

COVID-19 Recovery Committee

20th Meeting, 2022 (Session 6), Thursday 22 September 2022

Pre-budget scrutiny: COVID Recovery Strategy

Introduction

1. The Scottish Government is expected to publish its budget for 2023-24 in December 2022. In advance of this, the Committee is undertaking pre-budget scrutiny with the aim of influencing the Scottish Government's priorities for its forthcoming budget.
2. The Committee considered its approach to its pre-budget scrutiny at its meeting on 30 June 2022. It agreed to focus on how the Scottish Government plans to fund its COVID Recovery Strategy and the ongoing costs associated with the pandemic, as set out in the COVID-19 Strategic Framework. The latter includes policy measures such as the booster vaccination programme, provision of procured personal protective equipment (PPE), surveillance and work on future pandemic preparedness.
3. At this meeting, the Committee will focus on what budget support should be provided to implement the recovery strategy. The Committee will take evidence in roundtable format from —
 - Rob Gowans, Policy and Public Affairs Manager, The Alliance
 - Sarah Watters, Director of Membership and Resources, Convention of Scottish Local Authorities (COSLA)
 - Professor Mairi Spowage, Director, Fraser of Allander Institute
 - Alfrun Tryggvadottir, Lead, Spending Review and Machinery of Government, Organisation for Economic Cooperation and Development (OECD)
 - Lukas Hardt, Policy and Engagement Lead, Wellbeing Economy Alliance Scotland

Background

4. In advance of the publication of its budget, the Scottish Government produced a series of fiscal documents in May 2022, some of which are relevant to the Committee’s pre-budget scrutiny namely—

- [Resource Spending Review](#)
- [Medium-Term Financial Strategy](#)
- [Equality and Fairer Scotland Statement](#)

Written evidence

5. The Committee issued a [call for views](#), which closed on 9 September 2022. The Committee asked the following questions in relation to the Strategic Framework—

- To what extent is the Strategic Framework reflected in the Resource Spending Review and the Medium-Term Financial Strategy (MTFS)?
- What should be prioritised for funding in the Scottish Government’s COVID-19 Strategic Framework?
- What level of funding should the Scottish Government be allocating to future pandemic preparedness and long-term resilience?
- Any other comments.

6. The Committee also asked the following questions in relation to the recovery strategy —

- Is there sufficient clarity and transparency surrounding the indicative spending plans in the Resource Spending Review associated with Covid recovery and the ongoing costs of the pandemic?
- To what extent is the Covid Recovery Strategy reflected in the Resource Spending Review and the Medium-Term Financial Strategy (MTFS)?
- What are your thoughts on the level of detail provided on the provisional spending allocations for Covid recovery contained in the Resource Spending Review and MTFS?
- The Covid Recovery Strategy states its aim to make progress towards a “wellbeing economy”. What do you understand “wellbeing economy” to mean, and is there any link with this and the allocations for Covid recovery in the Resource Spending Review?
- The Equality and Fairer Scotland Statement show evidence where the impact of Covid has not been felt equally across Scottish society. Do the Resource Spending Review and MTFS provide sufficient detail as to how the Scottish

Government will provide funding to address the inequalities associated with the impact of Covid throughout the recovery period?

7. The Committee received 20 responses from the following—

- [Alcohol Focus Scotland](#)
- [The Alliance](#)
- [Bòrd na Gàidhlig](#)
- [Carnegie UK](#)
- [Crew](#)
- [Dr Isabel Fletcher](#)
- [EIS](#)
- [Ross McNairney](#)
- [NASUWT](#)
- [NHS National Services Scotland](#)
- [Office for Statistics Regulation](#)
- [Public Health Scotland](#)
- [Royal College of Occupational Therapists](#)
- [Scottish Retail Consortium](#)
- [Scottish Health Action on Alcohol Problems \(SHAAP\)](#)
- [Scottish Water](#)
- [Scottish Women's Budget Group](#)
- [Stirling Council](#)
- [Volunteer Scotland](#)
- [Wellbeing Economy Alliance Scotland](#)

8. The Committee took evidence on its pre-budget scrutiny at its meeting on 8 September 2021. The meeting papers and a transcript from this meeting can be found at the following link—

[COVID-19 Recovery Committee 19th Meeting, 2022 | Scottish Parliament Website](#)

9. The Committee has received written submissions from the following organisations, which are included in the annexe—

- The Alliance
- Wellbeing Economy Alliance Scotland

Next steps

10. The Committee will continue to take evidence on its pre-budget scrutiny at its meetings on 29 September 2022.

Committee Clerks
September 2022

Health and Social Care Alliance Scotland (the ALLIANCE)

COVID-19 Recovery Committee - Pre-Budget scrutiny

12 September 2022



The Health and Social Care Alliance Scotland (the ALLIANCE) welcomes the opportunity to inform the COVID-19 Committee's scrutiny ahead of the 2023-24 budget. The ALLIANCE recognises the substantial pressure on Scotland's public finances resulting from both the COVID-19 pandemic and the ongoing cost of living crisis, which earlier this year led to the publication of the Resource Spending Review.

It is particularly important in such circumstances that essential public services, both those directly provided by the statutory sector and those provided by other sectors but funded by the Scottish Government, continue to be adequately supported. We know that the impact of the pandemic was not felt equally across society, and nor will the impacts of the cost of living crisis be, with those already in difficult situations more likely to bear the burden.

Continued investment in social security and health and social care is necessary to ensure that disabled people, people living with long term conditions, and unpaid carers can participate equally in society. In addition specific, targeted interventions are likely to be required over the coming months and in next year's budget, and the Scottish Government should work with partners and the voice of lived experience to ensure these get the right support, to the right people, at the right time.

Response

Question 1: Is there sufficient clarity and transparency surrounding the indicative spending plans in the Resource Spending Review associated with Covid recovery and the ongoing costs of the pandemic?

Broadly speaking, there is a fair degree of transparency within the Resource Spending Review as to the overall spending allocated to COVID-19 recovery, bearing in mind that much of the spend related to recovery will be within portfolios such as health and social care or social justice and housing. The document shows ample consideration of the impacts of the pandemic and the need for recovery. Whilst further detail on exact spending would generally be welcome, we recognise that this is a framework document, and that more detailed information on expenditure will only be available within the budget.

Question 2. To what extent is the Covid Recovery Strategy reflected in the Resource Spending Review and the Medium-Term Financial Strategy (MTFS)?

A large portion of the Covid Recovery Strategy is rooted in actions to tackle poverty and invest in health and social care services. In our response to the Scottish Government's consultation on the Resource Spending Review Framework¹ we welcomed the commitment to tackling child poverty. Investment in social security is one of the key levers for reducing child poverty, and we welcome the continued commitment given in the Resource Spending Review to widening the eligibility for and increasing the value of the Scottish Child Payment over the course of this parliamentary term.

In addition, the ongoing rollout of devolved disability and carer payments should be seen as an opportunity to provide enhanced support to disabled people, people living with long term conditions, and unpaid carers. Many people within these groups already experience issues with low and unpredictable incomes and are amongst those most at risk of facing serious hardship as a result of cost of living increases. These pressures follow over two difficult years of a pandemic, the impacts of which have fallen disproportionately on the same groups².

The more person centred and human rights based approach to social security that Social Security Scotland is striving for is highly welcome, as are the Scottish Government's stated commitments that would generally broaden eligibility for a number of devolved payments. However, we would reiterate the call we made in our response to the Scottish Government consultation on Scottish Carer's Assistance³, that the timescale to implement substantive changes relative to the existing UK payments, such as paying Scottish Carer's Assistance to unpaid carers in full time education, should be accelerated. Ensuring that as many people as possible are receiving maximum support via the social security system is one means by which the impact of rising cost of living can be reduced.

As Scotland continues to emerge from and manage the consequences of the COVID-19 pandemic, it is essential that health and social care are prioritised for funding. As the ALLIANCE's People at the Centre engagement work in support of the Mobilisation Recovery Group highlighted⁴, the pandemic led to significant disruptions in access to essential health and social care, which continue in many areas due to long waiting lists and ongoing issues with staff recruitment and retention. Continuing to deliver on the NHS Recovery plan, ensuring that the voice of lived experience is heard throughout⁵, should be a key government focus.

However, we also know that for social care in particular, the pandemic simply exacerbated a range of pre-existing issues. The 'My Support, My Choice' research⁶, produced in partnership between the ALLIANCE and Self Directed Support Scotland,

provides an overview of people's experiences with social care before the pandemic. The final report highlighted issues including tightened eligibility criteria, inconsistency of implementation and infrequent but deeply concerning instances of lack of respect for people receiving care.

The creation of a National Care Service during this parliamentary term offers an opportunity to improve the lives and experiences of disabled people, people living with long term conditions, and unpaid carers. It will also be one of the biggest public sector reforms taken in recent decades, with significant financial implications. In moving forward with a National Care Service, spending plans must be human rights based and recognise third and independent health and social care organisations as equal and valued delivery partners, resourced by additional, sustainable, ongoing, and secure funding. In addition, as the ALLIANCE noted in our response to the Resource Spending Review Framework consultation, it is important to reflect on the lessons learned from the slow pace of the health and social care integration agenda.

Question 3. What are your thoughts on the level of detail provided on the provisional spending allocations for Covid recovery contained in the Resource Spending Review and MTFS?

The Resource Spending Review and MTFS do not provide a great level of detail on spending allocations. However, we recognise as these are multi-year frameworks, we would not necessarily expect them to be as detailed as individual budgets, so are broadly content with the level of detail provided.

Question 4. The Covid Recovery Strategy states its aim to make progress towards a "wellbeing economy". What do you understand "wellbeing economy" to mean, and is there any link with this and the allocations for Covid recovery in the Resource Spending Review?

The ALLIANCE have considered the issue of a wellbeing economy in several areas of our work in recent years, particularly through our Health and Social Care Academy programme, which aims to drive positive and radical change in health, social care and wider society in the longer term. The links between climate action, social care, and a wellbeing economy were discussed as part of a roundtable series on care and climate¹.

In addition, alongside human rights and gender budgeting approaches, the wellbeing economy was highlighted as a potential lens for redefining the economy in a paper

¹ The ALLIANCE, 'Climate action and the social care collective – roundtable series report' (December 2021), available at: <https://www.alliance-scotland.org.uk/blog/resources/climate-action-and-the-social-care-collective-roundtable-series-report/>

on Basic Income². In that paper, we offered a simple definition of the wellbeing economy as:

“An approach that states that the economy should be in the service of people, and work to ensure their wellbeing. This would be a reversal from current approaches which often appear to view people as being in service to the economy.”

In general terms, we would expect a wellbeing economy to be one with a focus on the things that support people to live well and which bear in mind our responsibility to future generations. This would include investment in areas such as social care, supporting disabled people, people living with long term conditions, and unpaid carers to realise their rights to independent living and the highest achievable standard of health; social security, ensuring everyone can afford food, energy, housing, utilities, and leisure; and climate action, stewarding our environment and planet in a sustainable manner.

In the specific context of COVID-19 recovery, the first two areas listed above are of particular relevance. The ALLIANCE agree that Scottish Government spending plans show clear prioritisation of these areas, as we outlined in more detail in our responses to earlier questions.

Question 5. The Equality and Fairer Scotland Statement show evidence where the impact of Covid has not been felt equally across Scottish society. Do the Resource Spending Review and MTFs provide sufficient detail as to how the Scottish Government will provide funding to address the inequalities associated with the impact of Covid throughout the recovery period?

As per responses to earlier questions, the ALLIANCE welcomes plans for increased spending on areas such as social security, health, and social care, which correctly prioritise the key public services necessary for COVID-19 recovery. However, particularly in light of the ongoing cost of living crisis, we would question whether it is appropriate for these documents to assume no changes to taxation in Scotland.

Whilst the ALLIANCE does not have a position on the specific rates and forms of taxation that should apply in Scotland, we would refer to our consistent calls for a human rights based approach to public finances. As stated in our initial response to the Resource Spending Review Framework consultation⁷, current plans to incorporate several international human rights treaties into Scots Law offer an opportune time to embed human rights budgeting principles. In particular, decisions on public finances should have due regard to two of the key principles of progressive

² The ALLIANCE, ‘Emphasising humanity and transforming livelihoods: Basic Income’ (December 2021), available at: <https://www.alliance-scotland.org.uk/blog/resources/emphasising-humanity-and-transforming-livelihoods-basic-income/>

realisation of human rights, those of “non-regression” and “maximum use of available resources.”

In taking forward this and future year’s budgets, non-regression means the Scottish Government must ensure that any changes in spending do not result in people’s existing human rights, such as the rights to independent living and equal participation in society for disabled people, being eroded. Maximum use of available resources means the government has a duty to ensure that adequate funding is available to ensure the progressive realisation of human rights. It should therefore carefully consider how to use the tax and revenue powers it has at its disposal, and whether maintaining current tax policies are the best means of maximising resources.

In addition, the ALLIANCE and many partners across the third sector are deeply concerned about security of funding for the sector, which will play a key part in the ongoing recovery from the COVID-19 pandemic. In our response to the Resource Spending Review Framework consultation⁸, the ALLIANCE made several points relating to support for third sector organisations. The financial situation facing third sector organisations has been difficult for a number of years, particularly as a result of short-term funding arrangements. These already existing pressures are now being further exacerbated by the cost of living crisis, including by the rising costs of energy supply.

The contribution of the third sector to Scotland’s people, society and economy remains unrecognised and undervalued. There are over 40,000 third sector organisations in Scotland, with an estimated combined annual turnover of more than £8.5 billion (2021 figures)⁹. The sector is also a major employer – for example, SCVO estimates that there are around 135,000 paid staff working in Scotland’s voluntary sector¹⁰.

During COVID-19, the ALLIANCE’s Community in Action¹¹ initiative documented how community and third sector organisations have responded flexibly and at pace to provide lifeline services and support for people across Scotland. However, the impact of the pandemic has been stark, far-reaching, and in some cases poses a threat to their very survival¹². Throughout the pandemic, loss of income and increased demand for services has significantly impacted organisations’ ability to plan and deliver future services. Findings from ‘Scotland’s Third Sector Tracker’ highlight that almost half (48%) of all organisations surveyed saw a decrease in turnover compared with pre-pandemic levels¹³. At the same time, costs have increased in responding to the pandemic, including workforce related costs, such as additional staff wellbeing support and cover for sickness absence¹⁴.

These trends are likely to continue for third sector organisations, particularly for those working with people who have been disproportionately affected. The

consequences for those that rely on their vital support is hard to overstate. The longer term survival of third sector health and social care organisations is at stake, and the crucial services and the support they deliver remains just as vital as we continue through COVID-19 recovery; sustainable, ongoing and protected funding and support should reflect that to ensure that essential services continue to reach people and keep staff in secure employment.

The positive impact of longer term funding for third sector organisations was highlighted in a recent ALLIANCE report which gathered learning from projects which received five year funding via the 'Transforming Self Management' round of the Self Management Fund¹⁵. This longer term funding for the Self Management Fund aimed to impact the ability of organisations to effect sustainable change to deliver supported self management to people in Scotland living with long term conditions. The report highlights how long term, secured funding enhanced the sustainability of self management practice and delivery, and in turn, the positive impact on individuals' lives. Longer term funding made project activity more sustainable by allowing organisations more time to develop project engagement and respond to challenges, supporting improved trust in organisations, providing a consistent and reliable delivery of services, and reaching a larger scope of individuals.

Question 6. To what extent is the Strategic Framework reflected in the Resource Spending Review and the Medium-Term Financial Strategy (MTFS)?

Broadly speaking, the Strategic Framework relates to active management of COVID-19. Only the final section, which looks to recovery, is reflected in any depth in the financial documents, with references to aspects such as vaccination and testing largely absent. This may be reflective of the changed situation by the time the Resource Spending Review was published, with the most active phase of the pandemic seemingly having drawn to a close, and the focus naturally shifting towards longer term recovery, necessitating less detail on how management strategies will be funded. However, it is important that when the budget for this and future years is published, that it includes appropriate detail on funding for ongoing COVID-19 mitigation and management measures.

Question 7. What should be prioritised for funding in the Scottish Government's COVID-19 Strategic Framework?

It is important to recognise that whilst the most intense phase of the pandemic appears to be over, COVID-19 remains a significant risk to the health, wellbeing and life of many people. The COVID-19 Strategic Framework includes welcome recognition of the importance of both vaccination and in supporting people at highest risk and reducing health inequalities.

Within the framework as it exists, the Scottish Government must ensure that appropriate booster vaccinations, which account for any new variants of the virus that may be circulating, are available to those at greatest risk, including disabled people, people living with long term conditions, and unpaid carers. Health and social care staff should also be offered boosters, to protect both their own health and that of the people they are caring for. This should be supplemented by adequate testing protocols which allow for control of the virus and understanding of how it may be changing.

Beyond mitigating the risks of new infections, the ongoing impacts of past infections through Long Covid must be addressed. Across the UK, an estimated 2 million people were reporting symptoms consistent with Long Covid by July 2022¹⁶. Research carried out for the ALLIANCE has highlighted the severe impacts Long Covid has had on people in Scotland¹⁷, with many reporting experiencing weeks or months of symptoms including low or no energy, acute respiratory difficulty or distress, and cognitive impairments. Participants in the research spoke of the difficulties accessing formal or statutory support, whether in education, from their employer, social security, healthcare, and social care, with many instead noting peer-support groups as having the biggest impact.

This research highlighted the vital importance of investing in services to support people living with Long Covid. It concluded with 14 recommendations for action for the Scottish Government, Health and Social Care Partnerships, and other relevant public bodies, including training to improve staff understanding of Long Covid; reviewing eligibility criteria for disability payments in light of experiences with Long Covid; and sustainable financial support for Long Covid support groups. These recommendations could be incorporated into a specific Long Covid strand within the COVID-19 Strategic Framework.

Question 8. What level of funding should the Scottish Government be allocating to future pandemic preparedness and long-term resilience?

The ALLIANCE does not have a view on the specific level of funding which should be allocated to future pandemic preparedness. However, that funding must be sufficient to ensure continued vigilance on possible new major infectious diseases circulating, the ability to rapidly scale up treatment, testing and vaccination facilities as necessary, and to ensure continued availability of essential public services.

A lack of preparedness for COVID-19 was evident, but unevenly experienced, in a range of areas through 2020, as highlighted throughout the ALLIANCE's briefing on the public inquiry into COVID-19¹⁸. Reductions and outright removal of social care packages were widespread, with serious negative impacts on disabled people, people living with long term conditions, and unpaid carers. Shielding measures for vulnerable groups have also been identified as an area of confusion and concern for

many people affected. Funding and planning for future pandemic preparedness must learn from experiences of the COVID-19 pandemic, including the findings and recommendations issued at the conclusion of the relevant public inquiries.

About the ALLIANCE

The Health and Social Care Alliance Scotland (the ALLIANCE) is the national third sector intermediary for a range of health and social care organisations. We have a growing membership of over 3,000 national and local third sector organisations, associates in the statutory and private sectors, disabled people, people living with long term conditions and unpaid carers. Many NHS Boards, Health and Social Care Partnerships, Medical Practices, Third Sector Interfaces, Libraries and Access Panels are also members.

The ALLIANCE is a strategic partner of the Scottish Government and has close working relationships, several of which are underpinned by Memorandum of Understanding, with many national NHS Boards, academic institutions and key organisations spanning health, social care, housing and digital technology. Our vision is for a Scotland where people of all ages who are disabled or living with long term conditions, and unpaid carers, have a strong voice and enjoy their right to live well, as equal and active citizens, free from discrimination, with support and services that put them at the centre.

The ALLIANCE has three core aims; we seek to:

- Ensure people are at the centre, that their voices, expertise and rights drive policy and sit at the heart of design, delivery and improvement of support and services.
- Support transformational change, towards approaches that work with individual and community assets, helping people to stay well, supporting human rights, self management, co-production and independent living.
- Champion and support the third sector as a vital strategic and delivery partner and foster better cross-sector understanding and partnership.

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- ¹ The ALLIANCE, 'Response to Resource Spending Review Framework' (March 2022), available at: <https://www.alliance-scotland.org.uk/blog/resources/alliance-response-to-resource-spending-review-framework-consultation/>
- ² The ALLIANCE, 'Health, Wellbeing and the COVID-19 Pandemic' (February 2021), available at: <https://www.alliance-scotland.org.uk/blog/resources/health-wellbeing-and-the-covid-19-pandemic-final-report/>
- ³ The ALLIANCE, 'Response to consultation on Scottish Carers Assistance' (May 2022), available at: <https://www.alliance-scotland.org.uk/blog/resources/alliance-response-to-consultation-on-scottish-carers-assistance/>
- ⁴ The ALLIANCE, 'Health, Wellbeing and the COVID-19 Pandemic' (February 2021), available at: <https://www.alliance-scotland.org.uk/blog/resources/health-wellbeing-and-the-covid-19-pandemic-final-report/>
- ⁵ The ALLIANCE, 'Putting People at the Centre of NHS Scotland Recovery' (December 2021), available at: <https://www.alliance-scotland.org.uk/wp-content/uploads/2021/12/Putting-People-at-the-Centre-of-NHS-Scotland-Recovery.pdf>
- ⁶ The ALLIANCE and Self-Directed Support Scotland, 'My Support, My Choice – People's Experiences of Self-Directed Support and Social Care in Scotland' (October 2020), <https://www.alliance-scotland.org.uk/blog/resources/my-support-my-choice-peoples-experiences-of-self-directed-support-and-social-care-in-scotland-reports/>
- ⁷ The ALLIANCE, 'Response to Resource Spending Review Framework' (March 2022), available at: <https://www.alliance-scotland.org.uk/blog/resources/alliance-response-to-resource-spending-review-framework-consultation/>
- ⁸ The ALLIANCE, 'Response to Resource Spending Review Framework' (March 2022), available at: <https://www.alliance-scotland.org.uk/blog/resources/alliance-response-to-resource-spending-review-framework-consultation/>
- ⁹ Scottish Council for Voluntary Organisations, "Sector Stats" (2022), available at: <https://scvo.scot/policy/sector-stats>
- ¹⁰ As above
- ¹¹ The ALLIANCE, 'Community in Action: Learning from the third sector's early response to the COVID-19 pandemic in Scotland', available at: <https://www.alliance-scotland.org.uk/wp-content/uploads/2021/04/Community-in-Action-Learning-Report.pdf>; The ALLIANCE, 'Community in Action', available at: https://www.alliance-scotland.org.uk/blog/case_studies/#area_of_work=community-in-action
- ¹² The ALLIANCE, 'Briefing paper – Scottish Parliament debate: Valuing the Third Sector' (November 2020), available at: <https://www.alliance-scotland.org.uk/wp-content/uploads/2020/11/ALLIANCE-Briefing-paper-Scottish-Parliament-debate-Valuing-the-Third-Sector.pdf>
- ¹³ SCVO, 'The Scottish Third Sector Tracker – wave one summary report' (Summer 2021). Available at: <https://scvo.scot/policy/research/evidence-library/2021-the-scottish-third-sector-tracker-wave-one-summary-report-summer-2021>
- ¹⁴ CCPS, 'Business Resilience Survey 2020 – Summary of results' Available at: <https://www.ccpscotland.org/wp-content/uploads/2018/12/Business-Resilience-Survey-2020.pdf>
- ¹⁵ The ALLIANCE, 'Transforming Self Management in Scotland 2016-2-2021', available at: <https://www.alliance-scotland.org.uk/transformingselfmanagement/>

¹⁶ Office for National Statistics (ONS), 'Prevalence of ongoing symptoms following coronavirus (COVID-19) infection in the UK' (September 2022), available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/prevalenceofongoingsymptomsfollowingcoronaviruscovid19infectionintheuk/1september2022>

¹⁷ The ALLIANCE, 'Accessing social support for Long Covid' (May 2022), available at: https://www.alliance-scotland.org.uk/wp-content/uploads/2022/07/Long_Covid_report_final.pdf

¹⁸ The ALLIANCE, 'Briefing – COVID-19 Independent Inquiry' (October 2021), available at: <https://www.alliance-scotland.org.uk/blog/news/putting-people-at-the-centre-of-an-independent-inquiry-into-covid-19/>



WEAll Scotland response to COVID-19 recovery committee call for views

Submission to the COVID-19 recovery committee as part of the committee's pre-budget scrutiny, September 2022

WEAll Scotland is a collaboration of organisations, movements and individuals working to transform the economic system into one that delivers social justice on a healthy planet. We believe that our economy needs to be recognised so it provides us with what matters most – dignity, purpose, nature, fairness and meaningful participation. We work with a growing network of Allies across Scotland who are playing their part to deliver a Wellbeing Economy at different levels of society. We are the Scottish arm of the global Wellbeing Economy Alliance (WEAll) which has hubs in 15 countries. We are a charity currently funded by the Friends Provident Foundation.

Is there sufficient clarity and transparency surrounding the indicative spending plans in the Resource Spending Review associated with Covid recovery and the ongoing costs of the pandemic?

Section 4 provides a helpful and informative breakdown of the key priorities for the Scottish Government as we emerge from the pandemic. The insight across portfolio responsibilities is helpful and offers clarity regarding resource commitments. However, there is little detail on where COVID directly aligns across the budget and how our recovery from the pandemic impacts on areas beyond Health and Social Care. There are some immediate challenges aligned to areas such as Finance and Economy which could be articulated in greater depth.

While recognising the significant impact of COVID across society, there is a need to recognise that as we transition back to an open society, many of the inequalities demonstrated through the pandemic are still apparent. There is a need to better understand where future commitments will seek to address these, e.g. in Education and Skills, recognising the inequalities of delivery as a consequence of COVID.

One area which requires greater transparency relates to the ongoing costs of the pandemic. Factoring in issues such as long COVID and monitoring of the long term implications of transmission, the wording outlined arguably fails to provide sufficient clarity on how this will be addressed.

To what extent is the Covid Recovery Strategy reflected in the Resource Spending Review and the Medium-Term Financial Strategy?

In broad terms, there are clear linkages between the Covid Recovery Strategy vision for recovery and the outcomes identified through the Resource Spending Review and Medium-Term Financial Strategy. The priorities identified (systematic inequalities, wellbeing economy, person-centred public services) do correlate in many ways with where funding has been allocated. There will be some wider challenges outwith COVID regarding accessibility to solutions and recognising that the framing of these priorities does not necessarily correlate with where resource is committed, e.g. some of the focus on economic growth fails to recognise concerns regarding ecological resource constraint.

Looking directly across the funding commitments and their representation in the Resource Spending Review.

Funding commitments	Funding allocated
Fee school lunches	Yes
No one left behind	No
Free school breakfast	No
Scottish child payment	Yes
Free childcare	Yes*
Parental employment support	Yes
School clothing grant	Yes
Fair fares review and community bus fund	Yes
Social innovation partnership	Yes
Whole family wellbeing fund	Yes
Sport and active living investment	No
Just transition fund	Yes

*no extra funding until last year

What are your thoughts on the level of detail provided on the provisional spending allocations for Covid recovery contained in the Resource Spending Review and MTFS?

It is difficult to directly correlate spending allocations for Covid recovery across the Resource Spending Review and Medium-term Financial Strategy. While there is some broad consideration of where COVID is a factor, there are larger issues such as the cost of living which are equally apparent.

The Covid Recovery Strategy states its aim to make progress towards a “wellbeing economy”. What do you understand “wellbeing economy” to mean, and is there any link with this and the allocations for Covid recovery in the Resource Spending Review?

1 - COVID-19 recovery and the cost-of-living crisis

The unfolding cost of living crisis is rapidly eclipsing and exacerbating the lingering impacts of the COVID-19 pandemic and will require a government response on the same scale and decisiveness. This new government priority is already strongly reflected in the Resource Spending Review. The context for COVID-19 recovery efforts has therefore changed considerably and cannot be considered separate from the cost-of-living crisis.

But the cost-of-living crisis exposed the same inequalities and inadequacies of our economic system that have already been laid bare in the COVID-19 pandemic. The COVID-19 recovery strategy aims to “address the systemic inequalities made worse by Covid” and to “make progress towards a wellbeing economy”. The cost-of-living crisis is making both of these goals even more important. We therefore recommend that the government’s efforts to tackle the cost-of-living crisis build on the ambitions of the COVID-19 recovery strategy to build an economic system that can deliver for people and planet.

2 - A Wellbeing Economy is an economy designed to deliver everyone’s needs to flourish within planetary boundaries

We understand a Wellbeing Economy to mean an economy designed to deliver good lives for all on a healthy planet. That is an economy designed to operate with planetary boundaries and that would meet the fundamental needs that every person needs to flourish, whether in Scotland or abroad, now and in the future. The [Strategy of the Wellbeing Economy Alliance](#)¹ outlines 5 fundamental needs:

- Dignity: everyone has enough to live in comfort, safety and dignity
- Participation: people take part in decision-making and are engaged in their communities
- Purpose: institutions that serve the common good
- Fairness: income, wealth and power is distributed fairly
- Nature: a restored and safe natural world for all life

In a Wellbeing Economy, serving these needs and shrinking our environmental impacts to within planetary boundaries would take priority over growing the size of the economy, as measured by GDP. This shift in priorities is based on the evidence that GDP growth in Scotland and many other developed countries, while having delivered many benefits, is now producing more harm than good. Achieving further GDP growth in Scotland will not automatically deliver collective wellbeing. Instead, pursuing indiscriminate growth in economic activities at all costs will only exacerbate the crises we are currently facing. It is important to focus on the quality and direction of economic activities, examining which

¹ https://drive.google.com/file/d/1zZLr6N_gZyz2drfdi6K8R1JYNwrgFLhk/view

sectors, businesses and activities are in line with Wellbeing Economy goals and should be scaled up, and which sectors, businesses and activities need to be scaled down, and how this can be achieved equitably.

In order to deliver flourishing, the Scottish economy will have to be redesigned to prioritise the integrity of the natural environment. A Wellbeing Economy is about achieving systemic change in the economy. Tinkering around the edges is no longer enough. In order to achieve a Wellbeing Economy, policymaking needs to embody four important design principles:

- Purpose: A Wellbeing Economy would make the purpose of delivering the 5 needs for collective wellbeing the priority. The 5 needs would form the guiding principle for government, businesses, and other institutions, and would be reflected in the way measure progress. This includes government policies that define which activities need to be extended and which activities need to be phased out and creates a regulatory architecture that ensures all businesses align with those priorities.
- Prevention: A Wellbeing Economy would address the root causes of social and environmental damages by thinking upstream and long-term. As a by-product, this would reduce the vast amount of resources we are spending on ‘failure demands’: trying to patch up the avoidable damage our current economy is causing. For example, the UK and Scottish Governments spend millions of pounds each year in Scotland on housing people who are homeless or treating illnesses caused by air pollution.
- Predistribution: A Wellbeing Economy would tackle the current economic inequality at its source, using methodologies such as Community Wealth Building that ensure money is retained locally, using collective provision of universal basic services and promote alternative business models that inherently generate fairer distribution of incomes and wealth. Work that does not pay a wage, such as unpaid care work, would be valued and supported as the foundation of our economy.
- People power: A Wellbeing Economy can only be built on meaningful participation and democratic decision-making, across our governments, communities and workplaces, ensuring that that power over decision-making is held by the people and communities who are affected by them.

3 - For building a Wellbeing Economy the process of developing the Resource Spending Review and budgets is just as important as the allocation of spending

Building a Wellbeing Economy requires not only different policies and changes in funding allocation, but it requires a change in the process and institutions through which economic policy is made and budgets are set, reflecting the 4 design principles of a Wellbeing Economy. The two principles of “purpose” and “people power” are especially important for the process:

- Firstly, in order to embed purpose at the heart of the process of setting the budget and the Resource Spending Review it needs to be aligned more closely with the National Performance Framework (NPF), which sets out a common vision for the future of Scotland in 11 outcomes. The goal of the budget and resources should be to resource policies that seek to deliver on the NPF outcomes. It is currently not clear how the NPF outcomes (or outcomes identified in the COVID recovery strategy) are used in informing the priorities in the Resource Spending Review and budget. The

[Wellbeing Budgets developed by the New Zealand government²](#) are an international example of how Wellbeing Economy outcomes can be embedded in budget setting.

- Secondly, the process of setting the budget and resource spending needs to be made more participatory in order to ensure that they adequately reflect the priorities of people in Scotland, especially those quiet voices that are most disadvantaged by the current system and often not heard. The “wellbeing of children and young people” is one of the overarching outcomes set out in the COVID recovery strategy, but the voice of children and young people are rarely considered in the development of the Resource Spending Review. A start on rectifying this gap could be the Cabinet Secretary for Finance and relevant policy teams holding at least two meetings with children’s groups as part of the budget process.

More detailed recommendations on how to embed Wellbeing Economy principles in the budget process of the Scottish Government can be found in a recent report by Dr Katherine Trebeck and Amy Baker, titled “[Being Bold: Building Budgets for Children’s Wellbeing](#)”³.

More generally, the [Wellbeing Economy Policy Design Guide](#)⁴, published by the Wellbeing Economy Alliance, provides resources, tools, case studies, and suggestions on how to develop policies in line with a Wellbeing Economy.

4 - Allocation of spending for COVID-19 recovery needs to include more support for prevention, pre-distribution and participation.

The priorities identified by people in the covid recovery strategy (i.e. p. 9 “What sort of recovery people want to see”) and the three identified outcomes of the Covid recovery strategy align well with the goals of a Wellbeing Economy as summarised in the 5 needs outlined above. The three outcomes identified in the covid recovery strategy are (1) financial security for low income households, (2) wellbeing of children and young people and (3) good, green jobs and fair work.

Much of the spending associated with covid recovery in the Resource Spending Review is making important contributions to supporting the 5 needs for a Wellbeing Economy outlined above. But most of the allocated spending is focused on ‘downstream’ measures, which alleviate the symptoms of the damage done by our economy but do not tackle the root causes. Examples of this are the Scottish child payment, the provision of free school meals or the school clothing grant. Such payments are very important and directly contribute to alleviating the impacts of poverty and financial insecurity on the wellbeing of children. But they ultimately are the result of a failure of our economic system to provide parents with adequate jobs, wages and income and reflect the increasing levels of inequality in Scottish society. [A recent report by the Wellbeing Economy Alliance](#)⁵ found that the UK and Scottish governments spend billions of pounds in Scotland every year on ‘failure demands’, for example to top up poverty wages, house the homeless or build flood protection measures against climate change impacts. These are demands that could be avoided by a better design of our economy.

² <https://www.treasury.govt.nz/publications/wellbeing-budget/wellbeing-budget-2022-secure-future>

³ <https://childreninScotland.org.uk/wp-content/uploads/2021/03/BeingBold-Report.pdf>

⁴ https://wellbeingeconomy.org/wp-content/uploads/Wellbeing-Economy-Policy-Design-Guide_Mar17_FINAL.pdf

⁵<https://weall.org/faileddemand>

The aim of a Wellbeing Economy is to redesign economic rules and institutions in order to reduce the harms done by our economy in the first place, leading to reduced government spending on failure demands. That aim is reflected in the key principles of 'prevention' and 'predistribution'. The spending allocated in the Resource Spending Review on covid recovery shows some steps in the right direction. For example the policies developed on fair work conditions and the focus on prevention in the Whole Family Wellbeing Fund are welcome.

But the current spending allocations will not be sufficient to achieve a meaningful redesign towards a Wellbeing Economy. Some examples of measures that the Scottish Government could adopt tackle the root causes of inequality and poverty are listed below. Many of these might not require large funds and can instead be delivered utilising legislative measures and where the Scottish Government guides its delivery partners e.g. alignment of enterprise agencies in addressing community need (included in remit of HIE and SoSE but not Scottish Enterprise).

- Mainstream support for social business models such as employee-owned companies, cooperatives, and social enterprises.
- Make all public support for businesses and procurement conditional on supporting social and environmental impacts in line with the NPF.
- Support expansion of community-owned assets and the necessary capacity in communities to self-organise and make use of such assets.
- Set up and support financial institutions that allow local wealth (e.g. public pension funds) to be easily invested locally in order to leverage funds for community wealth building.
- Tackle the concentration of both urban and rural land ownership in Scotland in order to increase access to affordable land and housing for communities, households and social enterprises.
- Build towards a system of collectively provided [universal basic services](#)⁶ to lower the cost of living for households (e.g. on housing, energy, transport, child care).
- Institute a comprehensive infrastructure for participation and public engagement setting the direction of the economy, for example a regular citizen's assembly reviewing the outcomes and implementation of the National Performance Framework.

While the Scottish government has committed to many of these, or similar, measures they are not sufficiently reflected in the funding allocated in the Resource Spending Review. We are particularly concerned that

- plans for advancing community wealth building in Scotland are not backed by sufficient funding for local authorities and community organisations to build capacity for delivering meaningful change
- there will not be sufficient funding allocated to allow for meaningful participation in setting the direction of the economy, for example reflected in the limited engagement activities planned for the upcoming review of the National Performance Framework.

⁶ <https://www.ippr.org/research/publications/universal-basic-services-scotland>

5 - More action is needed to develop new sources of funding for the Scottish Government

On balance it is very likely that the overall level of spending by the Scottish Government set out in the Resource Spending Review will be insufficient to support all the measures needed to build a Wellbeing Economy, because a Wellbeing Economy will represent a shift towards a greater level of collective investment and provisioning and stronger social security. While a Wellbeing Economy will eliminate the need for failure demand spending in the future, the transition will be characterised by a need for preventative investment in addition to current 'downstream' spending.

As the Scottish Government's medium-term financial strategy sets out, its restricted powers for borrowing and the current financial settlement with the UK government place limits on the overall budget. However, we believe that the Scottish Government is currently not using the full potential of its devolved powers for raising the revenue needed to facilitate the transition to a Wellbeing Economy. We therefore recommend that the Scottish Government performs an in-depth review of the options available to increase revenues and expenditures over the levels outlined in the Resource Spending Review and medium-term financial strategy. For example, potential options include the increase of income tax rates in higher income tax bands, progressive use of the powers of the Land and Building Transaction Tax, improving progressivity of council tax or introducing [new local taxes on wealth or carbon emissions](#)⁷.

Similarly, [a recent report published by Reform Scotland](#)⁸ suggests that Scotland needs a new tax system and higher tax revenue to deal with future challenges. It concludes that "further 'tinkering' will not be sufficient; a much more fundamental redesign of tax systems is required" (p.8).

The Equality and Fairer Scotland Statement show evidence where the impact of Covid has not been felt equally across Scottish society. Do the Resource Spending Review and MTFs provide sufficient detail as to how the Scottish Government will provide funding to address the inequalities associated with the impact of Covid throughout the recovery period?

Looking specifically at this through consideration of a wellbeing economy, there are concerns regarding how existing strategic delivery propositions will deliver the stated aims. Exploring the MTFs, the section on Scotland's economic outlook explicitly makes reference to targeting regional inequalities and also reducing inequality and poverty. The strategy makes reference to NSET and the policy programme centred around a fairer and more equal society.

⁷⁷ <https://www.ippr.org/research/publications/better-than-before-how-local-tax-reform-can-help-pay-for-recovery>

⁸ <https://reformscotland.com/2022/06/taxing-times-why-scotland-needs-new-more-and-better-taxes/>