



Response to the Finance and Public Administration committee's Inquiry into the Scottish budget process in practice

March 2025

Part 1: Four objectives to the budget process

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

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

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

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

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

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

accountability. This systematic approach to the budget process has, in our view, been positive and contributed to increasing the transparency (or lack thereof) of the Scottish Budget.

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

- **effective responses to new fiscal and wider policy challenges –**

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

Additionally, while the Cabinet Secretary for Finance provided a pre-budget fiscal update in 2024, it was disappointing that this update came on the back of mounting financial pressures instead of as a result of a conscious exercise to disclose the broad parameters of fiscal policies in advance of the Scottish draft Budget. The lack of progress on the publication of a pre-budget statement outlining the government's economic forecast, anticipated revenue, expenditures, and debt as recommended by EHRBAG has been a missed opportunity at a time of increasing social policy challenges and tightening budgets¹.

¹ EHRBAG (2021) Recommendations for equality and human rights budgeting 2021-2026 parliamentary session, available at <https://www.gov.scot/publications/equality-budget-advisory-group-recommendations-for-equality-and-human-rights-budgeting---2021-2026-parliamentary-session/pages/processes/>

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

SWBG has repeatedly noted that the Scottish Budget is not outcome focused enough. In our [Analysis of the Scottish Budget 2024-25](#) we highlighted the lack of detail around how the delivery of the national outcomes connects to spending. Analysis of the 2025-26 budget papers does not provide any significant improvements in this area. Additionally, the lack of progress in other policy areas can be understood as a sign of Scotland's 'implementation gap' which has persisted during this parliamentary session. For example, in 2024 Scotland missed nine out of 13 annual targets since the Climate Change (Scotland) Act 2009 was introduced, with the 75% emissions reduction target being scrapped by Ministers as it was deemed "out of reach"². Similarly, there has been much speculation about the possibility of Scotland missing its interim child poverty targets, which would again indicate the lack of progress on delivering agreed outcomes during this Parliament. A stronger focus on outcomes should help drive spending in priority areas and reduce the 'implementation gap'.

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

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

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

² BBC (2024) Scotland misses another climate change target, available at <https://www.bbc.co.uk/news/articles/ce9941nzs4yo#:~:text=Figures%20for%202022%20show%20that,Reuters>

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

Part 2: Medium-Term Financial Strategy (MTFS)

The MTFS aims to focus on the longer-term sustainability of Scotland's public finances and support a strategic approach to financial planning.

The MTFS is expected to be published annually after the UK Spring Statement and at least four weeks before summer recess.

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

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

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

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

At this point it is key to note that the MTFS needs to go much further in terms of incorporating equality analysis and/or articulating how medium-term spending commitments will advance equality objectives. Committees must therefore approach the MTFS and any other financial reports with critical lens. For example, while much of the information in these reports focus on the cost of an ageing population to the NHS and social care systems, no consideration is ever given to the impact of increasing, more complex demand on the levels of unpaid care which are disproportionately provided by women.

Part 3: Fiscal Sustainability Delivery Plan

The Scottish Government said it will publish a Fiscal Sustainability Delivery Plan alongside the MTFS 2025 for the first time.

The government say this will support fiscal transparency and “stable ground” for longer-term financial planning.

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

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

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

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

SWBG believes that this plan could be part of a yearly pre-budget statement, in line with calls made by the EHRBAG in 2021³. The pre-budget statement should outline the government's economic forecast, anticipated revenue, expenditures, and debt. However, to fully meet the purpose of the plan, this pre-budget statement should acknowledge how current spending and policy objectives align with the country's socio-economic position in the medium-term. Setting out this information in advance would allow parliamentary committees to build these details into the process of pre-budget scrutiny. In turn giving the potential for greater focus on areas to influence within the budget process, for example if the planning is sufficiently outcome focused.

Part 4: Approach to spending reviews

The Scottish Government is expected to carry out a spending review linked to the equivalent UK spending review.

In advance, it is required to publish a framework document setting out the economic and political context, the criteria which will govern the assessment of budgets and the process and timetable for the spending review.

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

Part 5: Effectiveness

Weaknesses previously identified in the budget process include that it did “not take sufficient account of the interaction of the UK budget timetable with the Scottish budget timetable, and that parliamentary influence on the formulation of the budget has been limited”.

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

Changes in the UK Budget's timing continue to pose a challenge for the Scottish Budget. However, by following a full year process, Committees have been able to flexibly undertake their budget's scrutiny work, including the necessary public

³ EHRBAG (2021) Recommendations for equality and human rights budgeting 2021-2026 parliamentary session, available at <https://www.gov.scot/publications/equality-budget-advisory-group-recommendations-for-equality-and-human-rights-budgeting---2021-2026-parliamentary-session/pages/processes/>

engagement to inform this work. Yet, as already stated, the question remains to what extent the committees' pre-budget scrutiny process makes a difference to the formulation of budget proposals. Most importantly, we question whether the budget process has paid sufficient attention to gender equality outcomes. For more information on this point, please do refer to our Analysis of the Scottish Budget 2024-25.

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

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

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

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

- Accessible – easy to access, understand and use;
- Open – providing full information on purpose of engagement, scope and constraints;
- Inclusive – proactively use multiple mechanisms to reach out and engage – including traditionally excluded and vulnerable groups and individuals whose voices are seldom heard, without discrimination;
- Timeliness – allow sufficient time in the budget cycle for public to provide inputs, including in the early stages when the options are still open;
- Depth – provide relevant information, options and choices;
- Proportionality;
- Sustainability – building ongoing and regularly processes to institutionalise participation in the budget process;
- Complementarity

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

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

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

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

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

For further information

Contact: Carmen Martinez, Policy and Engagement Lead, SWBG.

Email: carmen.martinez@swbg.org.uk

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