# Finance and Public Administration Committee

# Pre-Budget Scrutiny: Summary of Evidence

## Contents

# Committee call for views

On 24 June the Committee launched a call for views on Scotland's public finances in 2022-23 and how they have been affected by COVID-19? The questions asked were as follows:

- How should the Scottish Government's Budget for 2022-23 address the need for a fair and equal recovery from the Covid crisis?
- How should the Scottish Government's Budget address the different impacts of the pandemic across age, income and education groups and across places?
- In 2022-23, it is likely that there will be reduced levels of available Covid-related financial support for the public and private sector. Given this, what should be the priorities for the Scottish Government's Budget?
- How should the Scottish Government Budget in 2022-23 address the risks arising from the level and rate of recovery from the pandemic in Scotland relative to the rest of the UK? Please consider any impact on devolved tax receipts and social security benefits in your answer.
- How has the Fiscal Framework worked in managing response to the crisis?
- How should learnings from the pandemic inform the forthcoming review of the Fiscal Framework?

This paper summarises the responses. Not all the responses answered the questions directly, so this summary is presented by theme.

# Introduction

As things stand, the Scottish Government does not have sight of the size of its spending envelope beyond this fiscal year. A UK and Scottish spending review is likely later this year, in advance of detailed spending proposals coming forward when the Scottish Budget is introduced towards the end of the calendar year (on current assumptions).

Professor Graeme Roy, Dean of External Engagement at the University of Glasgow states that:

> "It is clear that budgets are going to be tight, not just in 2022-23 but for the rest of the Parliament, with demand likely to outstrip the funding available. As noted in the questions, it is likely that there will be reduced levels of Covid-related financial support for the public and private sector. Whilst exact spending plans are not yet available for the UK (and therefore the Scottish block grant) for beyond this year, the UK Government is likely to seek to establish a long-term plan for fiscal sustainability that takes into account the significant increase in borrowing over the last two years."

That is the context for the 2022-23 Budget. The need across the UK to provide healthcare and prioritise Education spend in light of the disruptions caused by the pandemic might feed through into Scotland's budget via Barnett consequentials (as these are fully devolved and make up a sizeable chunk of devolved spending). However, other “unprotected budgets” might see their funding reduced, and it is likely that tough spending and taxation choices await as the extremely high levels of debt undertaken by the UK Government are addressed.

Given this, Professor Roy argues:

> “It is therefore important that decisions over funding are prioritised to the areas of devolved public spending with the potential to have the greatest impact upon the outcomes sought by MSPs. For that to happen, we need detailed evidence that goes beyond high-level narratives around economic growth, wellbeing or tackling inequality. We need more data, analysis, delivery plans and clear monitoring and evaluation proposals. This has been an area of weakness in the past. In some cases, detailed evidence of likely impact might not be possible. However, at the very least a transparent assessment of anticipated effects – small or large – with associated monitoring will be a good second-best outcome.”

# Covid Recovery and Budget Priorities

## How should budget address need for fair and equal recovery from COVID crisis?

The submission from the Fraser of Allander Institute (FAI) provides helpful context to this question. It makes the point that the pandemic has had very uneven health, financial and other economic impacts, and there remains significant uncertainty “about how many of those affected by the pandemic will find those effects are temporary, and how many will be impacted permanently.”

In such a context, therefore, “what constitutes a ‘fair and equal’ recovery is a somewhat subjective question.”

In the context of the 2022-23 budget and supporting documentation, however, the FAI state that:

> “the government should: articulate clearly its objectives for recovery and how it will assess fairness in this context; draw on up-to-date evidence of the impacts of the pandemic and the progress of the recovery, recognising the range of outcomes and groups that are relevant to this; draw on this evidence to support the policy prioritisation process; articulate the anticipated contribution of those policies towards its aspirations for a ‘fair and equal’ recovery.
>
> In this context, the subject committees at parliament can play an important role in scrutinising the governments evidence base and rationale for policy decisions during the pre-budget scrutiny process.”

Given the uncertainty surrounding the short, medium and long terms impacts of the pandemic, there will be a need for ongoing monitoring and flexibility around budgetary plans." But also "where the broad scale of the policy challenge is understood – the challenges for enabling the health and education recoveries for example – policy and funding must be informed by clear long-term strategy and vision."

> "In making its budget plans, the government needs to clearly articulate the outcomes that it anticipates its policies will have for different groups, and assess whether its interventions are the most effective means of delivering those outcomes."

On the pandemic Budgetary impact and the Budgetary prospects for 2022-23, the FAI state:

> "Covid-19 will continue to have an indirect impact on budgetary pressures in 2022-23 even if the direct threat of the virus itself has dissipated. Covid is likely to have legacy issues on the health budget (backlogs for elective care, potentially legacy issues around long Covid or mental health, etc.), as well as for skills and employability services, and education too. These legacy issues will overlap with the underlying pressures on budgets that pre-existed Covid (demographic change, etc.)
>
> Under current UK Government plans, we can anticipate that the underlying block grant will increase by at least around two per cent in real terms in 2022/23. It is quite likely that the UK Government will announce additional spending on top of this before the start of the 2022/23 year. Nonetheless, the budget outlook looks set to be extremely tight given the multidimensional nature of the recovery on top of the pre-existing spending pressures."

Given this tight context, what do the submissions consider should be some of the priorities for spend?

## Proposed spending priorities

In answering this question, several submissions noted that the pandemic has disproportionately affected poorer communities, with people living in poorer communities more likely to die than people in more affluent communities. Impacts have arisen across a wide range of policy areas.

For example, on Housing, the Chartered Institute of Housing Scotland (CIHS) stated that

> "those living in poor or overcrowded housing faced additional stress and many people faced social isolation and loneliness… Precarious employment, reduced earnings and redundancies meant that many tenants struggled to keep up with rent and while temporary restrictions on evictions have ensured that we have avoided a significant increase in homelessness to date, we are concerned that in the longer term many households will find themselves homeless. The winding up of the furlough scheme in September is likely to

> lead to a significant increase in rent arrears in the social and private rented sector if further financial support is not made available to tenants."

The Scottish Federation of Housing Associations (SFHA) submission notes that around one-fifth of Scots live in social housing. They argue that levels of "grant investment must increase and be reviewed annually."

> "SFHA has engaged fully in the recent process to review grant benchmark levels but we remain concerned cost increases have not been fully reflected which could mean development for some associations is not viable. In March 2021, SFHA published research which found that the cost of new build increased over the life of the last parliament, with the average works cost per unit increasing from £114,000 in 2016/17 to £134–138,000 in 2020/21.
>
> In addition to the cost increases evidenced during this review, supply chain issues and the subsequent cost increases (of up to 300%) in construction materials which have arisen because of global demand will further put pressure on the supply programme."

The SURF network (a regeneration forum) stated that

> "a fair and equal recovery will require particular actions from the Scottish Government and its agencies to protect, support and renew those communities that were already struggling before the pandemic with fragile economies, social problems and other challenges."

They advocate greater "targeting of available regeneration funding in multiply-deprived places, from all relevant agencies, policy-makers and funders."

> "SURF has previously called on the Scottish Government to identify 15 strategically significant deprived places in Scotland best suited to sustained and cooperative investment in a new generation of long-term place-based regeneration initiatives. Convergence targets could be adopted to set social and economic outcome targets and monitor progress. Adequate processes to identify transferable learning and effective models of operation would add value to the limited geographical focus of these investments."

The submission from the Child Poverty Action Group makes three explicit recommendations for the 2022-23 Budget. These are:

- "Double the value of the Scottish child payment in this budget.
- Invest in wider policies to tackle child poverty including childcare, housing and fair employment.
- Put reducing child poverty at the heart of the Scottish budget process. A goal of this and every budget should be to resource policies that will achieve the targets in the Child Poverty (Scotland)) Act."

They welcome the commitment to double the value of the Scottish child payment by the end of 2022, but contend that this needs to be accelerated to April 2022. If not, they argue that statutory targets to reduce child poverty by 2023-24 will not be met, undermining a fair and equal recovery from the Covid crisis.

> “The top priority in this year’s budget process must therefore be a doubling of the payment, ensuring that low-income households receive at least £20 per child per week from April 2022. Even in the current challenging environment and despite planned UK government cuts to universal credit, we, along with other independent experts, believe meeting the child poverty targets is possible with the powers that the Scottish Government currently holds. The evidence is clear that to achieve this doubling the child payment needs to take place in the coming year, keeping open the possibility of further additional investment if required, in 2023-24 in order to meet the interim statutory target.”

The STUC also supports the doubling of the child payment.

Alcohol Focus Scotland emphasis the impact on alcohol in Scottish society, an issue which has been in the news recently. They note that

> “The burden of alcohol harm falls disproportionately on those in our poorest communities, where rates of alcohol-specific death and alcohol-related hospital stays were eight times higher than in the most affluent areas before the crisis. The pandemic and the social restrictions which have accompanied it appear to be polarising drinking habits in Scotland, with a real risk of widening existing inequalities in alcohol harm.”

They suggest that increasing the price of alcohol can reduce alcohol harm. This, however, needs to be matched by investment in recovery-oriented alcohol services in a similar way to investments in drug treatment.

> “There is a strong international evidence base that increasing the price of alcohol, reducing its availability and controlling how it is marketed can prevent alcohol harm. These policies cost little if anything to implement. Where investment is required, however, is in fulfilling people’s right to access the support and treatment they need to help them to recover when they experience an alcohol problem. We have recently seen a significant investment in drug treatment in response to the increasing numbers of people who are tragically losing their lives to drugs. This needs to be matched with investment in recovery-oriented alcohol services.”

The make two suggestions for raising funds to support this increase in investment:

> “1. A public health supplement to non-domestic (business) rates, applied to retailers licensed to sell alcohol and linked to volume of sales
>
> 2. The creation of a new local public health tax that applies a levy to the sale of alcohol in the off trade

Revenues would be levied, collected and spent by local government on mitigating the wide-ranging social costs associated with alcohol use, and could include local preventative and enforcement activities."

The submission by the Scottish Human Rights Commission (SHRC) talked about the duty of government to provide a "minimum core" of an adequate standard of living which would include "basic housing and freedom from starvation". They state that "the current level of homelessness and poverty, including food poverty, in Scotland means that we can say that Scotland is failing to provide a minimum core of economic, social and cultural rights". They see addressing this problem as "priority number one" for the budget.

The Scottish Trades Union Congress (STUC) call for action on pay, which they state for public sector workers has seen a cumulative real terms loss in wages of 15% over the last decade (equivalent to £4,000). They argue that "restorative pay settlements would:

- Reduce the gender pay gap. Women are twice as likely to be key workers than men.
- Reduce in-work and child poverty. As well as being relatively low earners, many keyworkers work part-time and live in single-parent households – risk factors associated with both in-work poverty and child poverty.
- Support inclusive growth. Low-earners spend more in the local economy than high-earners and a high proportion of key workers live in Scotland's more rural, remote areas and deprived areas.
- Raise revenue. An estimated 40% of the cost of a public sector pay increase would be recouped in tax revenue.
- Support family resilience. 46% of key workers with children have a partner who is in non-key work.
- Support equality. Black and minority ethnic (BME) employees are more likely than white employees to be key workers."

Paths for all, a charity aiming to increase walking in Scotland calls for an "increase in the sport and physical activity budget" to "make big inroads into physical activity targets, social prescribing, and reduction of social and transport inequalities."

> "Increased provision of regular, reliable, and affordable public transport across Scotland will help with physical activity – walking to the bus etc - reduces carbon emissions, increases community cohesion."

Linked to this, Living Streets Scotland, noted the increased prevalence of walking during the pandemic, and noted that "street maintenance and cleanliness" needs to improve. Like Paths for All, this submission calls for increased investment in local public transport, walking and cycling", and a reversal of "chronic underinvestment in local government services" which "discourages walking and impairs local economic development."

> "funding must be found to build on temporary changes to streets, where these have been successful….This includes sufficient space for both pedestrian movement and businesses to retain outdoor hospitality for much of the year.

> Long-term and strategic funding is needed to regenerate post retail town centres. This must include upgrading the public realm. Investment in public health such as promoting walking is vital if pressure on the NHS is to be reduced in the medium to long-term."

The submission from Bòrd na Gàidhlig highlighted some of the specific challenges that have faced many island and rural parts of Scotland, who were also facing challenges prior to the pandemic, around "population decline, age imbalances and high living costs".

> "In part this reflects dependence on a small number of sectors (e.g. tourism, fisheries) and individual employers, some of which are low paying. In some islands, tourism accounts for as much as 40% of economic activity. Reduced/no tourism activity has affected not only "tourism" businesses (e.g. accommodation providers). It has also hit other sectors - e.g. shops, transport providers - which benefit from visitor spend. The pandemic has particularly affected islands where earnings gained in the summer support many individuals who have low or zero income at other times of the year."

Bòrd na Gàidhlig argue that "appropriate levels of investment are required to ensure that the conditions exist to support islands and rural areas, including those where the use of Gaelic is currently high. That will help rebuild confidence in communities hit hard by the pandemic." Proposed areas for investment in their submission were in "the quality of digital access" in island and remote communities (Age Scotland make a similar point), and "greater investment…in ferry and bus services in the islands in particular, and in reducing the cost of travel for young people."

On support for business, the Scottish Chambers of Commerce (SCC) are concerned that the end of business support measures is a "moment of maximum danger for many businesses. They are calling for the 2022-23 Budget to include "commitments to longer term business support and assurances that businesses can access business support to all sectors of the economy, including the expansion of rates reliefs to more sectors and businesses which will take longer to recover, as well as additional business grants provision if required."

SCC also want a long term commitment to no new business taxes or levied for the lifetime of the Parliament, including the "scrapping or deferring of any additional business taxes such as the proposed workplace parking levy and transient visitor levy."

The submission by the Royal Society of Edinburgh (RSE) focuses on some of the budgetary risks that the Scottish Government will need to consider in the short, medium to long term. In the short term, if there is a 4th pandemic wave, there will be a need for further public spending. Other risks include high levels of inflation beyond 2% (which the Bank of England is now forecasting). This has a number of potential impacts on the Budget from increased and differential costs across different parts of public spending and the wider economy. They also identify budgetary risks and pressures emerging from "climate change, falling tax receipts due to businesses failing and rising unemployment as furlough ends."

Other spending pressures emerging, and identified by the RSE (the Auditor General makes a similar point) are within the health care system, with major backlogs in appointments and diagnosis which will have particular impacts in the short term.

> “However, equal or more attention may have to be given to the social care sector, as this is where the pandemic has exposed some of the greatest weaknesses. This will be a key spending priority for the Scottish Government, but it's unclear what demands this will place on the Scottish Budget in the short-medium term. Another key spending priority will be education to ensure that any lost education resulting from the pandemic is addressed.”

Pressures caused by the pandemic and the subsequent backlogs, “must be managed alongside pre-existing financial sustainability pressures in areas such as the NHS and Local Government (Auditor General).

The RSE believe that short and medium term pressure in health and education arising from the pandemic, should not result in the Government losing sight of its

> “aspirations to recover by improving growth, achieving net-zero, and establishing economy focused on wellbeing. Key aspects of a wellbeing economy are access to a high standard of employment which offers the minimum of a living wage, skills development, and low inequality. The RSE believes that a spending priority will be to support the economy through investing in early-stage companies (spinouts and start-ups), which are crucial to job creation, and aiming to fulfil the recommendations presented in the Social Renewal and Economic Recovery reports.”

The Scottish Property Federation (SPF) submission makes a number of suggestions for the Budget in 2022-23, including:

- Additional resource for planning to allow it to be a “dynamic enabler of development and investment. Planning and tax incentives to encourage mixed-use developments could support regeneration and help realise the ambition of 20-minute neighbourhoods.”
- Continue work to establish Green Ports and development zones to create places for employment in both rural and urban communities through targeted support for investment and jobs.
- Develop a national strategy to fund education facilities and well distributed primary and secondary healthcare facilities to enable investment and new development. It is important to consider the implications of changing demographics within society and the implications for later life healthcare and the facilities that communities will require across all age ranges. In light of the COVID-19 pandemic, consideration should be given to investment in the centralisation of health care facilities and refocusing a level of care on better distributed local community facilities.
- Encourage investment into our high streets: We would like to see key reforms to property taxation and a reduction or removal of charging empty property rates on shops and other business properties that often simply cannot be re-let due to wider economic conditions. It is also vital that the Business Growth

Accelerator is maintained to encourage redevelopment and to remove the risk of empty rates on speculative development.
- Better resourcing of planning departments: we need an efficient and effective planning system, and an alignment of public and private capital to deliver infrastructure. Local authority planning departments have seen significant cuts to their budgets, which has had implications for the speed of processing applications and the ability for authorities to think and plan strategically. It is vital for our long-term recovery that local planning departments are properly funded and able to respond quicker to economic and market changes.
- Scottish National Investment Bank: We would like to see the greater capitalisation of the Scottish National Investment Bank and more projects agreed to help recovery."

The Auditor General makes the point that the initial fiscal response to the pandemic in 2020-21 and 2021-22 will increasingly be replaced by a need for financial measures to support recovery from the wider impact of the pandemic on the economy, wellbeing and public services:

> "In determining its budget proposals, the Scottish Government will need to have a clear understanding of how it plans to transition from its initial financial response to more of a recovery phase. But given the continuing uncertainties about the course of the pandemic it is also likely to need to maintain a flexible approach to its financial planning. The Committee may wish to explore how the Scottish Government is addressing these challenges as part of its scrutiny."

Some of the individual responses do not go into specific policy details, however, some of the points raised in response to the question of Budget priorities are as follows:

- Trevor Swistchew argued that there should be a focus on "the lowest incomes" when allocating budgets.
- Robert Motyka favours consideration being given to "a universal basic income of £600" [presumably per month].
- Cori Williams believes that "more teachers" are required to close learning gaps caused by the pandemic and that Councils should be "forced" to employ them (presumably through ring-fencing resources for this purpose).
- Gordon Drummond agreed that "early education and remediation for loss of education, should be prioritised" as well as "active travel".
- One respondent, who wished their submission to remain anonymous said that encouraging "the unemployed to gain access to college or university so as to gain better skills" should be a priority, and that the "middle aged who have lost their jobs are being overlooked".
- Another individual called for the "immediate reduction and eventual elimination of unjustified expenses and wages of Central and Local Government."

## Green recovery

Several submissions mentioned the green recovery and the challenge in meeting ambitious net-zero targets.

One key policy area in this regard is housing, with homes accounting for 15% of Scottish carbon emission (CIHS). CIHS emphasis that the cost of the meeting the challenge of retrofitting energy efficiency measures in homes will be costly (estimated at £33 billion) but should not be

> "passed on to low income households, risking an increase in poverty…. With sufficient investment from Scottish Government, the journey towards net-zero carbon presents an opportunity to create skilled jobs across the country and aid the economic recovery from Covid-19."

The SFHA welcome the commitment to a five year £100m Social Housing Net Zero Heat Fund and the additional £10m to support fabric improvements in the 2021/22 programme.

> "However, this represents only a fraction of the funds needed to support the sector; the…costs for RSLs (Registered Social Landlords) to meet EESSH2 (Energy Efficiency Standard for Social Housing Two), and the Scottish Government's previous estimates for the social sector as a whole which suggest a cost of between £3.4 and £3.7bn, which again do not yet fully account for the transition to decarbonised heating systems.
>
> More recent modelling by the Scottish Government indicates a total figure of closer to £6bn if only low carbon solutions were to be implemented; the current fund therefore represents only around 2% of the total cost. To date, the majority (over 90%) of the investment required to meet the initial EESSH milestone has come from landlords' own resources. Looking ahead to EESSH2 and the transition to net zero, for the majority of our members the greatest challenge will be funding the upgrades required. Indeed, almost 80% of respondents to our recent survey on EESSH2 found sourcing funding and the capital investment for measures either 'very challenging' or 'extremely challenging'. The majority of housing association income derives from rents and meeting further cost commitments may result in rent increases for tenants which in turn can impact affordability. The alternative is increasing private finance; however, rental income is also what funds repayments."

On the tax side, the submission from the Chartered Institute of Taxation and its Low Incomes Tax Reform Group said:

> "Consideration of new taxes might include taxes that target the need to tackle climate change. Climate change and carbon emissions know no national boundaries. It will therefore be particularly important to work with the UK Government and other devolved governments to ensure that any policies at the very least do not jar against other UK policies, and ideally complement them. Scotland has a target of achieving net zero emissions by 2045 – however, we note that this refers to carbon emissions produced. Ideally, the

> target should be net zero carbon emissions consumed. Otherwise, there is a danger that policies that would allow the achievement of net zero emissions produced might actually lead to significantly higher emissions consumed, because they serve to displace emissions rather than lower them."

The SPF makes some recommendations aimed at Green recovery and achieving net zero by 2045:

- Support new connections to the electricity grid: The electrification of heat and cooling in buildings, and of transport, will be critical to Scotland achieving net zero by 2045.
- Incentivise the improvement of inefficient buildings: The planned introduction of minimum energy efficiency regulations across all sectors of the built environment in Scotland will help to make existing buildings more efficient to operate. While increased efficiency may lead to lower energy prices for owners and tenants, there is a need for significant up-front investment…In addition to regulations, the redevelopment of existing properties to meet higher energy efficiency targets should be incentivised through the property tax system. Discounts on business rates and LBTT should be investigated by the Scottish Government as it could help to make more efficient properties more attractive to potential buyers and tenants, which in turn could provide a return on the investment made to improve a property. Funding and tax support to encourage the adaption and repurposing of heritage buildings to help create great destinations and support the unique character of our towns and cities is also an important consideration."

## Linking the Budget to Outcomes and the National Performance Framework (NPF)

The submission from the David Hume Institute argues for the Budget being presented in a way that allows people to understand the decision making process, and the underlying evidence for the priorities and decisions taken. The also call for better linkages between the Budget and the NPF:

> "Budget priorities should be directly linked to the progress for all of the NPF which should be tracked regularly. The budget should be clear on the interdependencies between different investment priorities and look for efficiencies across budget boundaries."

## Different impacts of pandemic by age, income, education and place

A number of submissions stated that the pandemic has exacerbated pre-existing inequalities, and impacts were spread across demographics.

For example, Citizens Advice Scotland (CAS) said:

> "Over the course of the pandemic we observed that new clients – people using the CAB network for the first time - have had a different demographic profile compared to more regular CAB clients. These new clients are more likely to be in employment (26% as opposed to 16%), younger (33% under 35 compared to 22% repeat clients), and living in the least deprived Scottish Index of Multiple Deprivation areas.
>
> That shows the extent of the impact the virus has had and the need for a strong safety net for people going forward. We would argue that the committee and budget should recognise that every citizen in the country should be supported to participate in, benefit from, and contribute towards a growing economy, and to focus on measures that prevent people falling into poverty and give people more spending power, particularly those on lower incomes and newly indebted.
>
> While our own network data shows this crisis has affected people across demographics, we believe the starting point for inclusive recovery needs to be ensuring the most vulnerable are protected, and not caught in an increasing cost of living crisis."

Age Scotland highlighted the issue of pensioner poverty and argued that the Budget should include measures to assist the 150,000 Scottish pensioners living in relative poverty. The requirement to stay at home for much of the past 18 months will have pushed more pensioners into fuel poverty.

> "The Scottish Government should provide more funding to energy efficiency schemes to help support homeowners to drive down domestic energy costs and protect the environment."

The Age Scotland submission emphasises a focus on preventative measures to tackle issues like loneliness (eg the Tackling loneliness fund of £10m is welcomed), which will allow more people to live well for longer and save costs from health interventions.

Children in Scotland think there would be a better alignment of the Scottish Government's stated ambitions on equalities with what they describe as a wellbeing budget. They recommend:

> "1. Production of detailed outcome distribution maps for different population groups, starting with children. These distribution maps would go further than the current NPF performance overviews submitted to parliamentary committees by providing detailed information on how different population groups experience wellbeing.
>
> 2. Production of wellbeing forecasts. Policy development needs to be more clearly connected to the evidence on what would shift the dial on outcome indicators. Interventions (and associated spending bids) should be assessed according to the robustness of the case they make for supporting children's wellbeing, not just their economic and fiscal impacts. This analysis would encompass comparisons and trade-offs to be made across departments and

> outcome areas to support action with the highest likelihood of improving outcomes. Business cases need to give way to wellbeing investment cases that ask this fundamental question: how will this contribute to tangible improvement in children's wellbeing in the longer term?"

The David Hume Institute submission cited research undertaken in partnership with the Children's Parliament and Scottish Youth Parliament, showing the top 4 priorities for young people are

> "climate change, digital inequality, inclusion and poverty. The budget must have clarity on investment in 2022-23 for climate transition to net zero; delivering planned expenditure on broadband accessibility and digital inclusion; setting how expenditure will directly influence the reduction in poverty and promote greater inclusion."

The Dundee Third Sector Interface place an emphasis on younger people retaining skills as we emerge from the pandemic. They

> "respectfully request that serious consideration is given to putting a moratorium on the plans for removing Employability Fund and similar to be replaced by No One Left Behind and Youth Guarantee, etc. for a further year. To allow organisations to recover from the impact of Covid and be able to put more planning and thought into the next steps so that is effective and supportive for young people."

## Impact of pandemic on women

The impact of the pandemic on women was raised in a number of submissions. Women are far more likely to have primary caring responsibilities, and are around a third more likely to work in the sectors which have been shut down or restricted (Audit Scotland).

> "Action to support economic recovery and protect and support jobs will need to prioritise increasing the security and adequacy of women's earnings in these sectors." – Child Poverty Action Group in Scotland

The Health and Social Care Alliance Scotland (the ALLIANCE) also called for the budget to ensure Scotland's public finances deliver an "economy that works for women". Specifically there should be a

> "Greater recognition of the gendered nature of care and its role as an investment in (rather than a drain on) Scotland's people, society and economy would help put it on a more equal footing within the current economic system that traditionally prioritises male-dominated activity like construction as 'investment'. As the work on the caring economy by the Women's Budget Group Commission on a Gender-Equal Economy has demonstrated, investing 2% of GDP in care would result in three times the number of jobs in construction."

The Scottish Women's Budget Group urges "the Committee to broaden the focus beyond just age, income, education groups and place" and says that "the intersectional gendered effects of the health, social, and economic consequences of Covid-19 need to be front and centre in the process of policy, and in turn budget, decision making in all portfolios and in all the Committees.

In terms of how this is defined, the submission continues:

> "Gender analysis of the policy and resource allocation process in the budget means examining how budgetary allocations affect the economic and social opportunities of women and men, and restructuring revenue and spending decisions to eliminate unequal gendered outcomes…
>
> Public clarity is needed from the Finance and Public Administration Committee on how it will build scrutiny from an intersectional gender perspective in the scrutiny of how Scotland's public finances are being used to drive and deliver a fair and just recovery."

Proposals from the Scottish Women's Budget Group are for increasing investment in the care sector, which is overwhelmingly dominated by women; building in gender analysis in climate related infrastructure spending in housing, transport and construction.

On Social Care, immediate priorities include:

- "Commitment to working with local authorities to mitigate the impact of the UK policy of No Recourse to Public Funds and ensure that those in need have access to emergency support and Scotland specific social security payments;
- Increase the value of the Scottish Child Payment, to £20 per week, in recognition of the new circumstances within which it is being delivered and fast-track the role out of the new benefit;
- Increase the value and eligibility of Carers Allowance to provide support and protect carers from poverty"

On the differentials sectoral and business impacts, the SCC points out that some sectors, age-groups and locations have been hit more than others, and resource should be targeted appropriately.

> "To tackle these issues SCC would like to see the Scottish budget increase funding for Skills Development Scotland's Apprenticeship Employer Grant and additional grants support which targets economically disadvantaged individuals.
>
> This should also be supported by expanding and funding private sector business to business led peer-to-peer support networks such as SCC's "Future Female Business Leaders" initiative."

## Local Government funding

There were submissions from a number of Councils as well as a joint submission from COSLA (Convention of Scottish Local Authorities), SOLACE (Society of Local Authority Chief Executives) and CIPFA (Chartered Institute of Public Finance and Accountability).

Key concerns in these were the removal of ring-fenced funding to allow local authorities to respond to specific local needs, and the baselining in the Local Government settlement of permanent funding.

There were also calls for multi-year settlements for local authorities. Indeed similar calls were made from other submissions for multi-year budgets across the board (eg the David Hume Institute).

A summary of key recommendations made by COSLA/SOLACE and CIPFA is as follows:

- “fair funding in the Scottish Budget to Local Government. Whilst there has been much focus on the role of the NHS in dealing with the pandemic, with the promise of significant levels of investment, this must not come at the expense of critical services which Local Government needs to continue to provide in recovery and tackling poverty and inequality.
- The establishment of a new National Care Service as proposed by the Scottish Government is a distraction from recovery which will take resources, time and capacity away from service delivery at the time we would wish to see a significant investment.
- Local Government needs absolute flexibility to manage funding locally and to respond to need, rather than be pressed into areas of specific spend or to be limited to using funding by an artificial deadline or within a financial year.
- Investment in infrastructure, alongside investment in services, needs to be at the forefront of the Scottish Government’s thinking on the Scottish Budget.
- If Local Government is to play its part in achieving net zero emissions, then both revenue and capital funding is needed, alongside policy/ legislative levers to act effectively, integrating carbon reduction into Councils’ mainstream service delivery, as well as through dedicated initiatives.
- Targeting resource where the pandemic has hit society hardest is a more effective and value for money use of resource and, where policies are universal, they must be fully funded to enable Local Government to deliver these polices.
- There needs to be a whole system thinking about health and wellbeing, across the public sector. The key social determinants of health of education, housing, employment are all drivers behind long term health and must be invested to improve health outcomes and address health inequality.
- Work on a Local Government Fiscal Framework should tie into reform of the Fiscal Framework system as a whole and should provide a fair and equal basis across the fiscal landscape in Scotland.”

## Support for Retail sector

There is no doubt that the retail sector has been particularly hard hit by the pandemic, with shops forced to close and even now, footfall especially in city centres significantly lower than pre-pandemic levels.

The Scottish Retail Consortium (SRC) submission said:

> "Our requests of the Scottish Budget is that: it provides early certainty for firms, reignites consumer spending, and keeps down the cost of doing business."

The SRC go on to make some suggestions for the Budget:

> "The £2 million Scotland Loves Local Fund for 2021-22 is a promising move to enhance the viability of our town centres, however this shouldn't be the limit of our ambition – policy makers need to think more creatively and at greater scale about enticing shoppers back e.g. perhaps through temporary free parking, and/or a government advertising campaign to encourage people back to city centres, and/or a high street voucher scheme as the Northern Ireland Executive is introducing. A voucher scheme could trigger additional spending by shoppers beyond the value of the voucher transaction and create an even larger economic multiplier."

On non-domestic rates, the SRC welcome the rates relief provided during the pandemic and make the following suggestion for 2022-23:

> "Instead of a rigid re-instatement of 100% business rates next April, which were at a 21-year high prior to the crisis, Ministers should consider a modest further discount to business rates in 2022-23 (up to the new valuations coming in to effect in 2023-24) if retail sales don't pick up on a sustained basis. An early decision would be most helpful, as would a route map towards lowering the poundage to a permanently more sustainable level."

The SRC's final budget suggestion relates to the FM pledge to establish a Scottish retail strategy. It is hoped this work will conclude by the end of 2021.

The SRC go on to note:

> "It is conceivable the strategy's recommendations may have a fiscal implication. As such, it would be sensible for the Budget to include funding for the delivery of these recommendations, as well as for implementing the conclusions of the concurrent city centres recovery taskforce and the expected Ministerial response to the review of the town centres action plan."

## Support for Voluntary sector

The Scottish Council for Voluntary Organisations considers that it has been somewhat overlooked by the Scottish Government in recent times:

> “SCVO and colleagues across the voluntary sector were frustrated by the sector's omission from the Cabinet Secretary's budget statement in 2021-22. While the Cabinet Secretary recognised many other parts of society for contributing during the pandemic, the sector was overlooked. The Scottish Government frame Scotland's recovery as a joint endeavour, yet statements repeatedly refer to the importance of "business."”

They make a number of recommendations, cutting across a range of areas. These are summarised below:

- “invest in and recognise the voluntary sector as a significant employer, a partner, and a vital social and economic actor in Scotland’s recovery from the pandemic, alongside the public and private sectors in the 2022-23 Scottish Budget
- follow up on its commitment to meet with the Social Renewal Advisory Board and investigate the Board’s Calls to Action; explicitly outline how the Board’s report has influenced the 2022-23 Scottish Budget; and make resources available to progress the Calls
- share how it plans to build on the success of the Connecting Scotland Programme to support continued and solid infrastructure for digital inclusion
- extend and fund programmes, such as Community Jobs Scotland, for another year until Local Employment Partnerships (LEPs) are ready to deliver more employability programmes locally and ensure the voluntary sector is included in a comprehensive and inclusive whole system response
- make progress on the Equalities and Human Rights Committee’s request (from 2020-21) that the government works with the sector to develop new funding models and report on these to the parliament, drawing on innovative approaches developed with the sector during the pandemic
- embed flexible funding arrangements available during the pandemic in its non-covid related funds and standardise its annual funding decision making to ensure timely payments to voluntary organisations in time for the new financial year
- work with the sector to understand and address the challenges caused by the current competitive procurement environment and recognise the benefits of a more partnership-based approach.
- adopt formal procedures and guidelines across government and communicate these to mitigate the impacts of delayed UK and Scottish budgets on the voluntary sector
- work with the UK Government, Scottish Parliament, and experts on Scotland’s public finances to agree arrangements to support a shift to multi-year spending plans, and ensure good practice on multi-year funding currently in place is replicated across Government. The Scottish Independent Advocacy Alliance makes a similar point.

SCVO also call on the Committee to:

- investigate the Scottish Government progress in moving to multi-year funding. In particular, how the new Delivering Equally Safe and Supporting Equality

and Human Rights funds have worked in practice and whether similar methods can be adopted elsewhere.
- revisit what progress the Scottish Government has made in working with the sector to co-design new processes for funding applications."

# How should Budget address the risks arising from the level and rate of recovery in Scotland relative to the rest of the UK?

So far the Scottish and UK economic performances during the pandemic have broadly mirrored each other, but some evidence cited the potential risks of Scotland's recovery being slower than the rest of the UK and the potential consequences of that for Scottish tax receipts, demand on social security benefits and the overall spending envelope.

The FAI submission summarises the risks as follows:

> "there is a risk that the economic recovery happens more slowly in Scotland than in rUK, and if this happens there could be budgetary consequences. If a divergence is forecast at the time of the budget, this could constrain the resources available to the government; if the divergence emerges after the budget is set, divergence can be managed through borrowing and other cash management powers.
>
> At the moment however, the risk that divergence in speed of recovery make a material difference to the budget seem low. The spending plans of the UK Government are a more material consideration to determining the size of budget envelope."

In response to this question, the David Hume Institute support the creation of the Community Jobs Scotland scheme arguing "at a time when tax receipts will be crucial, prioritising support for jobs where skills can be developed, rather than skills development alone, will be critical."

## Use of tax powers

Not many submissions made explicit recommendations around the rates and bands of the fully devolved tax powers.

The STUC submission stated that it does not agree with freezing income tax for the duration of the Scottish Parliament.

> "It is clear that high earners have done well out of the pandemic and there is a need for additional investment in public services. Compared to Scotland, total tax revenue is much higher in Nordic countries and they are both more equal and more productive than Scotland. Sweden and Denmark collect at least 10% more of GDP in taxation each year than the UK."

On local taxation the STUC said:

> “While council tax is regressive and should be replaced, a council tax freeze is not effective at helping those on the lowest incomes (as most are protected by the council tax reduction scheme). In cash terms, it benefits those on higher incomes most, and undermines Local Authorities.
>
> In the medium to long term, progressively increasing the overall tax take of Central and Local Government (and using the additional revenue wisely, e.g. investing in public sector pay, childcare, social security and low-carbon infrastructure) should be a goal of policy. As the Nordics economic performance shows, there is no trade-off between high levels of tax and economic dynamism. In recent years organisations like the IMF have been highlighting that higher taxes can reduce inequality without impeding economic growth.”

The STUC argues that blanket tax cuts for business through rates relief are not an efficient way of creating jobs or promoting fair work.

> “In many ways blanket tax cuts for business are the antithesis of a Fair Work First approach. Funding goes to companies that lay-off staff, or that fire and re-hire staff, in the same way as it goes to those who recognise unions and are genuinely doing their best to support workers at this time….. At a minimum we should be ensuring that rates relief is conditional on providing fair work.”

The SCC did, however, propose the use of the yet to be introduced Air Departure tax (ADT), calling for this budget to commit to the introduction of ADT at reduced rates to “protect and renew Scotland’s connectivity to the world.”

On LBTT and Income tax, the SCC believes that “growing divergence across the UK risks putting Scottish businesses and consumers at a disadvantage and has potential to slow Scotland’s return to economic growth and competitiveness”. They are calling for LBTT bands to be equalised with English bands and for the Scottish Government to “avoid any further divergence with the rest of the UK on Scottish Income Tax rates to attract talent and protect household incomes.”

The submission from the Chartered Institute of Taxation, makes a number of detailed points about the practical operation of the tax system. Key to its submission is that there needs to be careful consideration given to the *interaction* of tax policies across different levels of government.

> “When making choices relating to tax policies in the context of the tax powers that Scotland has, it is important that the Scottish Government gives detailed consideration to interactions between Scottish tax policies (both national and local taxes) and those for reserved taxes (including the reserved aspects of income tax). In addition, consideration needs to be given to interactions between Scottish tax policies and Scottish social security policies, as well as between those policies and UK reserved social security policies.”

ICAS caution against introducing new taxes (for example a tourist tax or workplace parking levy) unless there is thorough prior consultation – “any new tax should only be adopted after a robust and full consultative process.”

The SPF welcomes the Scottish Government’s commitment to “reduce the large business supplement over the course of the current parliament and is an important step towards meeting the Barclay Review’s recommendations. However, a full realignment with the rest of the UK is needed to reduce the current disadvantage faced by some Scottish ratepayers in order to attract new large businesses to Scotland.”

On LBTT, the SPF note that current LBTT rates and thresholds have remained unchanged since the tax was introduced in 2015. They argue that the tax should be reviewed to ensure that it does not prevent individuals or families from being able to move within the housing market depending on their individual circumstances.

> “We are particularly concerned about the 10% tax band, and believe that its threshold should be increased to £500,000 (similar to that set by the UK Government) to reflect the pricing of relatively modest properties in our largest cities and their suburbs. There are also economic headwinds facing Scotland’s economy in the months ahead, and it is important that the Scottish Government does not increase the LBTT burden on residential purchases and that it maintains a close watch on how wider economic factors are impacting on the market when deciding its LBTT rates and thresholds.”

## Fiscal Framework performance during pandemic

There was a general feeling in submissions that the Fiscal Framework held up well in response to the pandemic, possibly more by luck than design.

Professor Roy states:

> “retaining the Barnett Formula as a simple and effective mechanism to allocate the block grant has enabled emergency funding to be swiftly transferred to the Scottish Budget to support the response to COVID-19. In total £8.6 billion of funding was transferred in 2020/21 and a further £4.6 billion in 2021/22 (Source: SPICe). This has provided a significant degree of protection to the Scottish Budget. The Fiscal Framework has also ensured that the Scottish Government has been free to allocate these funds as it sees fit, with the opportunity to deliver specific Scottish schemes that better fit with the Scottish context.”

The FAI submission points to the one “ad hoc adjustment” made to the normal operation of the framework.

> “These were minimum guaranteed increases in the devolved governments’ block grants for the 2020/21 financial year. These guarantees meant that the devolved governments could make financial plans in the knowledge that they would receive at least these minimum grant uplifts, even if the UK

government's eventual spending would have implied a lower allocation under the traditional Barnett formula approach (although if this eventually did arise, the guarantees could be deemed unfair to England)."

This meant that the UK devolved administrations were able to adequately fund their pandemic responses, "and largely averted major intergovernmental tensions over funding arrangements during the pandemic." However:

> "If the pandemic had had disproportionate health or economic impacts in one or other UK territory, then tensions around funding could have become more acute. The sheer scale of funding allocated also negated the urgent need for the Scottish Government to gain access to additional borrowing powers during the pandemic itself.
>
> A perennial problem with the fiscal framework however, and one that has become more evident during the pandemic, is the lack of any effective mechanisms for intergovernmental communication and coordination. At times the Scottish Government has had to make budgetary plans whilst being 'in the dark' about UK Government policy (and hence the level of resource that might subsequently flow to it). At other times the Scottish Government has had to react at short-notice to unexpected changes in UK Government policy that might impact Scotland."

The other consensus view on the Fiscal Framework is that falls in devolved tax revenues are largely offset by equivalent sized increases in block grant funding from the UK Government. As such the Scottish budget has been pretty well protected from common shocks, like COVID.

CAS's submission argued that:

> "The response of both the Scottish and UK governments to the crisis was positive in terms of getting support to citizens in a variety of ways quickly – whether that was increasing the value and use of Universal Credit, the furlough scheme, or wider use of Council Tax Reduction and Scottish Welfare Fund grants."

Much of this was funded by UK Government borrowing and Professor Roy notes that:

> "funding for the Scottish Budget has been sourced from UK Government borrowing coordinated, in large part, with a huge monetary stimulus (including QE programme) from the Bank of England. This has kept government borrowing costs low. Setting aside any constitutional debates about independence and borrowing, in the context of the current devolution settlement, the fact that all devolved administrations did not have to go direct to the market to borrow was another effective aspect of the Fiscal Framework."

There have been some challenges, however, like the delays early in the crisis around the Scottish Government having to wait for confirmed funding flowing via

Barnett from UK funding. This problem was eased by the minimum funding guarantee provided by the UK Government.

The Fiscal Framework has also perhaps worked less well around the potential risk of the crisis having different impacts between Scotland and the rest of the UK. At the outset of the pandemic, it was possible to imagine that the health impacts of COVID-19 might have disproportionately affected some parts of the UK more than others, perhaps reflecting underlying demographic or health factors. It was also possible that the economic impacts of restrictions – even if applied uniformly across the UK – might have had geographically uneven impacts, given variations in economic structures.

Although this has ultimately not been a big issue, but Professor Roy contends that:

> “the key point is that it could have been, and any review of the framework needs to consider how such risks could be avoided in the future.

The RSE submission highlights what it considers to the be the decline in the state of intergovernmental relations.

> “The RSE has previously recommended that intergovernmental relations be improved by creating an Independent Secretariat, which would help enhance the structure, formality and relationships of intergovernmental relations rather than create new mechanisms. A similar proposal has been put forward by the Dunlop Review and the joint review of intergovernmental relations by the UK Government and devolved administrations. The RSE is concerned that new initiatives from the UK Government, including the Shared Prosperity Fund, Levelling Up Fund, and Community Renewal Fund will bypass the devolved administrations. To ensure that such funds are as successful as possible, it will be crucially important that there is coordination and cooperation across the governments of the UK.”

ICAS also make the point that recovery will depend on “a more collegiate approach to politics across the UK, Scotland, regional partnerships and local authorities.”

## Issues for the Fiscal Framework review

Amongst individual responses, it was very noticeable that many respondents did not know what the Fiscal Framework is. This is consistent with research due to be published shortly looking into public understanding of the Fiscal Framework.

ICAS argue that:

> “Pandemic funding has led to a greater desire to understand devolved finances and it would be helpful if the workings of the fiscal framework assisted in this. At present the complexity, and hence lack of understanding, of the fiscal framework and block grant adjustments, which form the underlying framework of the funding package, means that arguably there is a failure to provide clear public accountability. How much funding is in the

control of the Scottish Government and what are the factors that influence this?”

Responses to the Committee’s questions on this matter came largely from academics, and larger organisations.

The FAI state that “in many respects the pandemic has not fundamentally altered the issues that the Fiscal Framework will need to cover. These issues include:

- Budget management tools to deal with forecast error. Before the pandemic, there was a strong case for saying that adequacy of the Scottish Government’s budget management tools needed to be reviewed. Separate analysis by both the Scottish Government and Scottish Fiscal Commission suggests that the revenue borrowing limit of £300 million is likely to be exceeded reasonably frequently. Meanwhile the annual drawdown limit from the Scotland Reserve of £250 million represents only a slight increase on what was permissible with the ‘Budget Exchange’ mechanism that existing pre Scotland Act 2016. The pandemic has not materially altered the evidence or arguments here.
- Block Grant Adjustments. It is anticipated that the Fiscal Framework Review will provide an opportunity for the two governments to revisit their 2016 disputes around BGA mechanisms. The pandemic has not materially altered the evidence or arguments here.
- Inter-governmental communication and coordination. There is very limited communication or coordination between the UK and devolved governments on issues such as tax policy, even where policy decisions can have knock-on impacts for devolved governments. The pandemic did reinforce the challenges that these issues can create (e.g. decisions on stamp duty land tax or Non Domestic Rates in England can influence the resources available to the Scottish Government and have impacts on the Scottish economy).
- Additional fiscal powers. The Scottish Government’s preference is for the review to be wide in scope, exploring the feasibility of devolving new powers over taxation and borrowing. The UK Government’s preference is for the review to be narrower in scope, focussed on technical aspects of the existing fiscal framework. The pandemic has not materially altered the nature of the debate here.
- The nature of funding guarantees. Perhaps one issue that the pandemic has brought onto the table is the issue of funding guarantees. As noted above, these were introduced by the UK Government in July 2020 to bring further certainty to the Scottish Government’s funding outlook and were an important part of the pandemic response. However, the UK Government has no plans to continue the use of the guarantees beyond 2020-21. The Scottish Government may argue for their continuation, but the UK Government is likely to be reticent to do so for reasons of taxpayer equity across the UK.”

The FAI conclude that there are relatively few ‘learnings’ from the pandemic that might inform the review, but this was a result of the magnitude of resources allocated, and the fact that the health and economic impacts of the pandemic were fairly symmetric across the UK.

> “However the review might also usefully consider how the fiscal framework would deal with a future health or economic shock that did affect one part of the UK disproportionately more than others.”

Other views expressed for consideration by the review are as follows:

- **“**examining whether the borrowing and Scotland Reserve flexibilities available to the Scottish Government are sufficient, and in what way they could be made more robust (whilst respecting the need for the Scottish Government to operate within an overall UK fiscal framework).” – Professor Roy
- “The lack of formal arrangements, developed in more normal times, to support collaborative decision-making or improved communication on policy areas which are ‘reserved’ is a weakness. The state of intergovernmental relations extends far beyond the Fiscal Framework, and is an area for reform.” – Professor Roy
- “the timing of budget announcements, forecasts and parliamentary scrutiny that underpins an effective Budget process. This still does not work effectively. Perhaps the most visible example of this concerned the additional flexibilities made available to the Scottish Government simply because of the timing of when the SFC and OBR economic forecasts were made. It surely cannot be the case that funding flexibilities are either available or not available simply based on the date of publication of a report.” – Professor Roy

On the point of timing of fiscal events, the David Hume Institute make a similar point, arguing:

> “The timing of the UK budget to inform the Scottish budget should be set to remove the uncertainty seen in 2019-20 and 2021-22 to reduce the level of risk in the Scottish spending plans. The Scottish Parliament should seek assurances this will be the case to enable the benefits from the multi-year approach highlighted above to be achieved.”

They also argue that the Fiscal Framework limits the Scottish Government’s ability to manage spending (and saving) across financial years.

> “More flexibility could help commitments to multi-year spending plans as discussed in the Institute’s recent paper on multi-year budgeting. We support a review to learn about how the Fiscal Framework has worked during the pandemic and whether Covid has meant that the Framework needs amending in some way.
>
> The loss of significant European Funding as a result of EU-exit also needs to inform the review of the Fiscal Framework. New direct spend in Scotland from Whitehall departments (e.g. MHCLG previously DCLG) expanding their focus and teams into Scotland must also be considered.
>
> Understanding the interactions between devolved and reserved taxes through the fiscal framework is important so people and businesses can plan ahead. For instance, choices on Scottish income tax, have to take account income tax rates and bands elsewhere in the UK and the potential for higher earners

to move out of Scotland. For those taxpayers who may stay in Scotland but have more flexibility in how they structure their personal finances, the interaction of Scottish Income Tax with income tax on savings and dividends, corporation tax and capital gains tax must also be considered. It is important the review of the Fiscal Framework considers these interactions."

The STUC make two points around the Fiscal Framework review. Specifically that:

> "the best and fairest option for the Scottish Budget would be the retention of the current mechanism for calculating the block grant relative to tax receipts.
>
> In addition, given the need for a green and fair recovery which addresses the immediate economic crisis, tackles climate change and reduces inequality, there is a clear need for greater borrowing powers for the Scottish Parliament as a matter of urgency."

## Human rights budgeting

Several Submissions (for example, from the SHRC, the ALLIANCE, the SCVO, Alcohol Focus Scotland, the COVID-19 Review Observatory, the Scottish Independent Advocacy Alliance and others) called for a Human Rights based approach (HRBA) to budgeting which is defined as "using human rights standards and principles to develop and analyse a budget."

For example, the Covid-19 Review Observatory based at the University of Birmingham submission states:

> "We submit that addressing the need for a fair and equal recovery from the Covid crisis requires putting human rights at the centre of governmental decision making, including on matters of expenditure and the arrangement of public funding. There are international human rights obligations and obligations under the Human Rights Act 1998 which apply to all government activity, including the arrangement of public expenditure. In practice, this means that in making resource-allocation decisions, which have rights-fulling roles for instance on matters such as social care and housing provision, the Government is expected to take into account its human rights obligations. This includes especially obligations to respect, protect, and fulfil rights like the right to equality and non-discrimination, the right to life, the right to health, the right to education, and the right to food."

As part of this process, the submission calls for "increasing training and advice across the various governmental departments to build knowledge and improve the quality of published equality and human rights analysis."

Additionally, the Scottish Government should

> "commit to producing a clear, concise and accessible "Citizens" budget, as well as a bespoke budget website dedicated to "publishing analysis, reporting, evaluation reports, and other tools related to equality and human rights budgeting." This will improve vertical accountability for budged decision-

making between citizens and the Scottish political institutions, but also parliamentary accountability, as it will furnish MSPs with accessible and transparent information about the human rights implications of budgetary proposals."

## Budget transparency and public participation

The SHRC cited research which was critical of the Scottish budget when it came to fiscal transparency and public participation. Problems identified in their submission included:

- the Scottish Government routinely only publishes four of the eight key budget documents (as defined by international best practice).
- no citizens' versions of any of the key documents were produced despite best practice recommendations that these should be published and at the same time as the key documents, to facilitate engagement with the Budget when it matters.
- there are limited opportunities for the public and civil society to participate in budget scrutiny at all stages of the Budget.
- legislative oversight is focused at the pre-budget stage rather than an equal focus during the implementation stage of the Budget cycle.

The SHRC submission advocates equality and human rights considerations being embedded into the policies, practices, procedures and priorities of both government and public bodies to ensure that the budget addresses the many differential impacts of the pandemic. They call for pre and post - equality and human rights impact assessments (EQHRIAs). Both parts of this mechanism are equally important. A pre-assessment ensures that the best available evidence informs the decision making process, whilst a post-assessment ensures that these decisions are subsequently examined for their intended and unintended consequences.

Part of this process is ensuring that the correct data is collected to allow a proper assessment of the impacts of policies for different groups.

> "Moving forward, it will be important for the Scottish Government to address the long-standing issue of data gaps."

Ross Burnside
Senior Researcher, Financial Scrutiny Unit (FSU), SPICe