

Scottish Parliament Social Justice and Social Security Committee

Social Justice and Social Security Pre-Budget Scrutiny 2024-25

Written submission by the Fraser of Allander Institute, 8 September 2023

The Fraser of Allander has previously provided written and oral evidence to Scottish Parliament committee over various aspects of the policy making and Budget process. For example, we provided written evidence to the Finance and Public Administration Committee earlier in the year on the question of transparency and accountability: https://yourviews.parliament.scot/finance/inquiry-into-public-administration/consultation/view_respondent?uuld=248507154

We continue to be concerned over the process, transparency and accountability aspects of how budgets are brought together and published. This written briefing focuses on particular aspects relevant to this year's Budget, rather than our wider views on the policy and Budget process, although we are happy to discuss this at the session.

A recent written submission to the Finance and Public Administration committee on financial sustainability also may be of interest to this Committee, and some of the points noted there are also mentioned in this note (https://yourviews.parliament.scot/finance/sustainability-scotlands-finances/consultation/view_respondent?uuld=710452906)

The Medium-Term Financial Strategy (MTFS) highlighted a large funding gap, of £1 billion in 2024-25 and close to £2 billion by 2027-28. The 2024-25 and future budgets will need to include realistic assumptions on spending commitments given the available level of funding and be clear about prioritisation decisions, as well as realistic policy on tax.

In this Budget round, we therefore expect there to be the need for some difficult decisions on where to reduce spending. For purposes of transparency and accountability we would expect to see robust analysis of the impact of reducing expenditure and an explanation of the process taken to decide where reductions in spending are being made alongside impact assessments for new spend.

In order to be able to meet the Scottish Government's ambitions around social justice, in particular the meeting of the Child Poverty Targets, we expect more resource to be required to tackle the underlying drivers, particularly around social security, childcare, employability support, and housing. Whilst it is always the case that we would expect prioritisation of spend on policies that will make the most difference, it is of particular importance at the moment given the relatively short timescale until the targets (2030/31) need to be met coupled with the aforementioned funding gap.

For example, we would be disappointed if we see small pockets of money allocated to areas (e.g. “£10 or £20 million in a fund to tackle x) without clear rationale set out over what that money will achieve, and why it is has been allocated to x rather than y. We would make a similar observation over new pilots for tackling child poverty – a clear rationale will be needed if a new pilot is being funded rather than roll-out of previously piloted initiative. In short, we need to see much more focus on delivery of policies that have an evidenced route towards realising the targets, rather small allocations in different pockets which will not make a demonstrable difference.

It would be helpful if the main Budget document is not used to list areas where the government will continue to fund initiatives where there is no new money. Whilst it is useful to have this financial information provided, the narrative in the Budget should be focussed on what is changing as a result of new decisions.

We expect to see provisions made for the uprating of social security benefits, including the Scottish Child Payment. If there is a decision made to increase the Scottish Child Payment at a different rate to inflation (for example, if an extra £5 is added) we would expect narrative in the document to be provided to help people understand what this means in real terms.

We are aware that the Scottish Government is engaging in a programme to build on previous work of analysing and presenting the distributional impact of tax decisions to a wider range of policies. We hope to see some of this presented in this years Equality and Fairer Scotland Budget Statement.