

August 2025

Overview

The Scottish Fiscal Commission's [Fiscal Sustainability Report – April 2025](#) states that:

“The Scottish Government will face significant challenges funding devolved public services in the future, particularly over the next twenty-five years... because the population in Scotland will age earlier than in the rest of the UK”.

However: “... if improvements in population health can be achieved, pressure on health-related spending may be reduced in the future”.

The Commission suggests this could reduce the Scottish-specific fiscal challenges arising because of demographic change.

Questions

1. What actions should the Scottish Government be taking now to start to address these ‘Scottish specific fiscal sustainability challenges’?

The Scottish Fiscal Commission's (SFC) report provides a comprehensive analysis of the long-term fiscal implications of Scotland's poor population health. Its modelling of various health scenarios is particularly valuable in illustrating the fiscal benefits that could result from improvements in health—especially in the context of an ageing population, a shrinking workforce, and rising demand for public services. However, the report does not include any figures in terms of the investment required to achieve these improvements. Nor does it explore the underlying causes behind the stalling of life expectancy in Scotland between 2012 and 2019¹—an understanding of which is crucial if we are to reverse these trends.

The Scottish Women's Budget Group (SWBG) recommends that the Scottish Government apply gender budget analysis across the budget and economic policy-making process. This analysis would help assess the impact of current investment—

¹ Scottish Fiscal Commission (2025) *Fiscal Sustainability Report*, available at : <https://fiscalcommission.scot/wp-content/uploads/2025/04/Publication-April-2025-Fiscal-Sustainability-Report.pdf>

particularly on certain groups in society—and identify how resources could be used differently to improve health outcomes.

SWBG calls on the FPA Committee to recommend the use of gender budget analysis as part of developing a response to fiscal sustainability challenges. Alongside this, SWBG recommends that the Committee scrutinise the Government's response to these challenges to ensure that equalities analysis is a central part of the decision-making process.

The detail provided in this response examines why several key determinants of poor health in Scotland have worsened despite the implementation of policy interventions and highlights why gender budget analysis is an important part of the process.

There is extensive evidence linking post-2010 austerity measures introduced by the UK Coalition Government to declining life expectancy and rising mortality. A study by the London School of Economics and Political Science (LSE) suggests that austerity may have reduced life expectancy for the general population by 2.5 to 5 months by 2019. This research also shows that women were almost twice as affected as men with the key driver of this trend being reductions in welfare support².

Separate research by the Women's Budget Group on women's living standards since 2010 shows that women on low incomes, women from minority ethnic backgrounds, disabled women, and families with children are among those hardest hit by a decline in living standards³.

Beyond austerity, the impact of the pandemic and the cost-of-living crisis on the population's health cannot be ignored⁴. Women, in particular, have been disproportionately affected, largely due to systemic gender inequalities and the unequal burden of unpaid caregiving.

For the past three years, the SWBG annual Women's Surveys have documented the lifestyle changes women have been forced to make in response to economic pressures. Findings from the most recent survey reveal⁵:

² Berman, Y., Hovland, T (2024) *The Impact of Austerity on Mortality and Life Expectancy*, available at https://eprints.lse.ac.uk/123915/1/WP_139.pdf

³ WBG (2024), available at <https://www.wbg.org.uk/publication/where-do-we-go-from-here-an-intersectional-analysis-of-womens-living-standards-since-2010/>

⁴ Johnstone, A., Lonnie, M. (2023) *The cost-of-living crisis is feeding the paradox of obesity and food insecurities in the UK*, available at <https://pmc.ncbi.nlm.nih.gov/articles/PMC10947515/>

⁵ SWBG (2024) *Women's Survey 2024. Navigating increasing costs and debt*, available at <https://www.swbg.org.uk/content/publications/SWBG-Womens-Survey-2024-FINAL.pdf>

- 32% of respondents were struggling to afford food costs. This increased to 51% for single mothers;
- 29% stated that the cost-of-living crisis had affected their physical health. This increased to 50% for disabled women;
- 69% of respondents were cutting back on food expenditure by limiting the types of food that they buy, including buying unbranded products;
- 63% were not putting the heating on.

The long-term impacts of this inflationary period on health are still to be seen but we could predict that they would be substantive based on some of these shared insights.

The Scottish Government has taken steps to mitigate the financial impacts of austerity, for example through Scottish specific social security interventions. However, questions remain as to whether these efforts go far enough to address deepening health inequalities, and what the role of the UK Government is to undo the damage of past austerity measures.

Improving population health in Scotland requires more than just a strong social security system. Multi-dimensional action is needed, including investment in education, housing, and public awareness campaigns. A particularly important area is the care sector.

Evidence by the Nuffield Trust, the Health Foundation and The King's Fund in England shows that greater availability of nursing and residential care is linked with fewer hospital admissions and readmissions, fewer delayed discharges, reduced length of stay, and reduced expenditure on secondary health care services⁶.

Interventions such as re-ablement have the potential to prolong people's ability to live at home and reduce or even remove the need for care. However, delayed discharges from hospital caused by social care increased by 84% between 2010 and 2017. Audit Scotland have highlighted that while the Scottish Government have made numerous commitments to tackle delayed discharge, current rates are amongst the highest on record.⁷ To ensure that social care best meets the needs of those who rely on it, and in

⁶ The Health Foundation et al. (2021) *The value of investing in social care What are the benefits of further funding for reform to adult social care in England?*, available at

<https://www.nuffieldtrust.org.uk/sites/default/files/2021-10/social-care-briefing-final.pdf>

⁷ Audit Scotland (2024) *NHS in Scotland 2024: Finance and performance*, available at <https://audit.scot/publications/nhs-in-scotland-2024-finance-and-performance>

turn supports other services such as the NHS, it must be properly funded so that those services can fully benefit⁸.

Another important area where the Scottish Government could take the lead is on gender budget analysis of public health expenditure. While life expectancy in Scotland is higher for women than men, they also spend more years living in poor health or with disabilities⁹.

In our work with women's groups—most notably in a recent project in Aberdeen¹⁰— we have heard consistent concerns about health service access, particularly in areas such as gynecology, where waiting times can stretch up to two years. Despite increased spending on health overall and the introduction of the Women's Health Plan, outcomes in some areas continue to deteriorate¹¹.

This raises important questions—for example, why increased expenditure has not led to improved outcomes,¹² what is driving the deterioration in health, who is benefiting from increased spending and who is not, and what needs to change to shift investment from crisis response to prevention. It also prompts reflection on whether current spending, by potentially overlooking women's health, may be contributing to economic inactivity and, in turn, affecting overall economic performance.

Another example related to women's health is the “Breastfeeding Buddies” scheme, run by the NCT in five hospitals across Greater Glasgow and Lothian. Previously funded by the Scottish Government, responsibility for the scheme shifted this year to local health boards, and it was subsequently defunded. This is concerning, as the greatest improvements in breastfeeding rates over the past decade have been among women in the most deprived areas—contributing to a reduction in health inequalities. Continued

⁸ The Health Foundation et al. (2021) *The value of investing in social care What are the benefits of further funding for reform to adult social care in England?*, available at <https://www.nuffieldtrust.org.uk/sites/default/files/2021-10/social-care-briefing-final.pdf>

⁹ House of Commons Library (2025) Women's health, available at <https://commonslibrary.parliament.uk/research-briefings/cdp-2025-0038/#:~:text=Women%20live%20longer%20than%20men,estimated%20%C2%A311%20billion%20annually.>

¹⁰ SWBG (2025) *Aberdeen Gender Poverty and Inequality Report*, available at <https://www.swbg.org.uk/content/publications/SWBG-Aberdeen-Report.pdf>

¹¹ Scottish Fiscal Commission (2025) *Fiscal Sustainability Report*, available at : <https://fiscalcommission.scot/wp-content/uploads/2025/04/Publication-April-2025-Fiscal-Sustainability-Report.pdf>

¹² *Ibid*

investment in such programmes should be recognised as preventative, given their long-term benefits for both maternal and child health.

The Scottish Government is publishing its 2025 Medium-Term Financial Strategy (MTFS), the first in two years, and a new Fiscal Sustainability Delivery Plan (FSDP) on 25 June 2025.

In recent years the Committee has reported concerns about a lack of strategic financial planning by the Scottish Government.

2. To what extent does the Scottish Government's 2025 MTFS and its FSDP demonstrate effective medium- and longer-term financial planning? Can any improvements be made in future years?

The 2025 MTFS and the FSDP provide a detailed account of the Scottish Government's current strategies and actions to manage future funding challenges. The commitment to providing annual updates for both documents is a positive step toward enhancing transparency and enabling more effective parliamentary and public scrutiny over time. This regular reporting should support ongoing assessment of financial planning and allow for adjustments as circumstances evolve.

However, given the SFC's focus on health as a means of ensuring fiscal sustainability, it could be argued that the documents reveal notable gaps in medium- and long-term planning, particularly in relation to improving health outcomes, addressing health inequalities and ensuring fiscal sustainability in the health and social care sectors.

From an analytical perspective, the MTFS highlights several significant achievements since 2023, including measures aimed at shielding citizens from rising cost pressures—such as free prescriptions, free eye examinations, and free bus travel for over 2.3 million people (p. 59). Yet, it also acknowledges that health inequalities continue to widen (p. 44)¹³. This raises concerns about the effectiveness of current policy interventions and the extent to which spending decisions are addressing underlying structural issues. Applying wider intersectional gender budget analysis across the process would support better understanding of areas of structural inequality.

¹³ Scottish Government (2025) *Scotland's fiscal outlook: medium-term financial strategy*, available at <https://www.gov.scot/publications/scotlands-fiscal-outlook-scottish-governments-medium-term-financial-strategy-3/>

Although the documents reference the SFC's recent report on fiscal sustainability and health, there is limited analysis of the kinds of targeted interventions needed to improve health outcomes. The emphasis in the Health and Social Care section is largely on delivering efficiencies and achieving recurring savings—specifically, a 3% reduction in core NHS Board funding—rather than on the scale and type of investment required to reduce inequalities or enhance long-term population health. Within social care, the Independent Review on Adult Social Care made clear that transformative change is required to improve outcomes.

While both the MTFS and FSDP cite the Population Health Framework as a key policy development, they stop short of articulating how its objectives will be financially supported or how progress will be measured in practical terms. The absence of a clear investment plan or cost-benefit analysis related to preventive health interventions undermines the documents' ability to fully demonstrate effective long-term financial planning.

3. How adequately does the MTFS and the FSDP address the Scottish-specific fiscal sustainability challenges?

The FSDP emphasises the importance of “releasing efficiencies”—presumably in response to workforce planning—through up-front investment, citing the continuation of the ‘Invest to Save’ fund beyond 2025–26 as a means of supporting service reform. However, neither the FSDP nor the MTFS provides adequate detail on the scale or timing of investment required to deliver these efficiencies.

Similarly, the documents suggest that savings will be achieved through the implementation of preventative policies. This claim sits uneasily alongside the MTFS's own admission that health inequalities in Scotland are continuing to widen. Without additional targeted investment, it remains unclear how preventative policies alone will deliver meaningful savings and/or reduce long-term service demand.

Without this clarity, it is difficult to assess how realistic or impactful the Scottish Government's approach to fiscal sustainability truly is.

Both the MTFS and FSDP reaffirm the Scottish Government's commitment to protecting frontline services while reducing the size of the devolved public sector workforce. The documents lack a clear plan for how this will be achieved in practice. Notably, the documents do not specify how the government will monitor and report on whether frontline services are genuinely protected and potential impacts on this could have on growing inequalities.

This lack of detail is particularly concerning in light of the Accounts Commission's findings on Integration Joint Boards (IJBs), which show that the majority of savings to date have been non-recurring and largely driven by unfilled vacancies. This trend may temporarily ease financial pressure but is unsustainable and risks eroding the quality and continuity of care. It also risks placing greater pressure on unpaid carers—the majority of which are women—who are increasingly required to fill the gaps left by workforce shortages. Alongside this, Audit Scotland has highlighted that not only is preventative spending not being prioritised within IJBs but it has been reducing in recent years¹⁴. This shift not only affects individual wellbeing but also carries broader social and economic implications. Crucially, these measures to make savings do not reflect a genuine structural approach to reform needed for fiscal sustainability while improving outcomes for people.

In a 2017 report, a Holyrood budget process review group recommended the Scottish Government publishes a framework document for the Scottish Spending Review.

The report said it should set out the economic and political context, the criteria which will govern the assessment of budgets, and the process and timetable for the review.

A framework document is expected to be published on 25 June 2025.

4. To what extent does the 2025 framework document for the Scottish Spending Review meet the BPRG's recommendations on content and timescales?

The 2025 framework document for the Scottish Spending Review meets the BPGS's recommendations to a great extent. However, it is worth noting that the group recognised that conducting a SR the year before a parliamentary election would not be effective and thought it appropriate to delay the process until after the Scottish Parliamentary Election¹⁵. Additionally, the publication of the SR alongside the budget in

¹⁴ Accounts Commission (2024) *Integration Joint Boards: Finance and performance 2024*, available at <https://audit.scot/publications/integration-joint-boards-finance-and-performance-2024>

¹⁵ Budget Process Review Group (2017) *Final Report*, available at <https://www.gov.scot/binaries/content/documents/govscot/publications/corporate-report/2017/06/budget-process-review-group-final-report/documents/budget-process-review-group-final-report-pdf/budget-process-review-group-final-report-pdf/govscot%3Adocument/Budget%2BProcess%2BReview%2BGroup%2B-%2Bfinal%2Breport.pdf>

December might not provide enough time for effective scrutiny.

5. What should the next Scottish Spending Review prioritise?

According to the SSR framework, the primary focus of the Spending Review is to allocate budgets in a way that aligns with the Government's strategic priorities. While this approach provides a coherent foundation for decision-making, it is essential to recognise the gendered dimensions of these priorities—as highlighted in our response to last year's inquiry. To ensure that budget decisions effectively advance these aims, we recommend the application of gender budget analysis. This approach would support more equitable outcomes by identifying how different groups are affected by spending choices and ensuring that public investment contributes meaningfully to reducing gender inequalities as well as allowing for a greater understanding of the impact of spending decisions on outcomes

Growing the economy

Scottish Labour Market Insights: February 2025 highlight that the economic inactivity rate for people aged 16 to 64 years in Scotland was estimated to be 22.9% during September to November 2024.

The proportion of inactive people who are long-term sick or disabled has been increasing in recent years in both Scotland and the UK, particularly since the pandemic.

6. Faced with an ageing population, what actions should the Scottish Government take to increase labour market participation, with a view to growing the tax base?

Increasing labour market participation requires viewing the economy through a broader lens—one that recognises the role of social infrastructure in enabling women to remain in or return to work. It also calls for the use of gender budget analysis to understand the factors driving economic inactivity among women over 50.

Evidence from our surveys consistently shows that women are more likely to be responsible for caring for young children as well as family relatives such as parents, driven in part by persistent gender stereotypes around caregiving, as well as the unaffordability or inaccessibility of childcare and/or social care. In this context, investment in social infrastructure—including childcare and care services more broadly—should be recognised as a core economic strategy. Such investment is not

only crucial for enabling women's participation in the labour market, but also essential to growing the tax base and supporting Scotland's long-term fiscal sustainability. The gendered dimensions of economic inactivity are also closely linked to health. Data on economic inactivity due to ill health reveals that since 2018, the proportion of women aged 50–64 who are economically inactive has increased, now reaching levels nearly equal to those of men in the same age group (47–48%)¹⁶. This shift highlights a growing challenge, particularly given the valuable skills and experience that many in this cohort possess.

At the same time, recent analysis by the Institute for Fiscal Studies on healthcare delivery in Scotland shows that key performance indicators have deteriorated in recent years—despite record levels of spending and staffing¹⁷. When considered alongside the rise in economic inactivity among women over 50, these findings raise important questions about whether women's health and targeted health interventions are receiving adequate attention within the current health policy and spending frameworks. Addressing this issue requires a better understanding of the underlying health-related causes driving economic inactivity among women.

According to [The Productivity Institute](#) “productivity growth in Scotland, mirroring the rest of the UK, has been very weak, registering a 1.0% annual increase in the 2008 to 2023 period”.

- 7. Given the stagnation experienced in Scotland and the UK since the 2007/08 financial crisis, what lessons can be learned from countries that have experienced recent productivity growth?**
- 8. In which areas should the Scottish Government prioritise its capital spend to best support economic growth?**

The SFC's *Fiscal Sustainability* report (April 2025) highlights the health risks posed by climate change. With Scotland's population projected to age, these risks may increase, making people more vulnerable.

Given the existing health inequalities across the country, prioritising investment in climate adaptation policies is essential, not only from an equalities perspective but also

¹⁶ SPICE (2024) *Economic inactivity and poor health in Scotland*, available at <https://spice-spotlight.scot/2024/08/07/economic-inactivity-and-poor-health-in-scotland/#:~:text=While%20the%20proportion%20of%20inactivity,by%20the%20end%20of%202023>.

¹⁷ Institute for Fiscal Studies (2024) *Scottish Budget: Healthcare spending, staffing and activity Scottish Budget 2024–25*, available at <https://ifs.org.uk/publications/scottish-budget-healthcare-spending-staffing-and-activity>

as a means to stimulate economic activity and create long-term opportunities. Capital investment could include measures such as flood mitigation infrastructure and energy efficiency improvements. These initiatives would help reduce health-related costs and strengthen the resilience of public services—services on which low-income groups, particularly women, disproportionately depend.

Alongside action on climate adaptation, the Scottish Government must also prioritise social housing to address the worsening housing emergency across Scotland. The Scottish Budget 2025/26 rightly recognised social housing as a critical lever in tackling child poverty, committing £768 million to the Affordable Housing Supply Programme¹⁸. Energy efficiency and other improvements in the housing sector can also help tackle the climate emergency. The Scottish Budget 2026/27 should build on this commitment to make faster progress and deliver meaningful outcomes for the climate, for children and for their mothers, who are often hardest hit by housing insecurity¹⁹.

Public service reform

The Committee shares the Auditor General for Scotland’s view that the Scottish Government needs to demonstrate stronger leadership and bring an overall vision to the Public Service Reform (PSR) Programme.

This will be necessary for real progress to be made, including changing models for public service delivery.

The Scottish Government is expected to publish its first PSR Strategy in June 2025.

9. To what extent does the Scottish Government’s PSR Strategy demonstrate the vision and leadership required to drive progress? How well does it enable progress to be tracked, and outcomes measured?

The recently published PSR Strategy draws inspiration from the Christie Commission Report, but it falls short in clearly articulating its intended outcomes and the

¹⁸ Scottish Government (2024) *Scottish Budget:2025-26*, available at <https://www.gov.scot/binaries/content/documents/govscot/publications/corporate-report/2024/12/scottish-budget-2025-2026/documents/scottish-budget-2025-26/scottish-budget-2025-26/govscot%3Adocument/scottish-budget-2025-26.pdf>

¹⁹ Engender and Shelter Scotland (2024) *Gender and the Housing Emergency*, available at <https://www.engender.org.uk/content/publications/Shelter-Scotland-and-Engender-Report.pdf>

mechanisms for measuring success. While the strategy references the need to “measure the impact of services against required outcomes²⁰,” such language remains vague—particularly at a time when the Government is relying on PSR to contribute meaningfully to closing the fiscal gap.

Although the strategy includes a section on “Measuring and Monitoring Progress,” this framework is still under development. As a result, the current version of the strategy lacks the necessary tools to assess progress in either social or fiscal terms, undermining its potential as a driver of meaningful reform and accountability.

From an equalities perspective, it is positive to see a stated commitment to fairness and the inclusion of Impact Assessments for each workstream. However, the strategy’s own Equality Impact Assessment overlooks critical issues—most notably, the disproportionate burden of unpaid and low-paid care work carried out by women. This form of work not only contributes to persistent poverty but also plays a vital role in prevention and long-term wellbeing. The omission raises concerns about how deeply principles of equality and fairness are embedded in the strategy’s development.

Strategies

At the Committee’s request, the Scottish Government is conducting an exercise across portfolios to identify the number of ‘live’ strategies it has in place, to provide a baseline for numbers to be monitored and reduced wherever possible.

The Scottish Government is due to report to the Committee on the outcomes of this exercise by the end of June 2025.

At the same time, the Scottish Government announced the publication of two entirely new strategic documents in 2025 (FSDP and PSR Strategy).

10. How transparent and ‘joined up’ are the Scottish Government’s key strategic financial planning documents? What improvements in this area can be made?

There is considerable scope to improve the consistency and integration of key information across strategic documents. For example, the PSR Strategy presents

²⁰ Scottish Government (2025) *Public Service reform strategy*, available at <https://www.gov.scot/news/public-service-reform-strategy-launched/>

projections of avoided public spending associated with reductions in poverty, smoking prevalence, and obesity. However, these important figures are absent from both the MTFS and the FSDP. Similarly, while *Scotland's Population Health Framework* acknowledges that primary prevention is three to four times more cost-effective than treatment, it does not reference these projections either²¹.

Although it may not be essential for every document to include this data, the projected savings from preventative measures are substantial and directly relevant to the sustainability agenda. As such, their omission from the FSDP is a missed opportunity to strengthen the case for preventative investment and provide a more joined-up narrative on fiscal and public health priorities.

A notable gap across all financial documents is the limited recognition of unpaid care work, despite estimates valuing its contribution to the Scottish economy at £15.9 billion annually²². This omission is particularly concerning in the context of a rapidly ageing population, which is likely to increase demand for both formal and informal care.

Unpaid care—much of which is provided by women—plays a critical but undervalued role in supporting the health and wellbeing of individuals and communities. It is deeply interconnected with wider issues such as poverty, gender inequality, and health outcomes. Failing to address the current and future pressures on unpaid carers risks undermining the sustainability of the broader care system and exacerbating existing social inequalities, eventually leading to increased public expenditure.

Given the Government's stated focus on prevention, fairness, and fiscal sustainability, greater policy attention must be directed toward the care economy. This includes recognising care as essential infrastructure, understanding its long-term economic and social value, and addressing the risks posed by demographic change to the availability and quality of care provision.

Clear, outcome-focused financial planning would support transparency across the Scottish Budget process and strategic financial planning documents. However, the continued lack of alignment with the national outcomes represents a missed opportunity—one that undermines the National Performance Framework and reduces accountability within financial and budgetary decision-making.

²¹ Scottish Government (2025) *Scotland's Population Health Framework*, available at <https://www.gov.scot/publications/scotlands-population-health-framework/>

²² Carers UK (2024) *New figures show the staggering value of unpaid carers in Scotland*, available at <https://www.carersuk.org/press-releases/new-figures-show-the-staggering-value-of-unpaid-carers-in-scotland/#:~:text=%E2%80%9COur%20research%20shows%20the%20growing,and%20hour%20throug hout%20the%20year:>

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About us

The Scottish Women's Budget Group (SWBG) is an independent analysis and campaign group that aims to promote gender analysis in public policy and public finance decisions through budgetary processes. SWBG brings together a wide range of women from across Scotland who have an interest in women's equality and want to achieve better gender equality in our society. We have focused on encouraging active gender analysis in the Scottish Budget process since 2000.

Find out more: www.swbg.org.uk