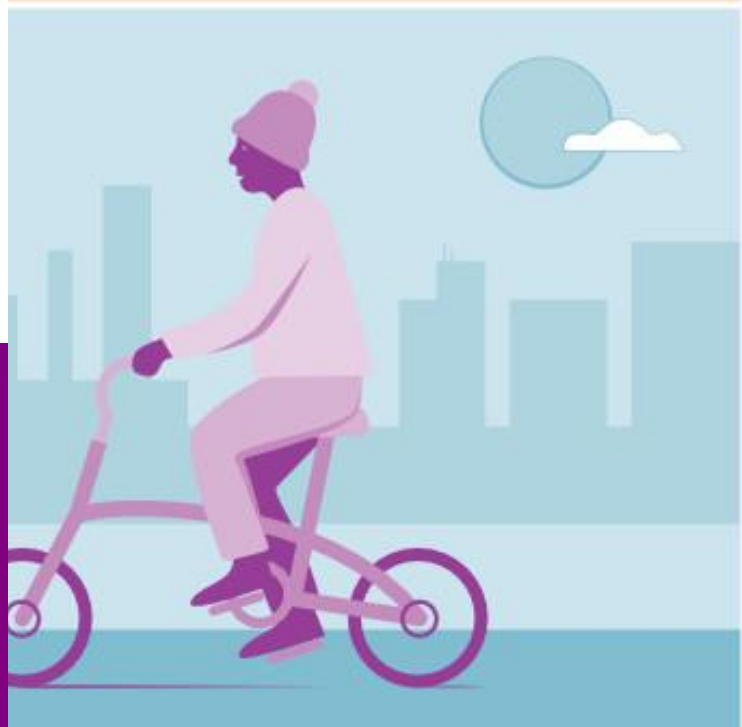




The Health and Social Care Alliance Scotland (the ALLIANCE)



What impact do the Scottish Government's spending and taxation plans have – Pre-Budget Scrutiny ALLIANCE Response

25 August 2023

Introduction

The Health and Social Care Alliance Scotland (the ALLIANCE) welcomes the opportunity to inform the Equalities, Human Right and Civil Justice Committee's pre-budget scrutiny for 2024-25¹. The ALLIANCE have long called for public spending decisions to take a human rights budgeting approach, prioritising services that enable people to realise their rights. This should include continued investment in social security and health and social care to ensure that disabled people, people living with long term conditions, and unpaid carers can participate equally in society.

It is particularly important in light of the COVID-19 pandemic and cost of living crisis that essential public services, both those directly provided by the statutory sector and those provided by the third and independent sectors but funded by the Scottish and local governments, continue to be adequately supported. We know that the impacts of these crises have been disproportionately felt by those already in the most difficult situations.

We understand that this survey is intended for a general audience, rather than asking specific, in-depth questions about budget and finance, and agree that it is a useful approach to broadening participation in the process for at least some pre-budget scrutiny to be accessible to those without specialist or professional expertise. We would encourage the committee and the Scottish Government to consider further ways to engage the general public in the process.

Question 1: How do you think the spending decisions of the Scottish Government affect your life, and do you think this is the same or different for other people you know?

Third sector organisations like the ALLIANCE are significantly impacted by the Scottish Government's spending decisions. In some cases, this can be due to reliance on direct funding and commissioning from the Scottish Government. In other cases, local authorities, the NHS, Integration Joint Boards and Health and Social Care Partnerships may be responsible for such decisions in the first instance, but drawing on funding ultimately



allocated by the Scottish Government. The financial situation facing third sector organisations has been difficult for several years, particularly as a result of short term funding arrangements, and the ALLIANCE have consistently called for adequate and sustainable support for third sector organisations.

The contribution of the third sector to Scotland's people, society and economy remains unrecognised and undervalued. According to the Scottish Council for Voluntary Organisations (SCVO)² as of 2021, there are over 46,000 third sector organisations in Scotland, with an estimated combined annual turnover of more than £8.5 billion. The sector is also a major employer – for example, SCVO estimates approximately 135,000 paid staff work in Scotland's voluntary sector.

However, the third sector has been put under significant pressure in recent years, exacerbated by the COVID-19 pandemic and the ongoing cost of living crisis. SCVO's Third Sector Tracker³ found that by winter 2022, two-thirds of organisations reported shortages and issues with staffing and volunteers, and the same number were facing financial challenges. At the same time, 39% of organisations said they had difficulty planning for the future.

Given the vital role that the third sector plays in supporting people across Scotland, and the scale of the workforce, it is crucial that it is adequately funded by the Scottish Government. Although the Scottish Government has repeatedly stated it remains committed to carrying forward proposals on multi-year funding, there has been little to no visible progress on this for several years. The ALLIANCE strongly back the SCVO's 'Fair Funding for the Voluntary Sector'⁴ proposals and would urge the Scottish Government to act upon them as a priority.

Question 2: The Scottish Government is responsible for spending money on: (a list of devolved powers – see Note A). After looking at this, do you want to say anything more or different about how the



spending decisions of the Scottish Government affect you, or other people?

The ALLIANCE have long advocated for the Scottish Government to adopt a human rights budgeting approach, which is outlined in more detail by the Scottish Human Rights Commission, our partners in the Human Rights Budgeting Working Group⁵. The Scottish Government has the obligation, as the UK Government does, to respect, protect and fulfil human rights. How revenues are raised, how spending is allocated, and how they are used in practice are all essential to delivering on human rights obligations.

The principles of human rights budgeting go beyond simply the setting of the budget and can be applied to scrutiny, and we welcome that the Equalities, Human Rights and Civil Justice Committee have been seeking to embed some of these principles in its own scrutiny. Human rights should be recognised as a golden thread, relevant to all areas of government and parliamentary activity, and should be a focus for scrutiny every year.

In addition, investment in preventative measures must be a priority for the Scottish Government. The long term financial benefits of preventative approaches are widely recognised, including in a recent paper by Public Health Scotland⁶, as lower cost early intervention can prevent deterioration of health and wellbeing that would necessitate more significant and expensive interventions later. However, we are unconvinced that sufficient resource will be committed to preventative spend in areas such as mental health, social care and social security.

The only reference to prevention in the Scottish Government's Medium-Term Financial Strategy is limited to a £500 million investment in whole family wellbeing. Transparency is a core principle of human rights budgeting, key to developing efficient budgets that deliver on outcomes, and imperative for scrutiny and accountability. In relation to the Scottish Government budget, it is difficult to 'follow the money' for prevention from allocation to spend to impact.



In the context of the ongoing cost of living crisis, spending that supports people to eat well and heat their homes reduces the likelihood they will need to access NHS and social care services. An ALLIANCE report published in October 2022 investigating the impacts of the crisis on disabled people, people living with long term conditions, and unpaid carers⁷, highlighted worrying examples of the kinds of cutbacks people were having to make.

Some people told us they had reduced the number of meals they had each day, were heating their homes less, or even limiting bathing. All of these measures could negatively impact their health in the longer term, increasing the risk of malnutrition or infection that could lead to hospitalisation and increased social care need, but would be avoidable with adequate support through the social security system. Similar worrying findings were shared by the UK's national human rights bodies, including the SHRC, as part of their recent report to the United Nations⁸.

Whilst acute and crisis services must continue to be funded adequately, failure to invest in preventative approaches increases demand on those services, with resulting costs to public finances and to individual health and wellbeing. The costs of allowing people to reach crisis point before they receive support can also be borne by seemingly unrelated services – for example, Police Scotland have reported a near doubling of call-outs for mental health related incidents between 2017 and 2022⁹. This emphasises the importance of a cross-cutting approach to and understanding of prevention across a range of government portfolios.

The ALLIANCE would urge the Scottish Government to make further progress towards a wellbeing economy by driving and encouraging investment in key services. The Medium-Term Financial Strategy does note that the government remain committed to the wellbeing economy, and to “economic growth for a purpose”, and it is important that this principle is meaningfully followed, for example by fully recognising the value of care.



Question 3: The Scottish Government can also raise money using the following taxes: (a list of taxes – see Note B). How do you think the way the Scottish Government raises money through tax affects your life and the lives of people around you?

As the primary mechanism for raising the revenue necessary to fund essential public services, how the Scottish Government uses its powers over taxation has a significant impact on everyone in Scotland. However, these impacts are not equitably distributed.

Decisions that may result in reduced expenditure in areas like health, social care and social security will have the greatest negative impacts on the groups that rely most on those services, including disabled people, people living with long term conditions, unpaid carers, and people experiencing poverty. Similarly, whilst effort has been made in recent years to make the Income Tax system more progressive, Council Tax remains a highly regressive system where the burden of taxation falls most heavily at the lowest end of the scale rather than the highest.

Whilst the ALLIANCE does not have a position on the specific rates and forms of taxation that should apply in Scotland, we would re-emphasise our consistent calls for a human rights based approach to public finances. As stated in our initial response to the Resource Spending Review Framework consultation in 2022¹⁰, plans to incorporate several international human rights treaties into Scots law offer an opportune time to embed human rights budgeting principles. In particular, decisions on public finances should have due regard to two of the key principles of progressive realisation of human rights, those of “non-regression” and “maximum use of available resources.”

In taking forward this and future year’s budgets, non-regression means the Scottish Government must ensure that any changes in spending do not result in people’s existing human rights, such as the rights to independent living and equal participation in society for disabled people, being eroded. Maximum use of available resources means the government has a duty to ensure that adequate funding is available to ensure the progressive



realisation of human rights. It should therefore carefully consider how to use the tax and revenue powers it has at its disposal to maximise revenues.

The ALLIANCE have nonetheless previously specifically highlighted Council Tax as an area of concern, including in both written¹¹ and oral¹² evidence to the Equalities, Human Rights and Civil Justice Committee as part of pre-budget scrutiny last year. Council Tax is highly regressive by design and has only become more regressive in the three decades since it was introduced. The regressive nature of Council Tax, combined with the fact that local authorities can only set the Band D rate with all other rates being defined in statute as multiples of that value, significantly impacts the ability of local authorities to raise the revenues necessary to deliver public services in a fair and equitable manner.

A range of prospective replacements for Council Tax were investigated in depth through the Commission on Local Tax Reform in 2015¹³, which included representatives from four of the five parties currently present in the Scottish Parliament. Whilst the Medium-Term Financial Strategy states the Scottish Government's intention to further progress local tax reform, it is important that this is taken forward at pace. Given the existence of a prior evidence base in the Commission's report, the scale of financial pressures, and the increasingly regressive nature of Council Tax, legislating for a replacement in some form must not be delayed.

Question 4: What do you think would make it easier for people to understand and have their say on how well public money is used?

The Scottish Human Rights Commission has produced a series of papers on human rights budget work in practice. One of these papers focuses on procedural principles, including how to involve the wider public in the budget process¹⁴. Core to this is the active participation of rights holders in the process according to the PANEL principles – participation; accountability; non-discrimination and equality; empowerment; and legality.



The Government should also make space to listen to the voice of lived experience, providing proper facilitation and support of their engagement. This should include (although not be restricted to) funding for accessible communications on the budget process and decisions, and any assistive technology or support costs required to enable lived experience representatives to take part in and contribute to the work of the care boards. Existing resources such as the National Standards for Community Engagement¹⁵ and learning from current groups such as the People Led Policy Panel should be used to help embed active participation in the budget process.

It is important to consider inclusive communication in all aspects of developing and communicating the budget. Inclusive communication should follow the Six Principles of Inclusive Communication¹⁶, and should be publicly available in multiple formats, including Community Languages, British Sign Language (BSL), Braille, Moon, Easy Read, clear and large print, and paper formats. The ALLIANCE recommends involving relevant experts – including BSL and language interpreters – at the earliest opportunity to ensure communications and information provision is inclusive for all.

Good quality audio-visual content in accessible formats, can be a particularly effective way of conveying information, and could be used for example to describe what the budget aims to achieve in key thematic areas, and what changes have been made relative to the previous year's budget. This should be promoted alongside general resources which outline how the budget process works.

Whilst recognising that the Cabinet and civil servants involved in the budget are extremely busy at budget time, it may be worth considering imaginative means of opening up the process beyond parliamentary scrutiny to allow some degree of public scrutiny, for example through engagement events related to individual portfolios. These various methods should form part of an overarching, clear and consistent communications strategy, which puts a duty of transparency on the Scottish Government.



Note A: List of devolved powers as given in the survey

The Scottish Government is responsible for spending money on:

- agriculture, forestry and fisheries
- benefits (some aspects)
- consumer advocacy and advice
- economic development
- education and training
- elections to the Scottish Parliament and local government
- energy (some aspects)
- environment
- equality legislation (some aspects)
- fire services
- freedom of information
- health and social services
- housing
- justice and policing
- local government
- planning
- sport and the arts
- taxation (some aspects)
- tourism
- transport (some aspects)

Note B: List of devolved taxes as given in the survey

The Scottish Government can also raise money using the following taxes:

- income tax
- the tax you pay when you buy a house or property
- tax paid on business properties ("Non-Domestic Rates")
- Council Tax (though the rate is set by your local council)



- a tax on waste sent to landfill, and on aggregates used for commercial purposes
- it has said that in the future it will apply a tax to air departures.
- it also gives councils the option to raise money through parking, and is working on doing the same for a visitor levy (also known as the tourist tax)

About the ALLIANCE

The Health and Social Care Alliance Scotland (the ALLIANCE) is the national third sector intermediary for health and social care, bringing together a diverse range of people and organisations who share our vision, which is a Scotland where everyone has a strong voice and enjoys their right to live well with dignity and respect.

We are a strategic partner of the Scottish Government and have close working relationships with many NHS Boards, academic institutions and key organisations spanning health, social care, housing and digital technology.

Our purpose is to improve the wellbeing of people and communities across Scotland. We bring together the expertise of people with lived experience, the third sector, and organisations across health and social care to inform policy, practice and service delivery. Together our voice is stronger and we use it to make meaningful change at the local and national level.

The ALLIANCE has a strong and diverse membership of over 3,300 organisations and individuals. Our broad range of programmes and activities deliver support, research and policy development, digital innovation and knowledge sharing. We manage funding and spotlight innovative projects; working with our members and partners to ensure lived experience and third sector expertise is listened to and acted upon by informing national policy and campaigns, and putting people at the centre of designing support and services.



We aim to:

- Ensure disabled people, people with long term conditions and unpaid carers voices, expertise and rights drive policy and sit at the heart of design, delivery and improvement of support and services.
- Support transformational change that works with individual and community assets, helping people to live well, supporting human rights, self management, co-production and independent living.
- Champion and support the third sector as a vital strategic and delivery partner, and foster cross-sector understanding and partnership.

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¹ Scottish Parliament Equalities, Human Rights and Civil Justice Committee, 'What impact do the Scottish Government's spending and taxation plans have' (July 2023), available at: <https://yourviews.parliament.scot/ehrcj/impact-spending-taxation-scottish-government/>

² SCVO, Research, available at: <https://scvo.scot/policy/research>

³ SCVO, 'Third Sector Tracker – Wave 5 Winter 2022' (March 2023), available at: <https://storage.googleapis.com/scvo-documents->



[evidence/0693z00000ZlyVUAAZ-Scottish-Third%20Sector%20Tracker%20-%20Wave%205%20Winter%202022.pdf](https://www.scot.nhs.uk/evidence/0693z00000ZlyVUAAZ-Scottish-Third%20Sector%20Tracker%20-%20Wave%205%20Winter%202022.pdf)

⁴ SCVO, 'Fair Funding for the Voluntary Sector' (January 2023), available at: <https://scvo.scot/p/56732/2023/01/16/%e2%80%8bfair-funding-for-the-voluntary-sector>

⁵ Scottish Human Rights Commission, 'Human Rights Budget Work', available here: <https://www.scottishhumanrights.com/projects-and-programmes/human-rights-budget-work/>

⁶ Public Health Scotland, 'The case for prevention and sustainability of health services' (July 2023), available at: <https://publichealthscotland.scot/publications/the-case-for-prevention-and-sustainability-of-health-services>

⁷ The ALLIANCE, 'Disabled People, Unpaid Carers and the Cost of Living Crisis: Impacts, Responses, and Long Term Solutions' (October 2022), available at: <https://www.alliance-scotland.org.uk/blog/news/alliance-cost-of-living-report-calls-for-further-emergency-support/>

⁸ Scottish Human Rights Commission, 'Commission warns of crisis for disabled people's rights' (August 2023), available at: <https://www.scottishhumanrights.com/news/commission-warns-of-crisis-for-disabled-people-s-rights/>

⁹ The Herald, 'NHS strain sees police first to mental health call-outs' (April 2023), available at: <https://www.heraldscotland.com/news/23432444.nhs-strain-sees-police-first-mental-health-call-outs/>

¹⁰ The ALLIANCE, 'Response to Resource Spending Review Framework' (March 2022), available at: <https://www.alliance-scotland.org.uk/blog/resources/alliance-response-to-resource-spending-review-framework-consultation/>



¹¹ The ALLIANCE, 'Equalities, Human Rights and Civil Justice Committee Pre-Budget Scrutiny 2023-24 – Alliance Response' (September 2022), available at: <https://www.alliance-scotland.org.uk/wp-content/uploads/2022/08/Equalities-Committee-Pre-Budget-Scrutiny-2023-24-ALLIANCE-Response.docx>

¹² Scottish Parliament Official Report, Equalities, Human Rights and Civil Justice Committee, 'Pre-Budget Scrutiny 2023-24' (October 2022), available at: <https://www.parliament.scot/chamber-and-committees/official-report/search-what-was-said-in-parliament/EHRCJ-25-10-2022?meeting=13946&iob=126407>

¹³ The Commission on Local Tax Reform, 'Just Change: A New Approach to Local Taxation' (December 2015), archived at: <http://web.archive.org/web/20160303000220/http://localtaxcommission.scot/download-our-final-report>

¹⁴ Scottish Human Rights Commission, 'The Budget Process and Human Rights Procedural Principles' (September 2019), available at: <https://www.scottishhumanrights.com/media/1915/hrbw-paper-6-vfinal.pdf>

¹⁵ Scottish Community Development Centre, 'National Standards for Community Engagement', available at: <https://www.voicescotland.org.uk/national-standards>

¹⁶ Scottish Government, 'Principles of Inclusive Communication: An information and self-assessment tool for public authorities' (September 2011), available at: <https://www.gov.scot/publications/principles-inclusive-communication-information-self-assessment-tool-public-authorities/documents/>

