliberation into participatory budgeting would not only improve transparency but also enhance trust in decision-making and strengthen public accountability. Participatory budgeting literature strongly supports this shift—recognising that it is not just about consulting the public but about enabling society to be actively engaged throughout the process. Scottish Parliamentary Committees could play a central role in fostering this shift, acting as facilitators of structured, ongoing dialogue between the government and the communities most affected by fiscal decisions.

To be truly effective, participatory budgeting must be aligned with human rights standards, Scotland's National Performance Framework, and deliberative democratic principles. A rights-based participatory budgeting model would ensure that participation leads to fairer, more accountable, and more inclusive outcomes, moving Scotland towards a more democratic and socially just approach to budgeting. This Committee should also draw on wider work across the Scottish Parliament on deliberative and participative processes, including pilots and innovations in citizen

engagement, to inform its inquiry and strengthen the role of public participation in budget scrutiny.

10. What adjustments are required to enhance the overall effectiveness of the budget process?

To enhance the overall effectiveness of the budget process, several key adjustments are necessary. First, developing a robust system of outcome-based reporting would help align budget decisions with measurable outcomes and improve transparency. By clearly linking resources to expected results, it becomes easier to evaluate the effectiveness of public spending and hold decision-makers accountable.

Strengthening early engagement with stakeholders is another crucial step. Engaging key groups—such as civil society organisations, community representatives, and especially people from marginalised groups—earlier in the budget process allows for more meaningful input and ensures that diverse perspectives are reflected in budgetary decisions.

Improving accessibility is equally important. Simplifying budget documents and using visual data representation, such as charts and infographics, can help demystify complex financial information and make it more understandable for a wider audience. This approach not only enhances public engagement but also supports informed scrutiny by stakeholders.

Finally, building capacity within parliamentary committees and civil society organisations is essential. Providing targeted training on budget analysis, human rights based budgeting, and scrutiny techniques would empower these groups to engage more effectively in the budget process, fostering a stronger culture of accountability and evidence-based decision-making.

11. Are any changes needed to the information, guidance, and support provided to parliamentary committees?

Parliamentary committees would benefit from several key enhancements to support more effective budget scrutiny. One important area is enhanced training on human rights-based budgeting and budget scrutiny. This training would equip committee members with the necessary skills to assess budget proposals through a human rights lens, ensuring that resource allocation aligns with Scotland's legal obligations and national outcomes.

Improving access to relevant data and analysis is another critical step. Evidence-based scrutiny requires timely and detailed data, allowing committees to monitor

budget decisions and evaluate their impact. Access to such information would enable more informed discussions and lead to stronger recommendations.

Developing outcome-based guidance would also be highly valuable. This includes creating resources to help committees evaluate budget outcomes against established benchmarks and national performance indicators. Introducing human rights-based indicators—such as Structure, Process, and Outcome indicators—could provide a more comprehensive framework for connecting commitments, resource allocation, and measurable impact. This approach would help committees better understand how budgets translate into tangible outcomes for communities.

Recognising this need for capacity building, SHRC will be working on developing more resources to support parliamentary committees in this area as part of our upcoming operational plan. These resources will be aimed at providing practical guidance and tools to enhance scrutiny and strengthen the connection between human rights obligations and budget decisions.

Finally, fostering greater collaboration between committees is essential to ensure a cohesive approach to scrutinising cross-cutting issues. Many budgetary decisions affect multiple sectors, and closer collaboration would allow committees to align their work, share insights, and present unified recommendations on complex policy challenges.

Rethinking Budget Scrutiny: A More Strategic and Collaborative Approach

While the consultation does not explicitly ask about the structure of parliamentary budget scrutiny, it is important to reflect on how the scrutiny process itself could be strengthened to make it more effective. Current approaches to budget scrutiny across parliamentary committees are fragmented, often repetitive, and lack strategic coordination. This duplication not only places an unnecessary burden on parliamentary committees but also reduces the effectiveness of scrutiny by diluting focus, creating inefficiencies, and limiting opportunities for meaningful cross-sectoral analysis.

Rather than maintaining a disjointed and siloed approach, there is an opportunity to establish a new, collaborative model of budget scrutiny that aligns with international best practice. This would mean:

- A more structured and coordinated approach to committee scrutiny, ensuring that budget analysis is streamlined, complementary, and avoids unnecessary repetition across different committees.
-

- Strengthening cross-committee collaboration, particularly where budget issues cut across multiple policy areas (e.g., health, education, and social security).
- Embedding human rights and equality-based scrutiny within all committee budget processes, rather than limiting such considerations to specific committees or isolated budget statements.
- Learning from best practices in other countries, where parliamentary scrutiny is conducted through more deliberative, evidence-based, and outcomes-focused processes that allow for greater public engagement and transparency.
- Exploring the potential for a more formalised mechanism—such as a standing cross-committee budget scrutiny body or shared analytical framework—to provide more coherent, joined-up oversight of the Scottish budget process.

A reformed approach to budget scrutiny could also create a more reciprocal and deliberative relationship between Parliament and civil society, ensuring that external expertise is drawn upon at the right stages of decision-making. This would allow budget scrutiny to shift from being a reactive exercise to a more forward-looking and strategic process that proactively shapes budget priorities before decisions are finalised.

It is also important to reflect on the track record of previous reviews of the budget process—particularly the Budget Process Review Group recommendations from 2017.⁵ That process produced a number of well-considered recommendations, many of which remain relevant today but have not yet been fully implemented. This raises important questions about how Parliament evaluates the uptake and impact of its own reform efforts. Without a clear mechanism for tracking the implementation and effectiveness of previous recommendations, there is a risk of falling into a cycle of "review, recommend, repeat." SHRC has, for over a decade, consistently called for a more robust and coherent approach to human rights budgeting, yet progress—both within the Scottish Government and in the Scottish Parliament—has been limited and slow. This inquiry provides an opportunity not only to identify further improvements, but to ensure that previous recommendations are not lost or sidelined, and that accountability for reform is embedded within the scrutiny process itself.

The Commission would welcome further discussions with parliamentary committees about how this model could be developed, drawing on both international best practice and Scotland's own experiences to establish a more effective, efficient, and transparent approach to budget scrutiny.

End.

¹ The [Open Budget Survey](#) is part of the [International Budget Partnership's](#) Open Budget Initiative, a global research and advocacy programme to promote public access to budget information and the adoption of accountable budget systems. Scotland's Open Budget Survey 2023. - [Main report \(available as a PDF](#) and [in Word](#)).

² Flegg A, 'Towards Fiscal Justice: The Potential For and Of Human Rights Budgeting in Scotland' (2025) University of Glasgow (forthcoming).

³ [Open Budget Survey](#); Scotland's Open Budget Survey 2023. - [Main report \(available as a PDF](#) and [in Word](#)).

⁴ See

<https://docstore.ohchr.org/SelfServices/FilesHandler.ashx?enc=TTJKVrHj268CxqoZUIQYZO0A5WaZ1d3ikWoAdJF%2FqPfAm1%2Bv6Zx4SePhYfoGUSlc9%2BiMOKOKr1497BRQ%2FHG6cA%3D%3D>

⁵ See [Budget+Process+Review+Group+-+final+report.pdf](#)



Finance and Public Administration Committee Inquiry into Scottish Budget Process, March 2025

Our response is focussed on five questions, highlighting the importance of engagement with unions on a long-term approach to public sector resourcing as well as the need for a more honest debate about tax.

3. To what extent does the MTFS support a more strategic approach to the Scottish Government's financial planning?

In recent years the MTFS hasn't supported a more strategic approach to financial planning. Much of the blame for this lies with the previous UK Government whose fiscal policy was characterised by short-term budget decisions, a lack of spending reviews, and general contempt for the Scottish Parliament.

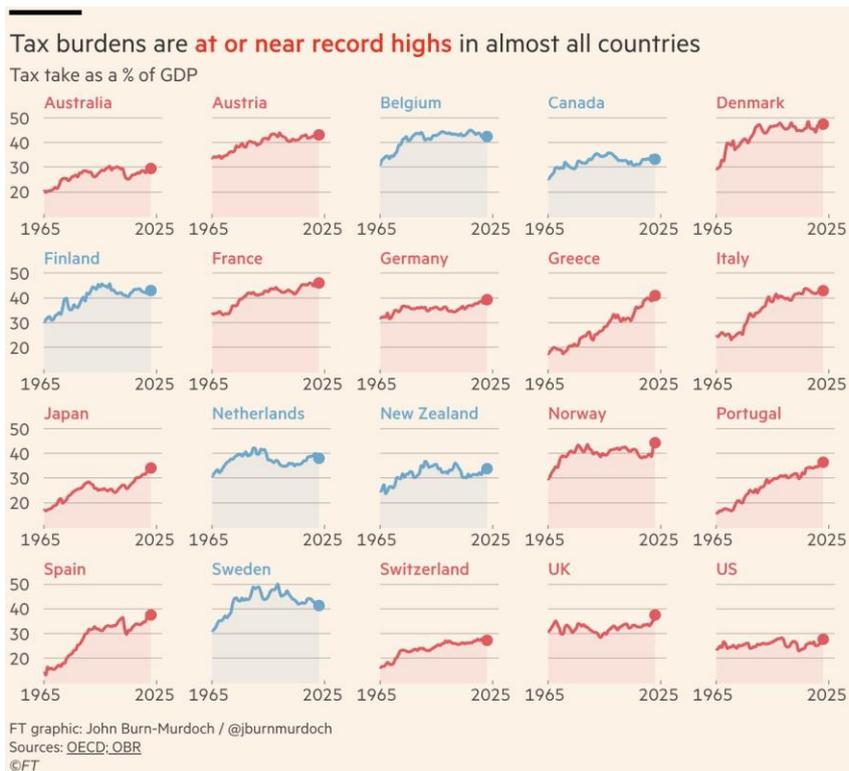
However, it also reflects of a lack of early Scottish Government engagement with trade unions on strategic decisions about public sector resourcing and public sector pay. Unrealistic public sector pay policy, published without the agreement of unions, has led to a regular cycle of strike ballots, particularly in local government and contributed to the Scottish Government having to implement in-year emergency spending controls.

Unions are not opposed to multi-year pay deals, but to date the Scottish Government has not successfully engaged with unions to deliver a viable and realistic public sector pay policy. Politicians need to recognise the impact of public sector wage restraint following a decade of austerity, and that wages in the public sector will need to keep pace with private sector wage growth if we are to recruit and retain skilled workers.

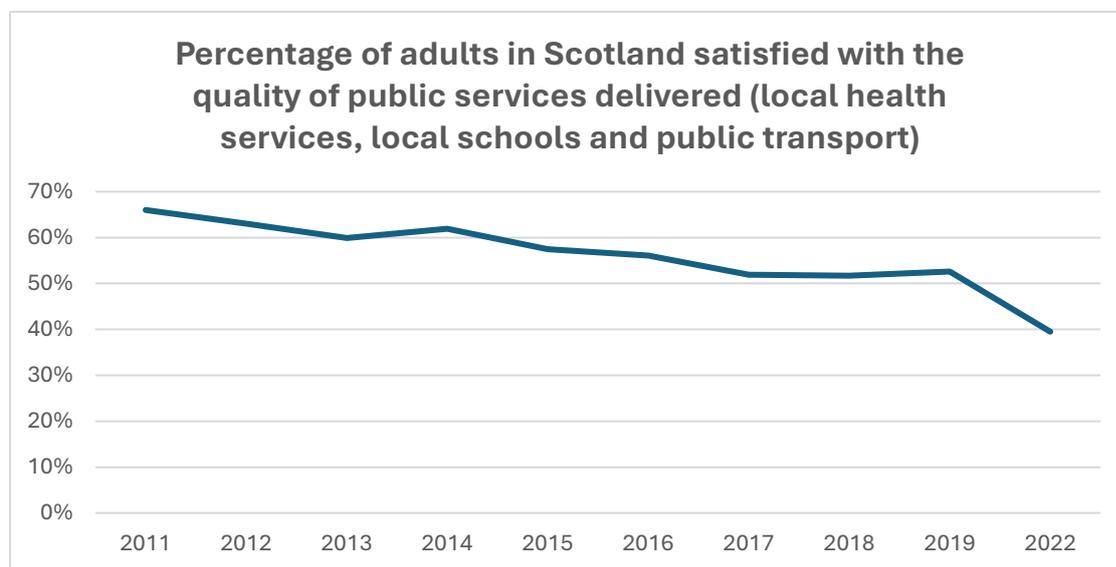
On tax policy, we would encourage both Government and Parliament to pay more attention to empirical evidence over highly uncertain forecasts. Despite reported concerns about higher tax rates in Scotland leading to behavioural change, data from HMRC's Real Time Information (RTI) system for 2023-2024 shows growth in Scottish tax receipts outperforming the rUK. The overall Scottish share of UK Income Tax increased from 6.85% in 2022-23 to 6.99% in 2023-24.¹

5. What key areas should the Fiscal Sustainability Delivery Plan include to ensure it supports fiscal transparency and "stable ground" for longer-term financial planning?

A new draft strategy must recognise that taxes will need to rise. This is not an ideological point. Across the developed world, primarily due to demographic trends, taxes are at record, or near record highs,



15 years of austerity, covid and a cost-of-living crisis have left public services across Scotland and the UK at breaking point. 1 in 9 of the Scottish population are on NHS waiting lists. More than 9,000 people are waiting for a social care assessment or care package, teacher numbers are declining, and satisfaction with public services in Scotland is falling.



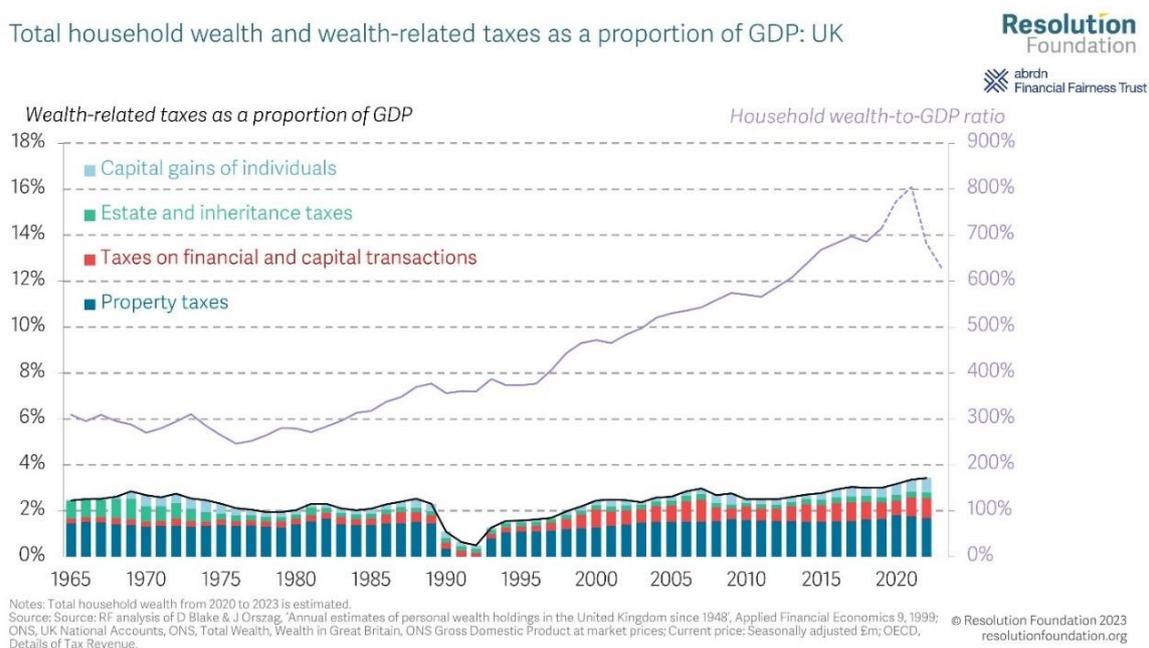
Source: Scottish Household Survey

The Scottish Government have also chosen to invest in social security over and above the funding we receive from the UK Government through the Block Grant Adjustment. While this investment is welcome, unless this is accompanied by additional tax revenue, funds will have to come from public services. This is not sustainable.

The Scottish Government have taken some progressive steps on income tax. The STUC campaigned for and welcomed the additional rate a new advanced rate for incomes between £75,000 and £125,000 as well as other tax policies which mean that the Scottish Government raise £1.7 billion more for the Scottish budget than if it had just followed the UK government's tax schedules.

However, alongside further progressive changes in income tax,² there is a need to tax wealth. UK household wealth is now more than 600% of GDP, up from 300% four decades ago. But while wealth has rocketed, wealth taxes, as a proportion of GDP, have barely moved.

Total household wealth and wealth-related taxes as a proportion of GDP: UK



The Scottish Government has the power to introduce a tax on wealth, provided this is implemented as part of the local tax system rather than a national tax, and we would encourage the Scottish Government to explore this.

It must also replace the council tax. STUC's tax report shows that a proportional property tax of 0.7% could raise £783 million more for local authorities whilst also giving the most hard-pressed households a rebate.³ But this reform, or any other, can only proceed following a revaluation of property across the country.

The Welsh Government are proposing regular 5-year revaluations from 2028. At a minimum, the Scottish Government and Parliament, should follow suit.

7. Learning from the practice of this parliamentary session, how should the Scottish Government approach future spending reviews?

The Scottish Government should engage early with trade unions to agree a realistic public sector pay policy that can give certainty and stability to the workforce and the Scottish Budget. They should also engage with Councils and public service experts about the scale of investment needed to return public services to a level capable of meeting demand for services. Alongside Scottish Government measures to raise

revenue, the Scottish Government must enable local government to be more responsible for raising more of the funds that it spends itself. This could help prevent recurring threats of strike action in local government, and the Scottish Government reporting that this is a matter for COSLA and unions, before predictably having to Intervene and increase funding.

9. How effective is current public engagement in the budget process and are there any ways in which this can be improved?

While public engagement in the budget process is very limited, perhaps more importantly, is the generally poor level of political discussion about tax.

Recent polling for Oxfam Scotland shows that more than three-quarters of the Scottish public would rather tax the very richest than see cuts to public spending.⁴ Moreover, YouGov polling for the Scottish Government shows that 43% of people state “I am prepared to pay more taxes myself in order to fund public services”, compared to only 18% of people who state: “I am prepared for some cuts to public services rather than pay more taxes myself.”⁵

Despite the majority of the public recognising taxes need to rise, too many politicians are calling for lower taxes on the one hand but more investment in public services on the other. We need politicians to be honest with the people they represent - we cannot have Scandinavian quality public services and American levels of taxes. Taxes will have to rise.

10. What adjustments do you consider are required to enhance the overall effectiveness of the budget process?

We would highlight the following adjustments:

- a) The Scottish Government and Parliamentary committees should engage unions at an early stage.
- b) Parliamentary committees should engage public service experts in committee scrutiny sessions. This includes public sector unions who have expertise on the impact of cuts on their service, knowledge of workforce planning and ideas for delivering a better service.
- c) Politicians need to be more honest and less party political when it comes to the public discussion about tax.
- d) The Scottish Government need to enable local government to be more responsible for raising more of the funds that it spends.

For further information contact:

Francis Stuart, Senior Policy Officer, STUC

¹ <https://www.gov.uk/government/statistics/scottish-income-tax-outturn-statistics-2022-to-2023/scottish-income-tax-outturn-statistics-2022-to-2023>

² <https://www.stuc.org.uk/resources/scottish-tax-options.pdf>

³ Ibid

⁴ <https://scotland.oxfam.org.uk/latest-news/scots-say-increase-taxes-on-the-richest-rather-than-make-cuts-to-public-spending/>

⁵ <https://www.gov.scot/publications/scottish-budget-2025-26-pre-budget-engagement-summary/pages/3/>

Written submission from Scottish Women's Budget Group

Part 1: Four objectives of the budget process

1. To what extent have the following four objectives for the Scottish budget process been met this parliamentary session – please address each of the below points in turn.

Please use the textbox below to provide your answer

- greater influence on formulation of the Scottish Government's budget proposals

While the Committees have had access to some key documentation (i.e. Fiscal Framework Outturn Reports, and others produced by Audit Scotland and the Scottish Fiscal Commission) that would allow the formulation of evidence based budget proposals, there are many examples, not least from the FPA committee, where the committees' recommendations included in their pre-budget reports have not been taken on board by the Scottish Government.

One of the areas in which SWBG are particularly interested in is the mainstreaming of gender and equalities analysis as part of the budget process. Our Analysis of the Scottish Budget 2024-25 showed the extent to which this is yet to be accomplished. There have been important steps added to the budget process, including the Cabinet-wide Ministerial meeting on equalities and budget decision making. In 2024 this was held at a relatively early stage in the budget process, which is important to ensure that it feeds into decision making on the budget from as early as possible.

- improved transparency and increased public understanding and awareness of the budget

SWBG would like to highlight the work of the Equality, Human Rights and Civil Justice (EHRCJ) Committee on human rights budgeting and how this has been applied to its pre- and post-budget scrutiny inquiries as an example of good practice. In addition to holding the Government to account by seeking evidence to assess whether funding allocations reflect the Government's commitments to policy objectives (for example, equalities, inclusion and human rights), the committee's three-year plan has focused on three key aspects of the budget's formulation: participation, transparency and accountability. This systematic approach to the budget process has, in our view, been positive and contributed to

increasing the transparency (or lack thereof) of the Scottish Budget.

Additionally, the EHRCJ committee has been proactive in seeking to engage the wider public in the budget process. For example, in 2023, the committee sought to understand how much the people of Scotland knew about the Budget and which areas affect them. The aim of this exercise was to reach a better understanding of what is and is not working in relation to budget decisions, and to gather information which could better inform the Committee's feedback to the Scottish Government. Similarly, in 2024 the EHRCJ committee sought to gather people's views on how decisions about capital spending affect them. Through these consultations the committee has improved the collection of people's demographic data. While it is difficult to evaluate whether this approach has resulted into increased public awareness of the budget, it has at the very least contributed to improving the transparency of the committee's work around the budget process.

- effective responses to new fiscal and wider policy challenges –

The Scottish Women's Budget Group (SWBG) recognises some progress made on this area during this parliamentary session. The publication of distributional analyses for the 2024/25 and 2025/26 budgets is a welcome step in the budget development process, particularly in relation to understanding the impact that Scottish Government's social security and tax policies are having on inequality. However, information on in-year budget changes and its impact on equalities has fallen short of the recommendations for equality and human rights budgeting set for this parliamentary session by the Equality and Human Rights Budget Advisory Group (EHRBAG).

Additionally, while the Cabinet Secretary for Finance provided a pre-budget fiscal update in 2024, it was disappointing that this update came on the back of mounting financial pressures instead of as a result of a conscious exercise to disclose the broad parameters of fiscal policies in advance of the Scottish draft Budget. The lack of progress on the publication of a pre-budget statement outlining the government's economic forecast, anticipated revenue, expenditures, and debt as recommended by EHRBAG has been a missed opportunity at a time of increasing social policy challenges and tightening budgets .

- better outputs and outcomes as measured against benchmarks and stated objectives?

SWBG has repeatedly noted that the Scottish Budget is not outcome focused enough. In our Analysis of the Scottish Budget 2024-25 we highlighted the lack of detail around how the delivery of the national outcomes connects to spending. Analysis of the 2025-26 budget papers does not provide any significant improvements in this area. Additionally, the lack of progress in other policy areas can be understood as a sign of Scotland's 'implementation gap' which has persisted during this parliamentary session. For example, in 2024 Scotland missed nine out of 13 annual targets since the Climate Change (Scotland) Act 2009 was introduced, with the 75% emissions reduction target being scrapped by Ministers as it was deemed "out of reach". Similarly, there has been much speculation about the possibility of Scotland missing its interim child poverty targets, which would again indicate the lack of progress on delivering agreed outcomes during this Parliament. A stronger focus on outcomes should help drive spending in priority areas and reduce the 'implementation gap'.

2. Please set out any barriers to meeting the four core objectives of the budget process and suggestions as to how these might be overcome.

Please use the textbox below to provide your answer

The current policy landscape is fast paced, with increasing and more frequent crises requiring the committees and government's attention. This may pose an obstacle to meeting the objectives set for the budget process. To help with this, both Parliament and Government need to be proactive in their gathering and sharing of evidence (including fiscal information) and use gender and equalities analysis as part of their decision making process. This is particularly important to improve transparency and to deliver better outcomes.

Similarly, improving public awareness of the budget requires a great deal of proactivity by the committees and their members. Engagement exercises such as the one carried out by the EHRCJ committee are a good example of the type of activities that could be planned to meet this objective. Increasing participation could also help influence policy formulation and/or increase accountability from the Scottish Government to Parliament. The Scottish Government's publication of 'Your Scotland, Your Finances – a guide' is an area that could be explored further by the committees. Scrutiny here should focus on what is known about who accesses this document, gaps and improvements to be made in future editions, and stakeholder views on its wider accessibility.

Finally, it is crucial that committees do not work in silos. While we understand that current financial challenges might be a barrier to reaching some policy objectives, it is imperative that committees work together to scrutinise the work of the Government and to formulate comprehensive budget proposals. Although not budget-related (and despite the final decision made by the DFM), the National Outcomes review is a good example of committees working together. Committees should reflect on this work and apply any useful lessons from this process that could support the budget scrutiny process.

Part 2: Medium-Term Financial Strategy (MTFS)

3. To what extent does the MTFS support a more strategic approach to the Scottish Government's financial planning?

Please use the textbox below to provide your answer

The ambition for an annual MTFS publication has not been met this parliamentary term. While the publications that have been made (most recently in May 2023) have provided a sense of direction in Scotland's financial planning this has often been short lived. The relatively frequent announcement of in-year changes to the budget in the last couple of years would suggest that the MTFS and/or other fiscal tools are not currently supporting the Scottish Government's fiscal planning to the extent that they should.

4. How is the MTFS currently used by parliamentary committees and how might it be further developed to support effective scrutiny and a strategic approach to financial planning?

Please use the textbox below to provide your answer

We are not aware of the MTFS being used regularly by the Committees. Ideally, it should help them identify any risks that could be in the way of achieving their portfolios' policy objectives. Additionally, the MTFS should draw attention to any issues that could risk the deliverability and sustainability of policy programmes and public services to help committees scrutinise the policy responses (or lack thereof) developed by the Scottish Government to such problems. Most importantly, the MTFS should encourage committees to think beyond the immediate, current political term, to debate how to plan for the policy challenges facing Scotland: decreasing population, aging population and climate change, and how inequality issues intersect and impact on each of these areas.

At this point it is key to note that the MTFS needs to go much further in

terms of incorporating equality analysis and/or articulating how medium-term spending commitments will advance equality objectives.

Committees must therefore approach the MTFs and any other financial reports with critical lens. For example, while much of the information in these reports focus on the cost of an ageing population to the NHS and social care systems, no consideration is ever given to the impact of increasing, more complex demand on the levels of unpaid care which are disproportionately provided by women.

Part 3: Fiscal Sustainability Delivery Plan

5. What key areas should the Fiscal Sustainability Delivery Plan include to ensure it supports fiscal transparency and “stable ground” for longer-term financial planning?

Please use the textbox below to provide your answer

This plan should be developed in line with gender budgeting principles, thus being:

- Transparent: parliament, civil society and the public should be able to easily find the information that the plan is based on. Additionally, any methodology and assumptions made should be clearly explained.
- Participative: the plan should contain provisions to support meaningful engagement with the public ahead of difficult fiscal decisions.
- Outcome-focused: the plan should set the process to balance fiscal sustainability with the Government’s broader policy agenda.
- Advances equality: the plan should ensure that equalities analysis is a core part in the process to support long-term financial planning.

6. How should parliamentary scrutiny of this Plan, a new aspect of the budget process, operate?

Please use the textbox below to provide your answer

SWBG believes that this plan could be part of a yearly pre-budget statement, in line with calls made by the EHRBAG in 2021 . The pre-budget statement should outline the government’s economic forecast, anticipated revenue, expenditures, and debt. However, to fully meet the purpose of the plan, this pre-budget statement should acknowledge how current spending and policy objectives align with the country’s socio-economic position in the medium-term. Setting out this information in advance would allow parliamentary committees to build these details into the process of pre-budget scrutiny. In turn giving the potential for greater focus on areas to influence within the budget process, for example if the planning is sufficiently outcome focused.

Part 5: Effectiveness

8. To what extent has the full year budget process addressed this weakness? Please set out the reasons for your response and any suggestions on how any remaining weaknesses could be better addressed.

Please use the textbox below to provide your answer

Changes in the UK Budget's timing continue to pose a challenge for the Scottish Budget. However, by following a full year process, Committees have been able to flexibly undertake their budget's scrutiny work, including the necessary public engagement to inform this work. Yet, as already stated, the question remains to what extent the committees' pre-budget scrutiny process makes a difference to the formulation of budget proposals. Most importantly, we question whether the budget process has paid sufficient attention to gender equality outcomes. For more information on this point, please do refer to our Analysis of the Scottish Budget 2024-25.

9. How effective is current public engagement in the budget process and are there any ways in which this can be improved?

Please use the textbox below to provide your answer

Public engagement in the budget process is centered on the work of Committees pre-budget scrutiny. This has various limitations including that it expects a certain level of existing knowledge on the budget and government process to be able to respond and are not widely accessible.

The Global Initiative for Fiscal Transparency sets out principles for participation in budget processes. Alongside this, the International Budget Partnership offers guidance as part of the Open Budget survey process, which was conducted for Scotland in 2024.

A summary of some of the key principles that should be considered for public engagement in the Scottish budget process are:

- Accessible – easy to access, understand and use;
- Open – providing full information on purpose of engagement, scope and constraints;
- Inclusive – proactively use multiple mechanisms to reach out and engage – including traditionally excluded and vulnerable groups and

individuals whose voices are seldom heard, without discrimination;

- Timeliness – allow sufficient time in the budget cycle for public to provide inputs, including in the early stages when the options are still open;
- Depth – provide relevant information, options and choices;
- Proportionality;
- Sustainability – building ongoing and regularly processes to institutionalise participation in the budget process;
- Complementarity

10. What adjustments do you consider are required to enhance the overall effectiveness of the budget process?

Please use the textbox below to provide your answer

One of the key adjustments that we would like to see is a greater focus on monitoring linked to outcomes to understand the impact of the budget on the Government's policy objectives, as well as greater use of gender budget analysis throughout the budget process and across the committees. Key to this is the availability of sex-disaggregated data to understand the impact that budget decisions have on different groups.

Additionally, we would like to see greater policy coherence. While the Scottish Government sets policy objectives, their deliverability usually falls under the responsibility of Local Government or other public bodies. This poses a challenge when evaluating the budget's effectiveness. Better monitoring and greater scrutiny should result in a better understanding of how other public bodies work towards the Government's policy agenda.

11. Are any changes needed to the information, guidance and support provided to parliamentary committees to better support effective budget scrutiny?

Please use the textbox below to provide your answer

We would like to see better cooperation between committees and for them to take an outcome-focused approach to the budget process, and particularly in relation to the budget scrutiny stage. In our view, this would help achieve the four core objectives of the budget process, while allowing for a greater understanding of the impact of budget decisions.