

# Budget scrutiny 2025/26

## – Equalities, Human Rights and Civil Justice Committee call for views

Response from Audit Scotland,  
February 2025

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### Background

1. Audit Scotland welcomes the opportunity to respond to the Equalities, Human Rights and Civil Justice Committee's [call for views](#) to inform its post-budget session with the Minister for Equalities on 25 February 2025.
2. [Audit Scotland](#) is a statutory body established under the Public Finance and Accountability (Scotland) Act 2000. It is Scotland's national public sector audit agency which provides the Auditor General and the Accounts Commission with the services they need to carry out their duties.

### Audit Scotland response to the Committee's questions

#### To what extent do you believe that equalities considerations informed decisions in this year's budget?

3. We have not carried out detailed analysis of the 2025/26 budget and we are unable to provide detailed comments on the extent to which equalities considerations informed decisions in the 2025/26 budget. We have drawn on our recent audit work and other sources to highlight relevant issues to the Committee.
4. The [SPICe Briefing on the Scottish Budget 2025-26](#) highlighted concerns about the Scottish government's budget analysis last year. It states: "There was a lingering lack of detail to support an understanding of how spending decisions had been made, and how equalities impacts had been considered as part of this process." This is in line with the conclusions of our analysis of the 2024/25 processes for our [Fiscal sustainability and reform in Scotland report](#) published in November 2024. We highlighted that more information could have been provided in the Equality and Fairer Scotland Budget Statement (EFSBS) on the impact of changing or reduced spending on different groups of users.
5. We are aware of different approaches by other governments. For example, the Welsh Government publishes a Strategic Integrated Impact Assessment as part of its annual budget. In 2024/25, this included an analysis of where the Welsh Government had chosen to reduce or reprioritise spending, and how these changes might impact different groups.

#### To what extent did equalities considerations inform decisions across portfolio areas?

6. Taking an equality and human rights-based approach to budget setting helps towards delivering better outcomes for everyone. In our [Fiscal sustainability and reform in Scotland report](#), we recommended that the Scottish Government should incorporate this approach

into its overall public service reform programme as soon as possible, to ensure the results are used to inform decisions about changes to policies and services across portfolio areas. This work should be clearly aligned to the new National Performance Framework.

7. The Scottish Human Rights Commission has published a [human rights analysis of the 2025-26 budget](#) looking at each portfolio in detail. It found there is often insufficient detail on how budget allocations address inequalities, and that persistent inequalities remain with disparities across different geographical areas and specific groups of people. Two key recommendations within the report are:
  - Strengthening Equity with Budget Allocations: Prioritise targeted interventions for marginalised groups, such as women, people from minority ethnic communities, people with disabilities, and remote, rural, and island communities.
  - Addressing Gaps with Budget Allocations: Invest in closing persistent gaps in areas such as housing affordability, access to social care, health inequalities, and digital connectivity to enhance social and economic inclusion.
8. In 2023, the then First Minister issued mandate letters to each Cabinet Secretary. Approaches such as these mandate letters, published alongside the Programme for Government, are positive steps in improving strategic direction. In our [Fiscal sustainability and reform in Scotland report](#), we recommended that the Scottish Government should strengthen this approach by expanding it to clearly link to the National Performance Framework and include details on how spending changes in portfolios affect existing and new priorities. This includes the impact that spending changes have on equalities and human rights. We also recommended that the Scottish Government should review and update the mandate letters it issued in September 2023 and use these to maximise the effect of portfolio spending towards reform and government priorities. If it chooses not to publish mandate letters, then this information should be included in other publications.
9. Several parliamentary committees have considered evidence in relation to the Scottish Government's review of the National Performance Framework in 2024. [SPICE](#) highlighted that an overarching theme was the need for increased alignment between the national outcomes and the Budget as well as collaboration across portfolios. It states that an annex to the EFSBS for 2024-25 sets out how the National Performance Framework "is a starting point for equality budgeting considerations. In order to understand equality budgeting, individual policy teams need to be able to identify which national outcomes they are contributing to". However, this is not reiterated in the 2025-26 Equality and Fairer Scotland Budget Statement.
10. SPICE notes that the content and presentation of the budget, and of the bulk of the EFSBS has not changed this year in respect of national outcomes. It states that although it is possible to see which national outcomes link to specific portfolio areas, it is unclear how this connects to spending, or how the Scottish Government has used the data underlying national outcomes to inform spending decisions.
11. The Deputy First Minister has acknowledged that a more coordinated approach is needed and announced a proposed reform of the National Performance Framework in the [Scottish Parliament on 8 January 2025](#):

“I propose that we look again at every aspect of the national performance framework to support the development and implementation of a stronger and more strategic and impactful framework for Scotland.

That includes more substantial reform of the national performance framework—reform that would support and enhance collaboration between all the various layers of Government to reach out to and to empower and engage communities, and to let us understand and address more effectively the complex problems that we face as a society.”

### **How transparent a process was the Scottish Government’s development of its budget this year?**

- 12.** We have called for greater transparency in the Scottish budget through our audit work. The Scottish Government could provide more clarity where there is new money available and where there are minimal changes or repurposing of existing funds. In evidence to the [Finance and Public Administration Committee, 7 January 2025](#) the Auditor General for Scotland said:

“We recognise the description of a lack of transparency and the need for more clarity around data and documents to support better scrutiny. I absolutely support that description; it is consistent with our own reporting and goes back to the work of your predecessor committee and the budget process review group, which explored many of these themes.

There is a clarity of intent to have a better understanding of Scotland’s public finances, given the changes that came through, especially in the Scotland Act 2016, and to have much better information. Given the increasing complexity of Scotland’s public finances, we are not there yet.”

- 13.** [Scotland’s Open Budget Survey](#) by the Scottish Human Rights Commission compares the openness of Scotland’s budgetary processes with those of over 100 countries. The research shows that the Scottish Government has made some progress in making the budget process more transparent over the last four years but is still failing to reach standards considered adequate by international best practice and that greater budget transparency is needed to realise human rights.
- 14.** [SPICE](#) looked at some specific examples in the 2025-26 budget and highlighted that despite being presented as a new approach, four of the six key budget decisions included in the [EFSBS](#) were used as case studies last year (social security assistance, concessionary fares, employability and drugs and alcohol policy). The text has been updated with research and policy developments but is still broadly the same, with minimal and questionable added spending information.
- 15.** SPICe questioned the comparison of outturn figures from 2023-24 and 2024-25 to budget figures for 2025-26 because of the uncertainty of comparing outturn figures to forecast ones. When SPICe explored the alcohol and drugs policy example across both years, the

EFBS suggests a £0.5 million cash uplift in funding. However, in the Level 4 Budget documents for both years, i.e. spending plans as announced, there is a fall of £18.9 million between 2024-25 and 2025-26. SPICe states that the transparency of these figures to those outside of the public finance world is questionable.

### **To what extent does this year's budget reflect a cross-cutting approach to equalities, reflecting consideration of issues such as rurality?**







16. In our [Fiscal sustainability and reform in Scotland report](#), we reported on the Scottish Government's longstanding difficulties in managing cross-cutting issues and that government structures are not designed to support cross sector working. Integrating human rights and equalities considerations will help the Scottish Government make better decisions about reforming public services. This will require cross-sector working over several years and is crucial to tackling inequalities and addressing the Scottish Government's priorities, such as eradicating child poverty and improving public services. It will require investment in prevention and different parts of the public sector working closely together.
17. In our report we provided an example of the public service reform team proposing a cross-government 'spend to save' challenge fund for the 2024/25 Budget. This was aimed at investing money in projects which would save money in the future. There was no money allocated to this, meaning that finding that funding would have required Cabinet Secretaries and accountable officers to forgo funding for their portfolios. There was no central fund set aside to provide additional support to cover the costs of reform aimed at balancing sustainable services with reducing inequalities of outcome among communities in Scotland. In response to this, the Scottish Government has included a separate fund of £30 million in the 2025-26 budget for reform and spend to save initiatives.
18. Other recent reports where we have highlighted examples of a lack of cross-cutting approach to tackle inequalities include:
  - [Tackling digital exclusion](#) – we recommended that the Scottish Government should consider their funding priorities and funding requirements for an updated digital strategy and plan for tackling digital exclusion as part of medium-term financial planning. It needs to coordinate approaches to digital inclusion across government departments and policy areas to get the best out of limited resources.
  - [Alcohol and drug services](#) – we said that the Scottish Government must develop a transition plan for the ongoing funding and sustainability of alcohol and drug services. It must also clarify accountability of alcohol and drug service providers and other statutory service providers that are collectively responsible for improving outcomes for people facing alcohol and drug harm.
  - [NHS in Scotland 2024](#) – we highlighted that to address current financial pressures and demand on the whole health and care system, a whole-system approach to improving the health of the Scottish population is essential. The Scottish Government and COSLA are leading on the development of a Population Health Framework, which is intended to take a cross-government and cross-sector approach to improve the factors which shape people's health and wellbeing. This is a promising development, but it remains to be seen what takes priority, how actions will be delivered and monitored, and whether the cross-government and cross-sector buy-in required, can be achieved.

**Are there any other issues you would like to suggest the Committee should raise about the development of this year’s budget from an equalities perspective?**

- 19. In our [Fiscal sustainability and reform in Scotland report](#) we recommended that the Scottish Government should build equalities and human rights into its decisions about public service reform to understand how financial decisions will affect different groups in society and minimise the negative impacts on people’s lives. Our recommendation stated that the Scottish Government should be able to report significant progress by the end of 2025.
- 20. In 2019, the Scottish Government’s Equality and Human Rights Budget Advisory Group (EHRBAG) published [informal guidance for policy makers](#) to help bodies consider equalities and human rights issues in their decision-making. The guidance sets out six key questions to ask when making decisions about raising revenue and spending, and decisions about maintaining or reforming policy or introducing new policy. We set these out in [Exhibit 10](#) of our Fiscal sustainability and reform report, which is shown below.

**Exhibit 10.**

**Six key questions to ask when making budget decisions**

<b>1.</b>	What outcome is the policy and associated budget decision aiming to achieve?	
<b>2.</b>	What do you know about existing inequalities of outcome in relation to the budget area?	
<b>3.</b>	How will your budget decisions impact different people and places?	
<b>4.</b>	How will your budget decisions contribute to the realisation of human rights?	
<b>5.</b>	Could the budget be used differently to better address existing inequalities of outcome and advance human rights?	
<b>6.</b>	How will the impact of budget decisions be evaluated?	

Source: [Improving people’s wellbeing](#), Scottish Government, 20 August 2019

- 21.** We also highlighted the approach the Scottish Government took in its Emergency Budget Review in November 2022 as a good practice example (see [Case study 1](#) in our Fiscal sustainability and reform report). This highlighted that reducing or delaying spending has negative effects on outcomes and set these out clearly. This supports better decision-making and scrutiny. A similar approach was taken in September 2024 with the Scottish Government's Pre-Budget Fiscal Statement and accompanying Equality and Fairer Scotland Impact Assessment.