



**The Health and
Social Care
Alliance
Scotland
(the ALLIANCE)**



**The Sustainability of Scotland's
Finances – Pre-Budget Scrutiny
ALLIANCE Response**

10 August 2023

Introduction

The Health and Social Care Alliance Scotland (the ALLIANCE) welcomes the opportunity to inform the Finance and Public Administration Committee's pre-budget scrutiny for 2024-25¹. The ALLIANCE recognises the substantial pressure on Scotland's public finances resulting from both the COVID-19 pandemic and the ongoing cost of living crisis.

It is particularly important in such circumstances 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 recent crises have been disproportionately felt by those already in the most difficult situations.

Public spending decisions should 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. At the same time, the Scottish Government must continue to work towards achieving the wider national outcomes and meet its responsibilities to tackle the climate emergency.

Question 1: How should the Scottish Government's Budget 2024-25 and its future budgets respond to these challenges?

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 Commission². The Scottish Government has the obligation, as the UK Government does, to progressively realise 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 would similarly encourage the Finance and Public Administration Committee to apply the principles to their pre-budget 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 Scotland³, 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.

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 carers⁴, 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.

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 2022⁵. This emphasises the importance of a cross-cutting approach to and understanding of prevention across a range of government portfolios.

Question 2: Does the Scottish Government’s ‘three pillars’ strategic approach to managing the public finances adequately address the scale of financial pressures expected in the Scottish Budget 2024-25 and in the medium-term? Should the Scottish Government follow a different approach instead, and if so, why would that be more effective?

Focus spending decisions

The ALLIANCE welcome the continued importance put upon health, social care and social security through the Scottish Government’s “three missions”, and the recognition of widening health inequalities. Although the Scottish Government have not framed it in this manner, investing in these areas is at least partly in line with the principles of human rights budgeting. Expenditure in these areas generally improves health, supports wellbeing, and reduces poverty, all of which are essential to realising basic human rights and enabling people to live the most fulfilling lives possible.

Inclusive economic growth

Whilst we recognise the role of growth under the current economic model, and that in that context it may be seen as necessary in order to increase the revenues necessary for funding public services, the ALLIANCE would urge the Scottish Government to make further progress towards a wellbeing economy. 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.



Investing in social care has the potential to be at least partly self-funding, supporting people to realise their right to equal participation in society, whilst significantly increasing employment. The Scottish Women’s Budget Group published a briefing in January 2023⁶ outlining a transformational investment in social care which would result in additional revenues equivalent to almost half (46%) of the required additional expenditure, whilst creating a total of 75,900 new jobs. Given the highly gendered nature of the social care workforce, investing in transforming social care would also help to address gender inequalities by improving pay and ensuring greater provision of paid formal care rather than reliance on unpaid informal care, also largely provided by women.

Strategic approach to tax policy

We agree that the Scottish Government’s approach to taxation is an essential component to addressing financial pressures. 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 2022⁷, 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 written⁸ and oral⁹ 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 2015¹⁰, 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 3: Given the pressures on the capital budget, how should the Scottish Government prioritise its capital spend in the Scottish Budget 2024-25 and over the medium-term?

The Scottish Government's approach to capital spend should be to prioritise expenditure which supports wellbeing, human rights, climate action and addresses health inequalities. For example, investment in transport infrastructure should be directed towards public transport, active travel, and delivering on the aspirations of 20 minute neighbourhoods in an inclusive manner, as outlined in the 'Exploring Scotland's 20 minute neighbourhoods' report by the ALLIANCE and partners¹¹.



Question 5: The Scottish Government's spending plans for resource (day-to-day spending needed to run public services) and capital (investment in assets and infrastructure) for 2024-25 until 2026-27 are to be updated and published alongside the Scottish Budget 2024-25 later this year. Where should the Scottish Government protect or prioritise spending in these multi-year plans? Please also indicate how these funds can be found, such as increased taxes or reallocation of money from another portfolio.

The ALLIANCE would urge spending on essential services including health, social care and social security to be protected and prioritised in this and future budgets. Spending in these areas supports wellbeing, reduces poverty, and helps to realise human rights. We would also wish to see adequate and sustainable support for third sector organisations. The financial situation facing third sector organisations has been difficult for several years, particularly as a result of short term funding arrangements.

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)¹² 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 Tracker¹³ 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'¹⁴ proposals and would urge the Scottish Government to act upon them as a priority.

In terms of funding these spending priorities, as stated in our response to a number of questions in this consultation, the ALLIANCE believe that the Scottish Government should carefully consider how best to use the tax powers they have at their disposal in order to raise the revenues necessary for essential public services. The ALLIANCE do not have a position on specific rates or forms of taxation that should apply but would nonetheless highlight the need for reform of Council Tax and local taxation in particular.

Question 6: The Scottish Government plans to address the budgetary implications of the expected long-term fall in population through growing the economy and tax base, public service reform, and an upcoming 'Addressing Depopulation Action Plan'. Are these the right priorities to address the implications of this fall in the population and, if not, how could the Scottish Government be more effective in this area?

Growing the economy and tax base

The ALLIANCE recognise that under the current economic system, economic growth may be one route to growing the tax base, and thus ensuring the revenues available are sufficient to meet the Scottish Government's spending commitments when faced with an ageing population and depopulation. We would re-emphasise however the importance of economic transformation, with a move towards a wellbeing economy that is focussed not simply on the size of that economy, but how it supports everyone's wellbeing.

Public sector reform



Public sector reform has the potential to significantly reduce financial pressures, but it must be undertaken with the aim of improving outcomes and upholding human rights, not simply cost-cutting. Failure to properly invest in public services, and in particular preventative services, may instead result in additional costs in the longer term. It is nonetheless clear that some services require significant reform, in particular social care.

The 'My Support, My Choice' research¹⁵, produced in partnership between the ALLIANCE and Self Directed Support Scotland, provides an overview of people's experiences with social care before the COVID-19 pandemic, which exacerbated many existing issues. The final report highlighted issues including tightened eligibility criteria, inconsistency of implementation and infrequent but deeply concerning instances of lack of respect for people receiving care.

The creation of a National Care Service during this parliamentary term offers an opportunity to improve the lives and experiences of disabled people, people living with long term conditions, and unpaid carers. It will also be one of the biggest public sector reforms taken in recent decades, with significant financial implications. However, concerns have been raised about the process so far, and whether it has truly followed a genuine co-design model.

In moving forward with a National Care Service, the voice of lived experience must be fully heard and at the centre of a meaningful co-design process. Spending plans must be human rights based and recognise third and independent health and social care organisations as equal and valued delivery partners, resourced by additional, sustainable, ongoing, and secure funding. In addition, it is important to reflect on the lessons learned from the slow pace of the health and social care integration agenda.

Addressing depopulation plan

Although we cannot comment fully on this priority in advance of the plan being published, in principle the ALLIANCE agree that there must be a



clear strategy in place to address depopulation. We recognise that addressing the impacts of depopulation may be further complicated by Brexit. Alongside several other organisations¹⁶, the ALLIANCE have previously expressed serious concerns regarding the UK Government's approach to visas for health and social care workers.

We further expanded on these concerns in a response to the Migration Advisory Committee's consultation on the impact of ending freedom of movement¹⁷, noting that most social care roles are excluded from the UK's Health and Care Worker Visa and the risk that some EU nationals in social care wouldn't qualify for "settled status".

In addition to the widely recognised impact on public finances and demand for services arising from an ageing population, and the recruitment challenges posed by Brexit, this plan must also specifically account for service delivery in rural areas, many of which have already been experiencing ageing populations and depopulation, with resulting challenges in delivering health and social care services in particular.

Question 7: How should the Scottish Government start to address the forecast funding gap of 1.7% each year up until 2072-73?

Although the ALLIANCE do not have a position on the specific rates and forms of taxation that should apply in Scotland, we believe that the Scottish Government should use what revenue raising powers it has at its disposal to maximise the funding available for essential public services. Decisions to change spending allocations should take a human rights budgeting approach, with priority given to services such as social care and social security that support people to realise their rights, such as the right to independent living and the right to food.



Question 8: How should the Scottish Government balance its short and long-term financial planning and where can improvements in this area be made?

As outlined in more detail in our response to Question 1, the Scottish Government should embed prevention in its financial planning, investing in the short term to reduce financial pressures in the long term. In addition to health, social care and social security, action to reduce and mitigate the impacts of climate change should be seen as another important area for preventative spend. Investing in retrofitting homes for energy efficiency, enhanced public transport provision, and active travel infrastructure will provide benefits to health, wellbeing and the environment that will reduce costs in the longer term.

Question 9: How will long-term financial pressures impact on the delivery of national outcomes and climate change targets and what steps can the Scottish Government take to alleviate these impacts?

Delivering on both the national outcomes and Scotland's climate change targets requires significant and sustained investment. The anticipated financial pressures will pose a serious challenge to living up to these aspirations if not adequately managed. The budget is the primary mechanism by which the Scottish Government demonstrates the value it has put upon its various commitments.

Given the importance of both the national outcomes and minimising the impacts of climate change, the Scottish Government must show it continues to value these priorities. As we have consistently stated throughout this response, the ALLIANCE would encourage the Scottish Government to carefully consider how best to use the revenue-generating powers it has to maximise the resources available to meet these challenges.



Question 10: In follow-up to the Committee's inquiry on effective decision making, how can transparency be improved around how the Scottish Government takes budgetary decisions?

The ALLIANCE would reiterate our consistent recommendation that the Scottish Government adopt a human rights budgeting approach. Being clear about the human rights impacts of spending decisions is essential both to understanding the progress the government is making towards its own aspirations on human rights, and to understanding why they have made those decisions.

The ALLIANCE further recommends broadening the scope of impact assessment by using Equality and Human Rights Impact Assessments. This is a practical tool developed by the Scottish Human Rights Commission and Equality and Human Rights Commission which combines Equality Impact Assessments and Human Rights Impact Assessments¹⁸. Considering human rights alongside equalities impacts prompts consideration of impacts on marginalised groups who fall outside of the Equality Act 2010, such as some people living with long term conditions, carers, people living in poverty, and people experiencing homelessness. Additionally, a human rights analysis provides a useful framework to balance the interests of different population groups.

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.

Contact

Allan Faulds, Senior Policy Officer

E: allan.faulds@alliance-scotland.org.uk

Rob Gowans, Policy and Public Affairs Manager

E: rob.gowans@alliance-scotland.org.uk



T: 0141 404 0231

W: <http://www.alliance-scotland.org.uk/>

¹ Scottish Parliament Finance and Public Administration Committee, 'The Sustainability of Scotland's Finances' (June 2023), available at: <https://www.parliament.scot/chamber-and-committees/committees/current-and-previous-committees/session-6-finance-and-public-administration-committee/business-items/the-sustainability-of-scotlands-finances>

² Scottish Human Rights Commission, 'Human Rights Budget Work', available here: <https://www.scottishhumanrights.com/projects-and-programmes/human-rights-budget-work/>

³ 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>

⁴ 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/>

⁵ 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/>

⁶ Scottish Women's Budget Group, 'Towards a transformative universal adult social care support service for Scotland' (January 2023), available at: <https://www.swbg.org.uk/content/publications/Towards-a-transformative-universal-adult-social-care-support-service-for-Scotland.pdf>

⁷ 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->



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⁸ 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>

⁹ 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>

¹⁰ 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>

¹¹ The ALLIANCE et al, 'Exploring Scotland's 20 minute neighbourhoods' (June 2022), available at: <https://www.alliance-scotland.org.uk/blog/news/exploring-scotlands-20-minute-neighbourhoods-final-report-published/>

¹² SCVO, Research, available at: <https://scvo.scot/policy/research>

¹³ 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>

¹⁴ 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>

¹⁵ The ALLIANCE and Self-Directed Support Scotland, 'My Support, My Choice – People's Experiences of Self-Directed Support and Social Care in



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¹⁶ The ALLIANCE, 'ALLIANCE and partners respond to post-Brexit plans for social care' (July 2020), available at: <https://www.alliance-scotland.org.uk/blog/news/alliance-and-partners-respond-to-postbrexit-plans-for-social-care/>

¹⁷ The ALLIANCE, 'ALLIANCE response on the impact of Brexit on adult social care' (October 2021), available at: <https://www.alliance-scotland.org.uk/blog/news/alliance-response-on-the-impact-of-brexit-on-adult-social-care/>

¹⁸ Equality and Human Rights Impact Assessment, *Equality and Human Rights Impact Assessment*. Available at: <https://eqhria.scottishhumanrights.com/eqhriahome.html>

