Pre-Budget 2026-2027 briefing

Scottish Women's Budget Group

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Background

The final Scottish Budget of this parliamentary term is being set against a backdrop of financial constraints, economic uncertainty, and long-term structural pressures. The Medium-Term Financial Strategy (MTFS) published by the Scottish Government projected a fiscal gap of £2.6 billion by 2029/30, underscoring the need for decisive action.[1] The Auditor General's report *Financial Sustainability and Taxes* notes that, although tax and economic growth are central pillars of the Scottish Government's fiscal strategy, its current approach to closing the funding gap relies predominantly on controlling public spending.[2]

The Scottish Women's Budget Group recognises the fiscal challenges facing this and subsequent budget cycles. However, an excessive focus on spending restraint risks disproportionately harming women. Existing inequalities—driven by women's higher likelihood of working part-time, their concentration in low-paid sectors such as care and retail, and the disproportionate impact of unpaid caring responsibilities on their ability to undertake paid work—mean that women depend more heavily on public expenditure. This includes social security payments and services such as education, health, and care, which women are both more likely to rely on and more likely to work in.

The Auditor General's report also highlights that the Scottish Government has not been sufficiently clear about the expected contribution of tax policy in addressing the fiscal gap.[3] As the government considers its options, it is essential that its priorities, budget, and financial decisions are informed by robust gender budget analysis. Such analysis is critical to understanding the differential impacts of fiscal choices, linking decisions with priorities and intended outcomes, and to addressing the structural factors that underpin women's financial inequality. It can also strengthen policy coherence by identifying inconsistencies between the Scottish Government's commitments and the revenue received and policy decisions implemented by Local Authorities and other public bodies.

The forthcoming Scottish Spending Review, to be published alongside the Budget, presents an opportunity to respond to these challenges. It offers a chance to set a credible path toward long-term financial sustainability while ensuring that government priorities can continue to be met in a way that advances equality and supports the wellbeing of women and communities across Scotland.

Making the Scottish Budget work for Women

In the Women's Survey 2025, two-thirds (66%) of respondents reported feeling worse off compared with the same time last year, while 24% said their financial circumstances had not changed and only 10% felt better off. An intersectional analysis of the data shows that the proportion of women who felt worse off was

[1] Scottish Government (2023) Scotland's fiscal outlook: medium-term financial strategy
[2] Auditor General (2025) Financial sustainability and taxes
[3] *Ibid*

significantly higher among single parents (82%), minority ethnic women (71%), and disabled women (70%).

When asked about the reasons for this, the top three responses were:

- Rising food costs (74%)
- Energy costs taking up more of their income (55%)
- Increases in rent or mortgage payments (28%)

Addressing the systemic barriers that create and reinforce women's inequality and poverty is essential to delivering on the Scottish Government's four priorities. This briefing outlines the key actions the Budget should prioritise to achieve this.

Eradicating Child Poverty

'I lost access to the school clothing grant for my 3 kids as a I work in social care and my wage went up, when I asked about it I got told to find a job that paid me 18p an hour less or reduce my hours,' participant Aberdeen project.[4]

Child poverty is inextricably linked with women's poverty and inequality part-time, work in low paid industries, and bear the brunt of unpaid household responsibilities.[5] Women are also more likely to experience domestic abuse, including economic abuse, which can have devastating financial consequences. Understanding the link between child poverty and women's inequality is key if the Scottish Budget is to address this policy objective.

In line with its commitment to eradicating child poverty, the Scottish Government decided to mitigate the two-child limit in last year's budget. This was a welcome measure. With the UK Government now scrapping this policy at source, the Scottish Government should use the roughly £155 million originally allocated for this policy to strengthen the commitment- for example, by providing an above-inflation increase to the Scottish child payment, ensuring it reaches at least £40 per week.

Additionally, eradicating child poverty requires a review of means-tested help. Our work in Aberdeen, and with Fa'side Women and Girls Group, highlighted the impact of low eligibility thresholds on families, particularly lone parents (the majority of whom are women), due to the very low earning limits applied to most schemes.[6] The Scottish Budget must consider allocating further investment to make support — such as school uniform grants — available to more people, alongside ensuring that all Scottish benefits rise at least in line with inflation.

Finally, our work in Aberdeen showed the need to improve the design of the Welfare Fund to make it more accessible to women. Investment in the fund, and its promotion, remains crucial to ensure that people, particularly women, receive the support they need and that the fund can meet demand, including for those fleeing domestic abuse. Additionally, the Scottish Government should support local authorities in developing

[4] SWBG (2025) Aberdeen Gender Inequality Report
[5] Close the Gap (2018) Women, work and poverty in Scotland: What you need to know
[6] FWGG, SWBG & MRR(2023) The cost-of-living crisis, I think about it all the time!

alternatives to the Welfare Fund, such as the Financial Insecurity Fund in Perth and Kinross[7], so people with No Recourse to Public Funds (NRPF) can also get assistance.

Calls for Budget 2026-2027:

- Review thresholds for access to means tested support;
- Ensure adequate funding for the Scottish Welfare Fund so there are sufficient resources to meet the demand and increase funding for promotion of the fund;
- Support Local Authorities across Scotland in developing initiatives that can support people with NRPF.
- Include an above-inflation increase to the Scottish child payment and a commitment to ensuring it reaches at least £40 per week by the end of this Parliament[8];

Growing the economy

"*We cannot currently afford any extra childcare costs; I have had to decline extra working hours because childcare would not be covered by the extra pay*". Survey respondent, Childcare Survey, 2023.

Investing in care is a key requirement if the Scottish Government is to grow the Scottish economy. Our modelling shows that investing specific levels in social care could create around 43,000 new direct jobs in the sector, 8,000 indirect jobs in supplier industries, and over 24,000 jobs from increased spending by newly employed workers[9].

Investing in care would also help the Government fulfil its commitment to end non-residential social care charges. Our work with Glasgow Disability Alliance has demonstrated the impact of these charges on disabled people, the majority of whom are women.[10] [11] In many areas, charges start to recoup money from households at a lower level for under-60s than for over-60s, without consideration of the poverty consequences for disabled households, including those with children—despite these being identified as a priority group in Scotland's child poverty strategy.[12] From this perspective, investment in care would enhance policy coherence.

Childcare is a critical part of the care sector that supports both child poverty reduction and economic growth. Lack of affordable, accessible childcare (both early years and school aged) is a major barrier to women entering work or moving to better-paid, secure employment.

Our childcare survey in 2023 found that for 55% of the women who responded, the challenges impacted their ability to do paid work. This figure increased to 67% for

[7] Perth and Kinross Council (2025) Financial Insecurity Fund
[8] CPAG (2024) Priorities for the 2024-2025 Programme for Government: tackling child poverty
[9] SWBG (2023) Towards a transformative universal adult social care support service for Scotland
[10] SWBG (2023) Glasgow Disability Alliance Project
[11] National Records of Scotland. (2024). Scotland's Census 2022
[12] JRF (2025) Time to end social care charging in Scotland

single parents and 71% for disabled women. Four percent of respondents had given up work, increasing to 10% for women from minority ethnic communities.[13]

Evidence from international research underscores the benefits of childcare investment. Peter Huber, Senior Economist at the Austrian Institute of Economic Research. [14] [15]
Similarly, evaluation studies from Canada's Quebec province, highlighted by Professor Susan Prentice, show returns of more than $3.50 for every $1 spent on childcare. [16]

This evidence demonstrates that investment in the care economy is vital not only for advancing gender equality but also for driving economic growth

Calls for Budget 2026-2027:

- Provide an urgent cash injection to support social care, including to fulfil commitments to end non-residential social care charges. Drive investment towards the implementation of a transformative adult social care model as set out in our report on social care;
- Increase funding to extend 1140 funded Early Learning and Childcare (ELC) to those in low incomes after paid maternity leave and undertake planning for wider expansion of ELC.
- Increase the Revenue Grant to enable Local Authorities, in collaboration with schools and the PVI sector, to invest in and develop affordable wraparound care —including after-school clubs—that supports parents' working arrangements and meets children's needs.

Tackling the climate emergency

"There are no areas to cut further, I was already very careful with money before the cost-of-living crisis, and we already lived in fuel poverty because of living in Orkney,"
Single mother, Women's Survey 2024

Tackling the climate emergency offers an opportunity to invest and grow the economy while addressing existing inequalities. Steps taken in the Budget 2026-27 must seize this opportunity and ensure that gender and equalities analysis are built into the decision-making process from the outset.

Women's Budget Group research shows that the average job in health and care produces 26 times fewer greenhouse gas emissions than a manufacturing job, over 200 times fewer than agriculture jobs and nearly 1,500 times fewer than a job in oil and gas.[17] Care jobs must therefore be recognised as green jobs, with investment directed to support this low-carbon part of the economy.

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[13] SWBG (2023) Policy Briefing: Childcare Strategy 2023
[14] SWBG (2024) Is investing in childcare worth it?
[15] Scottish Government (2025) Tackling child poverty priority families overview
[16] *Ibid*
[17] WBG (2022) A Green and Caring Economy. Final Report

Beyond the care sector, the Budget 2026-2027 must intensify efforts to decarbonise Scotland's social housing stock and support private renters on low incomes. With a quarter of households in Scotland experiencing fuel poverty,[18] faster action on energy efficiency and retrofitting is essential. Investment is also needed in employability programmes to develop a workforce with the skills required to decarbonise domestic buildings, while addressing gender occupational segregation in construction. A better-trained workforce would also help alleviate the affordability issues associated with retrofitting programmes. [19]

Alongside targeted investment, the Scottish Budget must take bolder action to raise the revenue required. Taxes aligned with environmental commitments—such as the Scottish private jet tax—[20]are welcome steps. The Scottish Government could also raise the higher rate of this tax in line with recent changes to the UK Government's equivalent Air Passenger Duty.

Overall, these measures would help Scotland achieve its net zero emissions target by 2045.

Calls for Budget 2026-2027:

- Introduce a Private Jet Tax in Scotland;
- Accelerate investment to decarbonise domestic and public non-domestic buildings with further support for private and social renters;
- Delivery of feminist just transition, transforming high polluting, male dominated industries of transport, energy and construction as well as investing in the low-carbon, labour intensive, female dominated caring and service industries.

Delivering better public services

*"Support more people into work rather than having benefit sanctions - disabled people *want* to work they are not getting the support they need. Improve social care services so carers can work. Improve the level of personalised social care so people can live, and work, and volunteer, and it frees people up to contribute to society more - it should be seen as an investment, not a cost. And raise local taxes in line with income, not property values, it's ridiculous that local spending in capped when these are the services people need the most,"* respondent Women's Survey 2024.

Delivering better public services may require involve greater investment in some areas alongside a programme of public sector reform (PSR). Although budget pressures have pushed PSR to the top of the policy agenda —prompting the Scottish Government to publish a new PSR strategy in June 2025—these pressures cannot be the sole driver of reform. To ensure that PSR meets its key objective on prevention, reducing inequalities and promoting equality as envisioned by the Christie Commission[21] it's crucial that gender budget analysis is integrated in the decision-

[18] Energy Action Scotland. Fuel Poverty
[19] Oxfam Scotland (2024) Scottish private jet tax could help pay for peak rail fares removal
[20] *Ibid*
[21] Scottish Government (2011) Christie Commission on the future delivery of public services

making process, linking policy objectives with budget decisions, and intended outcomes.

Investing in the care economy requires addressing the chronic underinvestment in the care sector, but this investment can improve Scotland's public services. Research by the Nuffield Trust, the Health Foundation and The King's Fund in England shows that social care is a vital support to other public services like the NHS. Their evidence shows that greater availability of nursing and residential care is associated with fewer hospital admissions and readmissions, fewer delayed discharges, reduced length of stay, and reduced expenditure on secondary health care services. Their evidence also shows that interventions like re-ablement have the potential to prolong people's ability to live at home and reduce or even remove the need for care.[22] To ensure that social care supports other services such as the NHS, it must be properly funded so that those services can fully benefit.[23]

Additionally, to ensure that "*services are built around people and communities, and public service organisations work together effectively to achieve outcomes"*[24] it is crucial to learn from poor experiences of PSR, such as the creation of Integration Joint Boards (IJBs). The findings from the Accounts Commission report 'Integration Joint Boards' Finance and performance 2024' demonstrate that IJBs are failing to meet these objectives, with, for example, unpaid carers being increasingly relied on as part of the system.[25] Due to the gendered delivery of care (both paid and unpaid) these findings are of particular concern to SWBG and highlight the need for gender analysis in policy development and delivery. From a gender budgeting perspective, there needs to be more scrutiny and analysis of the impact that decisions made by IJB's on Health and Social Care Partnerships' (HSCP) budgets have on gender equality, and on other policy objectives, including the Scottish Government's priorities. Greater analysis of the impact of budgetary decisions and how these relate to outcomes was one of the key messages that also came out of previous analysis of the Scottish Budget.[26] The example of IJBs and HSCP budgets is representative of a wider pattern in Scottish policymaking, particularly in relation to siloed ways of working and a lack of focus on outcomes. Women working with our joint project on women's economic empowerment highlighted this as an area of concern[27].These women shared that they lacked confidence that there would be a joined-up approach across public bodies to addressing the Government's four priorities, resulting in more budget decisions negatively impacting on the most vulnerable. This group are particularly cognisant of the impact that the failure of health and social care integration is having on their lives and those of other disabled people.

Another area of concern is the move towards digital approaches, which has intensified since the pandemic and is reflected in the *Joined-up Services* (pillar 2) of the government's PSR strategy.[28] While there are strong examples of effective digital

[22] The Health Foundation, The King's Trust & Nuffield Trust (2021) The value of investing in social care
[23] Ibid
[24] Scottish Government (2011) Christie Commission on the future delivery of public services
[25] Accounts Commission (2024) Integration Joint Boards. Finance and Performance 2024
[26] SWBG (2024) Analysis of the Scottish Budget 2024-2025
[27] WEP (2025) Response to the Finance and Public Administration Committee's Pre-Budget Scrutiny Consultation
[28] Scottish Government (2025) Scotland's Public Service Reform Strategy — Delivering for Scotland

public services—such as Denmark's Digital Post, now used by 89% of people over 15 to correspond electronically with public authorities, and Estonia's digital ecosystem, which enables 99% of public services to be accessed online 24/7[29]—efficiency and inclusivity must go hand in hand.

Audit Scotland found that although Covid-19 accelerated the use of digital technology, developments often lacked a citizen-centred approach and involved limited public participation in service design.[30] Our work in Aberdeen echoed these findings. For example, participants told us that systems were frequently designed for access via a computer or laptop, even though many people rely on a mobile phone.[31] When services are not compatible with phones, they can become effectively unusable:

"*Often all I had was my phone and the forms and sites aren't accessible for phones – they expect you to have a computer,*" participant Aberdeen project.

The project also heard from groups for whom digital approaches do not work, including those with limited literacy and those who require a more relational, trauma-informed approach[32]. The recently published *Digital Strategy for Scotland: Sustainable Digital Public Services – Delivery Plan 2025–2028* recognises that services should be efficient and person-centered but remains silent on how participation will be embedded within service design processes.[33]

The Programme for Government published in May 2025 did not mention Violence Against Women and Girls services; however, these are crucial from a gender equality perspective. The absence of multi-year funding, rising costs, and increasing financial pressures on local authorities are placing significant strain on local organisations. Clydebank Women's Aid[34] has already closed its doors this year, and other groups—such as Caithness and Sutherland Women's Aid—have warned of the impact of budget cuts by Highland Council on women and children, despite clear national-level evidence of sustained demand for these services.[35]

Finally, while delivering better public services should look at both reform and management of current spending, consideration of Scotland's opportunity to use its tax powers to invest in public services remains critical as well as embedding tax justice within Scotland's public finances. Council tax urgently requires reform, beginning with a revaluation of properties. This need is particularly acute as increasingly cash-strapped councils face mounting financial pressures[36], the impact of which will fall disproportionately on women, especially those on low incomes.

Calls for Budget 2026-2027:

- Embed gender budget analysis as part of any work on Public Sector Reform;

[29] European Commission (2017) Stories of eGovernment and Digital Public Services in Europe
[30] Accounts Commission (2021) Digital progress in local government
[31] SWBG (2025) Aberdeen Gender Inequality Report
[32] *Ibid*
[33] Scottish Government, COSLA (2025) Sustainable Digital Public Services: Delivery Plan 2025-2028
[34] Holyrood (2025) Women's Aid: How secure is Scotland's domestic abuse safety net?
[35] The Herald (2025) Dorothy Bain says domestic abuse 'intolerable' as charges increase
[36] Scottish Financial News (2024) Report: Funding challenges threaten Scotland's local authorities

- Embed citizen participation in service design processes to ensure that the complexity of people's lives is incorporated into the final design;
- Invest in VAWG services, including ensuring a fair Revenue Grant settlement for local authorities to sustain local provision;
- Commit to a revaluation of Council Tax as a first step in reforming the Council Tax system to a more progressive local tax.

For further information

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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.