

Finance and Public Administration Committee

24th Meeting 2022 (Session 6), Tuesday 27
September 2022

Pre-budget scrutiny: Scotland's public finances in 2023-24 and the impact of the cost of living and public service reform

Purpose

1. The Committee is invited to take evidence in relation to its pre-budget scrutiny from the following witnesses in round-table format:

Alcohol Focus Scotland
Citizens Advice Scotland
Engender
Scottish Council for Development and Industry
Scottish Federation of Housing Associations
Scottish Retail Consortium
UNISON Scotland

2. The written submissions provided by these witnesses to the Committee's inquiry are attached at **Annexe A**. All 44 submissions received to the call for views, which was launched on 24 June and closed on 19 August, are published on the Committee's web pages, along with a summary of evidence, produced by SPICe.

3. This paper provides further background to inform the evidence session on 27 September.

Context

4. The Committee held evidence sessions on 7 June with the Scottish Fiscal Commission (SFC) and the Cabinet Secretary for Finance and the Economy, which set the context to, and informed, the Committee's approach to its pre-budget scrutiny. The focus of this evidence-gathering was on Scotland's Economic and Fiscal Forecasts – May 2022 published by the SFC, and the Scottish Government's first Resource Spending Review (RSR) since 2011, and its fifth Medium-Term Financial Strategy (MTFS). All three documents were published on 31 May, alongside the Outcome of the Scottish Government's Targeted Review of the Capital Spending Review, which set out updated spending allocations for 2023-24 to 2025-26.

5. The MTFS provides the medium-term economic and fiscal outlook and the context for the Scottish Government's spending decisions, whereas a spending

review is intended to provide a means of prioritising and identifying potential savings options associated with existing expenditure. The Cabinet Secretary explained in evidence on 7 June that the RSR “is not a budget [and] the numbers will fluctuate further”, adding “it is clear that choices will have to be made in future Budgets over the remainder of the parliament that take account of the challenges the Scottish economy faces”.

6. The SFC Forecasts explain that “the Russian invasion of Ukraine, steeply rising energy prices and further global supply chain disruptions in China have led to a challenging economic outlook” and that Scotland and the UK face the biggest annual fall in living standards since equivalent Scottish and UK records began. The Cabinet Secretary highlights in her Foreword to the MTFs that “rising inflation, and the consecutive increases in the Bank of England Interest Rate, are also increasing budgetary pressures on the Scottish Government and public bodies, and will put pressure on our public services in real terms”.

7. The SFC noted that the main focus of its May Forecasts has been on inflation and the cost of living crisis across many households. After taking account of the block grant adjustment, the position with income tax has worsened since their December 2021 forecasts, and will continue to do so this year and next, before improving for the remainder of the spending review. The Scottish Government’s funding, they explain “comes under further strain in 2024-25 when it faces a negative income tax reconciliation of over £800 million”. When its forecasts on social security spending are added to the Scottish Government’s plans for health and social care spending, “the funding lifts for other portfolios are very constrained”, and “once adjusted for inflation, funding in those other areas will fall substantially for the first three years of the spending review period”.

8. The Cabinet Secretary explained in her evidence to the Committee that the Scottish Government’s RSR priorities are “tackling child poverty, transitioning to net zero, economic recovery, and strengthening the public sector in Scotland”, and that responding to the cost of living crisis had also been added to this list of priorities. She said “we have also set out commitments to drive reform and greater efficiency across the public sector because, notwithstanding the current uncertainties, the funding position is constrained”. In achieving effective public services, the RSR identifies the need for “an enhanced focus on delivering efficiency savings across the public sector” over the life of the Parliament¹, including through: digitalisation; maximising revenue through public sector innovation; reform of the public sector estate; reform of the public body landscape, and improving public procurement. The RSR states that the public service reform programme will be undertaken over the remainder of the Parliament, with initial outcomes to be reported in the 2023-24 Scottish Budget, “underpinned by delivery plans to be produced by individual public bodies”.

¹ Which the RSR indicates “generally excludes local government given their separate responsibilities”.

9. The Committee has previously heard evidence that budget planning should be better linked to delivery of national outcomes in the National Performance Framework, however, there is only passing mention of national outcomes in the RSR.

10. Since these documents were published in May 2022, inflation (Consumer Price Index) rose to 10.1% in the 12 months to July, before dipping to 9.9% in August.² The Bank of England has indicated that inflation could peak at more than 13% this year. Its Monetary Policy Committee met on 22 September and agreed³ to increase interest rates by 0.5% to 2.25%, the highest level since November 2008. Ofgem announced in August that the energy price cap would increase to £3,549 per year for an average household from 1 October 2022. Pressures from inflation and a cost of living crisis has prompted public sector pay increases costing £700m more than Ministers had originally budgeted for. The First Minister, in her statement to Parliament on 6 September, indicated that the current year's budget is worth £1.7bn less than when it was published in December 2021.

11. In response to the planned increases to the energy price cap, the Prime Minister announced on 8 September an Energy Price Guarantee which will limit the price suppliers can charge customers for units of gas, as well as a temporary removal of green levies from bills. This is in addition to the previously announced £400 energy bills discount for all households. The UK Government argues that, under these plans, a typical UK household will pay no more than £2,500 a year on their energy bill for the next two years, from 1 October 2022.

12. The Prime Minister has also announced that the UK Government will deliver a fiscal event on 23 September. The Deputy First Minister has committed to setting out the outcome of the Scottish Government's Emergency Budget Review within two weeks of this UK fiscal event. He also wrote to the Committee on 7 September including "a list of savings that the government has already identified to enable us to meet our increased costs, increase help for those hit by the crisis and fund enhanced pay settlements". The letter further noted announcements made by the First Minister to "take forward a rent freeze and moratorium on evictions to help people through the cost crisis, increase the Scottish Child Payment to £25 per week per eligible child from November, double the Fuel Insecurity Fund to £20 million and confirm rail fares will be frozen until March 2023". The First Minister, in her statement to Parliament on 6 September, suggested that paying for cost of living support "will mean stopping some of the things we planned to do to fund what is essential to support people through this crisis", while the Deputy First Minister indicated in his letter that "further savings will be required to balance the budget, particularly if inflation continues to rise, and to direct maximum support to those who need it most".

13. The Office for National Statistics published its latest Labour Market in the Regions of the UK publication on 13 September 2022, which noted that the unemployment rate in Scotland was 3.1%. This compares to 3.6% in the UK as a

² ONS statistics 14 September 2022

³ Bank Rate increased to 2.25% - September 2022 | Bank of England

whole. The employment rate in Scotland was 75.2% while in the UK it was 75.4%, with Scotland seeing the “largest increase in the employment rate compared with the same period last year” of any area of the UK (alongside the West Midlands) of 1.1%. The economic inactivity rate in Scotland was 22.4% compared to the UK rate of 21.7%.

Committee’s approach

14. The Committee takes a cross-cutting, overarching approach to pre-budget scrutiny, while subject committees examine in detail those spending plans in their own portfolio area. While all committees draw on the MTFs each year to inform their pre-budget scrutiny, this year the RSR provides more context and detail to support that scrutiny.

15. The Committee’s call for views was launched on 24 June and closed on 19 August, focusing on the following key areas:

- the impact of the cost of living crisis on the Scottish Budget 2023-24,
- proposals for public service reform and delivery of efficiency savings,
- how spending priorities might affect the delivery of national outcomes,
- responding to the challenge of relative income tax growth,
- how spending in the budget should be used to achieve net zero targets,
- current taxation policies and spending priorities, and
- ensuring fiscal transparency to allow spend to be identified and tracked.

16. The Committee heard evidence from its first two panels of witnesses⁴ in relation to its pre-budget scrutiny on 20 September. Issues discussed include: the systems in place to track and identify Scottish Government spending, the extent to which public sector information is ‘open data’ and how this could support economic growth, growing the tax base, preventative spend within fiscal constraints, funding public body pay deals, structural reform of care versus additional funding within existing structures, local government taxation and reserves, ringfencing funds for local authorities, and the potential for shared services.

Written submissions

17. As noted above, the written submissions from the witnesses appearing on 27 September are reproduced in full at Annexe A, while a summary of some of the key points they raise are below.

18. In its response, the Scottish Council for Development and Industry (SCDI) states that “the slower growth in income tax revenues in Scotland than the rest of the UK over the early years of fiscal devolution does highlight the need to grow the Scottish economy and increase employment, particularly in jobs paying higher wages”. Noting “the Scottish Government’s strategy of bringing more people into the

⁴ The Committee heard from the Auditor General for Scotland, David Hume Institute, Chartered Institute of Taxation, COSLA and South Lanarkshire Council on 20 September.

higher rate of income tax by not increasing the threshold of the band with inflation”, the SCDI suggests that “working with industry to increase productivity, raise wages and attract more people to work in Scotland would be a more robust approach to the challenge of generating revenue than this ‘fiscal drag’”. It argues that “creating these conditions should be the priority for Budget 2023-24” and that better regulation and improvements to the planning system would also support the competitiveness of businesses in Scotland and help them to invest, maintain and create jobs”. The SCDI proposes that the Scottish Government should create a Scottish Productivity and Wellbeing Commission producing evidence-based, high quality analysis and advice on ways to improve productivity, deliver efficiency savings and improve outcomes across the public sector”, similar to Productivity Commissions in Australia and New Zealand. It argues that “net zero should be made explicit in the Scottish Public Finance Manual” to establish “accountability to the imperative of tackling net zero” and ensure compliance of the public sector in addressing the climate emergency. The Scottish Government and public sector organisations, it suggests, should be exemplars for the sharing of open, transparency and accessible information about their performance against their purpose”.

19. The Scottish Federation of Housing Associations (SFHA), in its submission, argues that “funding for affordable housing should be prioritised ... in the coming budget” and that this investment “should be seen as preventative spend which saves money in health and social care, social security and other systems down the line”. The SFHA reports that by March this year, “our members were reporting an increase in the number of tenants struggling to afford food and fuel” and it has serious concerns that the social security system is failing to support people to meet their basic needs. It is calling for increased investment in advice services to help tenants understand and access the support to which they are entitled and an increase in spending on devolved winter heating benefits in line with rising energy prices. Rural tenants are highlighted as having particular challenges, including “higher living costs, colder temperatures and a longer heating season, in addition to the lack of access to the gas network and a high proportion of hard-to-treat housing stock”. Finally, the SFHA calls on the Scottish Government “to ensure that capital investment for social housing retrofit programmes is adequate, structured and designed in line with the needs of the sector, supporting the social housing sector’s aim for a fabric first approach and continuing to support our members with resource funding where appropriate, as per this year’s £500k Development Fund.”

20. In its response, the Scottish Retail Consortium highlights that retail sales, shopper footfall and the shop vacancy rate are weaker than UK-wide figures, which it argues “underlines the need for income tax rates and an approach to household disposable incomes which support consumer spending. It goes on to explain that “a shift in mindset is required, with a shift away from trying to squeeze tax revenues from commercial premises to one which encourages commercial investment into retail destinations”, adding that “there is a continued need for investment to focus on delivering productivity within the economy”. The SRC argues that “it matters profoundly that Scottish Ministers succeed in reducing the cost of government ..., otherwise taxes might rise, and the recovery and economic growth will be held back”, suggesting that “savings might accrue from reducing the number of local authorities, rates assessors, quangos, and planning authorities”. Other ideas provided by the SRC include expanding the Glasgow shopper stimulus scheme for less well-off

householders to the rest of Scotland, pausing workplace parking levies, reviewing the “devolved regulatory burden”, and expanding the Best Start Foods scheme.

21. Unison warns in its submission that proposals in the Resource Spending Review are a threat to 30,000 jobs and will have “catastrophic consequences for Scotland’s communities”. It goes on to argue that “putting more money in people’s pockets has to be an immediate focus – as well as whatever is done to freeze or cut/mitigate the coming energy and other price rises”. It suggests that “a top priority in the current crisis must be that public service workers receive decent pay rises not well below inflation offers that are effectively significant pay cuts”. It calls on Scottish Ministers “to extend free school meals to all school pupils as soon as this can be done, to help with the cost of living crisis”. Unison has particular concerns regarding the “scale and impact of the proposals in the National Care Service Bill on local government, given the massive implications and impact on potentially moving up to 75,000 social work and social care staff out of local government”, adding “this Bill effectively seals the fate of local authorities as a tier of government”. Finally, it sets out “a series of suggestions of where and how the Scottish Government could find more money for public services”, including: ending or reducing the Scottish Government Small Business Bonus Scheme, increasing Land and Buildings Transactions Tax, and introduction of a local inheritance tax and tourist taxes.

22. The response from Alcohol Focus Scotland (AFS) notes that alcohol deaths in Scotland increased by 17% between 2019 and 2020, and by a further 5% in 2021, along with evidence suggesting that alcohol use increased significantly during the pandemic, particularly amongst heavier drinkers. AFS highlights that “alcohol use has a significant economic impact, costing Scotland an estimated £3.6 billion each year” in relating to “presenteeism, absenteeism, unemployment, premature alcohol-related mortality, and alcohol-specific offences and crimes”. It calls for “significant investment in recovery-oriented alcohol services”, to match that recently provided for drug treatment. Funding, it argues, could be raised from “an alcohol harm prevention levy to be applied to retailers licensed to sell alcohol via a supplement on non-domestic business rates”, to “offset the significant costs to the public sector of dealing with the consequences of alcohol harm”. It is also calling for “the minimum unit price of alcohol to be uprated to at least 65p per unit and an automatic uprating mechanism to be embedded in legislation, comprehensive restrictions to alcohol marketing, and a strategic approach to controlling alcohol availability”. Finally, it argues that greater transparency is needed to be able to track how much money is being spent on preventing and reducing alcohol harm, to identify outcomes and where further investment might be needed.

23. In its submission, Engender highlights “a gendered crisis of incomes across the UK that ensures women do not have equal access to resources as compared with men”, including through the gender pay gap, underemployment, part-time work, and having less savings and access to occupational pensions than men. It calls on the Committee to examine available evidence on the impact of the cost of living crisis and pandemic on women and women’s equality in scrutiny of the forthcoming budget, and to advocate for budgetary decisions to address these inequalities. Engender also urges the Scottish Government to turn the Equality Budget Advisory Group’s recommendations for equality and human rights budgeting into “a prioritised and well-resourced action plan”.

24. Citizens Advice Scotland (CAS) notes independent analysis suggesting that the value of its network's advice is "worth up to £245 million in net benefits for Scottish society" and suggests therefore that future spending decisions should focus on this type of preventative spend. CAS anticipates increased demand "not just as the cost of living crisis intensifies but also the legacy it will leave once inflation returns to a manageable level". It adds that, while technological reforms can ease the strain, "for vulnerable clients with complex needs there is simply no substitute for local face-to-face advice in person from a trusted, empathetic adviser". It further notes, "in short, there is money for new ideas and pilots that the voluntary sector can take advantage of, but not to maintain and develop them in the medium to long-term". CAS goes on to make the case for greater investment in energy efficiency measures as a priority with "two major benefits – creating jobs and spurring economic growth, while also bringing bills down for consumers in the long run".

Next steps

25. The Committee will take evidence from the Deputy First Minister at its final pre-budget scrutiny session on 4 October.

Committee Clerking Team
September 2022

Written Submissions

Written Submission from Alcohol Focus Scotland

Alcohol Focus Scotland (AFS) is the national charity working to prevent and reduce alcohol harm. We aim to reduce the impact of alcohol in Scotland through the implementation of effective alcohol control policies and legislation. AFS welcomes the opportunity to respond to the Finance and Public Administration Committee's call for views on Scotland's public finances in 2023-24: the impact of the cost of living and public service reform. We have structured our responses to focus specifically on those areas which we believe are most relevant to our remit.

The Scottish Government's Resource Spending Review assumes that the current taxation policies are maintained while funding for health and social care and social security is prioritised. Are these the right priorities and approach for the Scottish Budget 2023-24 and until 2026-27?

Alcohol Focus Scotland agrees that health and social care is an important priority for the Scottish Budget 2023-24 and beyond. Alcohol causes significant health harms to the people of Scotland and costs the taxpayer billions each year. Targeted funding for health and social care services for alcohol has become even more important following the COVID-19 pandemic for the reasons outlined below.

Even before the pandemic, Scotland experienced high levels of alcohol use and harm. One in four (24% of) people exceeded the Chief Medical Officers' drinking guideline of 14 units a week, with enough alcohol sold in 2019 for every adult to consume 36% more than this guideline each and every week. These elevated levels of consumption translate to real-life health consequences. In 2019-2020, there were 35,781 alcohol-related hospital admissions in Scotland, and alcohol was estimated to cause the deaths of over 3,700 people each year (nearly 1 in 15 deaths in Scotland), many of these due to cancer, heart disease and stroke, and other non-communicable diseases.

Alcohol use has a significant economic impact, costing Scotland an estimated £3.6 billion each year. This includes £268 million in health care costs and £230 million in social care costs. For example, recent research has found that one in six (16% of) ambulance callouts were alcohol-related, a figure which rises to more than one in four (28%) at weekend night times (6pm to 6am). This is an unacceptable and avoidable burden on our NHS.

We do not yet know the full impact of the pandemic on people's drinking habits and

alcohol-related health problems. However, evidence indicates that drinking habits have polarised, with lighter drinkers having decreased and heavier drinkers having increased their consumption. Of major concern is the increase in high-risk and harmful drinking observed in England, which has sustained over the entirety of the pandemic. While equivalent research is not available for Scotland, it is likely that we will be experiencing similar increases in high-risk drinking.

The effects of the pandemic on people's drinking habits, combined with reduced access to services, due to a combination of services being closed and people being reluctant to use them, has tragically translated into increased harm. Alcohol deaths in Scotland increased by 17% in 2020 as compared to 2019, followed by a further 5% increase in 2021. England has seen similar increases, with a 20% rise in alcohol-specific deaths in 2020 (2021 figures are yet to be released). The Scottish Government rightly recognised alcohol harm as a public health emergency in last year's budget.

However, it can take 20 years to see the full effects of changes in alcohol consumption, such as for cancers, which make up the majority of alcohol-related deaths in Scotland. Recent modelling studies conducted in England have highlighted the substantial impact that changes in drinking patterns have already had and that these impacts will continue to be felt into the future, even in the best case scenario where drinking returns to pre-pandemic levels. One study estimated an increase in alcohol-attributable hospital admissions of up to 7.9%, an increase in alcohol-attributable deaths of up to 20.1%, and a rise in alcohol-related costs to the NHS of up to £5.2bn over 20 years in England.

Similar modelling studies should be undertaken using Scottish data, but it is reasonable to expect these impacts to be worse in Scotland due to our higher rates of alcohol consumption and harm. Modelling studies for the Scottish context should be done in conjunction with an updated economic assessment of the true societal costs of alcohol, which was last undertaken using 2007 data.

The Scottish Government has an opportunity to safeguard lives over the next decade by investing in services and support for people at risk of alcohol problems now, in line with its Rights, Respect and Recovery strategy for substance misuse and the 2018 Alcohol Framework. Effective treatment and support can prevent episodic problems becoming life threatening and ensure communities are not further affected by alcohol. To realise the human right to health, increased investment in health and social care is essential.

We have recently seen a significant investment in drug treatment in response to the numbers of people who are tragically losing their lives to drugs. This needs to be matched with investment in recovery-oriented alcohol services.

Even prior to COVID-19, the proportion of people with alcohol dependence who accessed specialist alcohol treatment was very low, at around one in four. As

indicated above, the pandemic and associated social restrictions appear to be exacerbating alcohol problems for some. Calls to helplines and referrals to support services initially increased, along with relapse rates for people in recovery from alcohol dependence. Reports from the Scottish Alcohol Counselling Consortium (SACC) suggest an increasing complexity of alcohol problems and therefore length of time required to support people accessing their services during the pandemic. On top of this, they anticipate more people will require support, making it challenging for current resources to meet this need.

If we are to address the long-standing problems seen within the current provision of alcohol support services, it will be critical that a broad range of services and supports are available to people based on their own specific needs. This could include alcohol-specific services such as detoxification, residential rehabilitation, supported living and aftercare support, alcohol counselling, and peer support, as well as other types of service that are not specifically alcohol-focused, such as mental health, learning disability, criminal justice, and homelessness.

However, there is a lack of current information about the needs of local communities and about the range of alcohol services available at local level that people can access to help them when they or a family member needs support. An accurate knowledge of the totality of resources available to provide services will be essential if we are to address issues in the planning and funding of alcohol-related services. Without thorough data and information on current levels and types of provision across Scotland, there would be no baseline upon which to measure any success in improving availability and access, let alone quality. Treatment targets can only be meaningful if they are realistically set.

The last assessment of the availability, demand, and utilisation of specialist alcohol treatment services in Scotland was published in 2014. An updated assessment is long overdue and would help identify where investment should be directed.

[1] McLean, J. et al. (2019). The Scottish Health Survey 2018 Edition, Volume 1, Main Report. Scottish Government.

[2] Giles, L. & Richardson, E. (2020). Monitoring and Evaluating Scotland's Alcohol Strategy: Monitoring Report 2020. Public Health Scotland.

[3] Public Health Scotland (2020). Alcohol related hospital statistics: Scotland financial year 2019 to 2020.

[4] Tod, E. et al. (2018). Hospital admissions, deaths and overall burden of disease attributable to alcohol consumption in Scotland. NHS Health Scotland.

[5] York Health Economics Consortium, University of York (2010). The Societal Cost of Alcohol Misuse in Scotland for 2007.

[6] Manca, F. et al. (2021). Estimating the Burden of Alcohol on Ambulance Callouts through Development and Validation of an Algorithm Using Electronic Patient Records. *International Journal of Environmental Research and Public Health*, 18(12), 6363. <https://www.mdpi.com/1660-4601/18/12/6363>

[7] Online survey conducted by Opinium for Alcohol Focus Scotland and Alcohol Change UK between 26 June and 1 July 2020. Total sample size for Scotland was 550 adults (18+).

[8] Angus, C., Henney, M., & Pryce, R. (2022). Modelling the impact of changes in alcohol consumption during the COVID-19 pandemic on future alcohol-related harm in England.

https://figshare.shef.ac.uk/articles/report/Modelling_the_impact_of_changes_in_alcohol_consumption_during_the_COVID-19_pandemic_on_future_alcohol-related_harm_in_England/19597249

[9] Angus, C., Henney, M., & Pryce, R. (2022). Modelling the impact of changes in alcohol consumption during the COVID-19 pandemic on future alcohol-related harm in England.

https://figshare.shef.ac.uk/articles/report/Modelling_the_impact_of_changes_in_alcohol_consumption_during_the_COVID-19_pandemic_on_future_alcohol-related_harm_in_England/19597249

[10] Public Health England (20/05/21) Wider Impacts of COVID-19 on Health (WICH) monitoring tool.

<https://analytics.phe.gov.uk/apps/covid-19-indirect-effects/Release33>

[11] Jackson, S. E. et al. (2020). Association of the Covid-19 lockdown with smoking, drinking, and attempts to quit in England: an analysis of 2019-2020 data. *Addiction*, <https://doi.org/10.1111/add.15295>.

[12] Angus, C., Henney, M., & Pryce, R. (2022). Modelling the impact of changes in alcohol consumption during the COVID-19 pandemic on future alcohol-related harm in England.

https://figshare.shef.ac.uk/articles/report/Modelling_the_impact_of_changes_in_alcohol_consumption_during_the_COVID-19_pandemic_on_future_alcohol-related_harm_in_England/19597249

[13] Brown, J. & Kock, L. (2022). Latest trends on alcohol consumption in England from the Alcohol Toolkit Study. *Alcohol in England*.

<https://www.alcoholinengland.info/graphs/monthly-tracking-kpi>

[14] National Records of Scotland (2022). Alcohol specific deaths 2021. Edinburgh: National Records of Scotland.

[15] Public Health England (2021). Monitoring alcohol consumption and harm during

the COVID-19 pandemic. London: Public Health England.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1002627/Alcohol_and_COVID_report.pdf

[16] Scottish Government (2021). Scottish Budget 2022 to 2023.

<https://www.gov.scot/publications/scottish-budget-2022-23/documents/>

[17] Angus, C., Henney, M., & Pryce, R. (2022). Modelling the impact of changes in alcohol consumption during the COVID-19 pandemic on future alcohol-related harm in England.

https://figshare.shef.ac.uk/articles/report/Modelling_the_impact_of_changes_in_alcohol_consumption_during_the_COVID-19_pandemic_on_future_alcohol-related_harm_in_England/19597249

[18] Tod, E. et al. (2018). Hospital admissions, deaths and overall burden of disease attributable to alcohol consumption in Scotland. NHS Health Scotland.

[19] Angus, C., Henney, M., & Pryce, R. (2022). Modelling the impact of changes in alcohol consumption during the COVID-19 pandemic on future alcohol-related harm in England.

https://figshare.shef.ac.uk/articles/report/Modelling_the_impact_of_changes_in_alcohol_consumption_during_the_COVID-19_pandemic_on_future_alcohol-related_harm_in_England/19597249

[20] Boniface, S., Card-Gowers, J., Martin, A., Retat, L., Webber, L. (2022). The COVID hangover: Addressing long-term health impacts of changes in alcohol consumption during the pandemic. <https://www.ias.org.uk/wp-content/uploads/2022/07/The-COVID-Hangover-report-July-2022.pdf>

[21] Angus, C., Henney, M., & Pryce, R. (2022). Modelling the impact of changes in alcohol consumption during the COVID-19 pandemic on future alcohol-related harm in England.

https://figshare.shef.ac.uk/articles/report/Modelling_the_impact_of_changes_in_alcohol_consumption_during_the_COVID-19_pandemic_on_future_alcohol-related_harm_in_England/19597249

[22] Clark, I., & Simpson, L. (2014). Assessing the availability of and need for specialist alcohol treatment services in Scotland. Drug & Alcohol Findings: Research Analysis. <http://www.healthscotland.com/documents/24408.aspx>

[23] Puttick, H. (23 July 2020). Lockdown anxiety has more Scottish drinkers looking for help. The Times. Retrieved 08/10/2020.

<https://www.thetimes.co.uk/article/lockdown-anxiety-has-more-scottish-drinkers-looking-for-help-z9cbc3w5s>

[24] E.g. calls to the We Are With You helpline rose by 200% during lockdown, with

the proportion of alcohol-related calls rising from 32% to 50% during this time. We Are With You (7 May 2020). 60% of people are less likely to access health services during lockdown. We Are With You. <https://www.wearewithyou.org.uk/media/press-release-archive/60-people-are-less-likely-access-health-services-during-lockdown/>

[25] Grace, T. (5 October 2020). Lockdown leads to harmful drinking levels amongst Dumbarton and Vale residents. Dumbarton and Vale of Leven Reporter. Retrieved 08/10/20 from <https://www.dumbartonreporter.co.uk/news/18771747.lockdown-leads-harmful-drinking-levels-amongst-dumbarton-vale-residents/>

[26] Scottish Families Affected by Alcohol and Drugs (2020). Lockdown and beyond: A COVID Insights report. Glasgow: SFAD. <https://www.sfad.org.uk/content/uploads/2020/12/COVID-Insights-Report-December-2020.pdf>

[27] Audit Scotland (2022). Overarching drug and alcohol plan needed. https://www.audit-scotland.gov.uk/uploads/docs/report/2022/briefing_220308_drugs_alcohol_pr.pdf

[28] Clark, I., & Simpson, L. (2014). Assessing the availability of and need for specialist alcohol treatment services in Scotland. Drug & Alcohol Findings: Research Analysis. <http://www.healthscotland.com/documents/24408.aspx>

The Scottish Fiscal Commission (SFC) notes that Scottish income taxes have grown more slowly than the rest of the UK and is forecasting Scottish taxes to be around £360 million less in 2023-24 than they would be without income tax devolution. The SFC is also forecasting that, as a result of forecast error, the Scottish Budget in 2023-24 could be £221 million lower. How should the Scottish Government's Budget 2023-24 respond to this challenge?

As outlined in our answer to question 8, alcohol causes significant and avoidable harms to the people of Scotland and costs Scotland at least £3.6 billion each year, including £500 million in health and social care costs. These high rates of alcohol use and harm also cause an estimated loss of £865 million to the Scottish economy's productive capacity due to presenteeism, absenteeism, unemployment, and premature alcohol-related mortality, and £727 million for alcohol-specific offences and crimes.

Alcohol Focus Scotland recognises the challenging financial environment which Scotland is facing, particularly as we recover from the pandemic. We believe that the Scottish Government should use its fiscal powers to raise revenue from the sale of alcohol to support the COVID-19 recovery and fund public services (making the

'polluter pay'), including improved recovery-oriented services. An alcohol harm prevention levy could be applied to retailers licensed to sell alcohol via a supplement on non-domestic business rates. The funds raised would help offset the significant costs to the public sector of dealing with the consequences of alcohol harm.

A similar approach was previously employed by the Scottish Government between 21 April 2012 and 31 March 2015 "to address the health and social problems associated with alcohol and tobacco use" and to generate income for preventive-spending measures. The Public Health Supplement was successful in raising significant revenue of £95.9m over its 3-year duration. It was applied to retailers licensed to sell both alcohol and tobacco with a rateable value of £300,000 or more. The supplement was regulated for through the Non-Domestic Rates (Levying) (Scotland) (No. 2) Regulations 2012, in exercise of the powers conferred by section 153 of the Local Government etc. (Scotland) Act 1994.

An alcohol harm prevention levy would create the means to claim the increased revenue that off-trade alcohol retailers have likely experienced following the implementation of minimum unit pricing (MUP) in 2018 and on-trade COVID-19 restrictions. It was estimated that a 50p minimum unit price would result in increased revenue to the alcohol industry, specifically to retailers (off-trade), of around £40m a year. Off-trade sales in Scotland increased by 13% in 2020 and 15% in 2021 (January to May), compared with the average for 2017–19.

In addition to using the levy to invest in services and support, the Scottish Government should focus on implementing policies to reduce alcohol harms and subsequently lower the cost of alcohol harms. There is strong international evidence that the most effective and cost-effective ways of preventing alcohol harms are increasing the price of alcohol, reducing its availability, and controlling how it is marketed; these are the World Health Organization's three 'best buy' policies. These policies cost little, if anything, to implement. Alcohol Focus Scotland is calling for the minimum unit price of alcohol to be uprated to at least 65p per unit and an automatic uprating mechanism to be embedded in legislation; comprehensive restrictions to alcohol marketing; and a strategic approach to controlling alcohol availability.

[29] York Health Economics Consortium, University of York (2010). The Societal Cost of Alcohol Misuse in Scotland for 2007.

[30] York Health Economics Consortium, University of York (2010). The Societal Cost of Alcohol Misuse in Scotland for 2007.

[31] Scottish Government (2011). Scottish Spending Review 2011 and Draft Budget 2012-13. <https://www.gov.scot/publications/scottish-spending-review-2011-draft-budget-2012-13/>

[32] Angus, C., Holmes, J., Pryce, R., Meier, P., and Brennan, A. (2016). Model-based appraisal of the comparative impact of Minimum Unit Pricing and taxation

policies in Scotland: An adaptation of the Sheffield Alcohol Policy Model version 3. ScHARR: University of Sheffield. <https://core.ac.uk/download/pdf/34724945.pdf>

[33] Briggs, F. (29 July 2020). Brits almost halve alcohol intake in lockdown despite spending additional £1.9bn on drink at UK supermarkets. Retail Times. Retrieved 12/08/2020 from <https://www.retailtimes.co.uk/brits-almost-halve-alcohol-intake-in-lockdown-despite-spending-additional-1-9bn-on-drink-at-uk-supermarkets/>

[34] Angus, C., Holmes, J., Pryce, R., Meier, P., and Brennan, A. (2016). Model-based appraisal of the comparative impact of Minimum Unit Pricing and taxation policies in Scotland: An adaptation of the Sheffield Alcohol Policy Model version 3. ScHARR: University of Sheffield. <https://core.ac.uk/download/pdf/34724945.pdf>

[35] Richardson, E. et al. (2022). Alcohol sales and harm in Scotland during the COVID-19 pandemic. Public Health Scotland.

[36] World Health Organization (2018). The SAFER initiative: A world free from alcohol related harm. <https://www.who.int/initiatives/SAFER>

[37] World Health Organization (2017). Tackling NCDs: ‘Best buys’ and other recommended interventions for the prevention and control noncommunicable diseases. <https://apps.who.int/iris/bitstream/handle/10665/259232/WHO-NMH-NVI-17.9-eng.pdf?sequence=1&isAllowed=y>

[38] Alcohol Focus Scotland. Campaigns & Policy. <https://www.alcohol-focus-scotland.org.uk/campaigns-policy/>

How has the Scottish Government reflected its commitment to fiscal transparency in the Spending Review and how can it best ensure that spending in the Budget 2023-24 can be properly identified and tracked?

Fiscal transparency is an important way for the Government to maintain credibility with Scotland’s people. AFS welcomes the Resource Spending Review’s commitment to further transparency through the Open Government Action Plan.

It is unclear where the Scottish Budget 2022-23 investment of “£147.6 million to address the twin public health emergencies of drugs deaths and the harms from alcohol” was used, and how much was specifically used for alcohol. Although the Scottish Budget 2022-23 breaks down spending on four different levels, one cannot easily (if at all) track the investment in preventing and reducing alcohol harm. Without knowing how much money was spent and where it was spent, it is difficult to say where further investment is needed and whether investment is resulting in returns for the people of Scotland. As per Audit Scotland: “Spending remains difficult to track, including how money is distributed and what it is achieving.”

[39] Scottish Government (2021). Scottish Budget 2022 to 2023.
<https://www.gov.scot/publications/scottish-budget-2022-23/documents/>

[40] Scottish Government (2021). Scottish Budget 2022 to 2023: Chapter 4 Health & Social Care Portfolio. <https://www.gov.scot/publications/scottish-budget-2022-23/pages/5/>

[41] Audit Scotland (2022). Overarching drug and alcohol plan needed.
https://www.audit-scotland.gov.uk/uploads/docs/report/2022/briefing_220308_drugs_alcohol_pr.pdf

Written Submission from Citizens Advice Scotland

Scotland's Citizens Advice network is an essential community services empowers people in every corner of Scotland through our local bureaux and national services by providing free, confidential, and independent advice.

We use people's real-life experiences to influence policy and drive positive change. We are on the side of people in Scotland who need help, and we change lives for the better.

The Scottish Government's Resource Spending Review assumes that the current taxation policies are maintained while funding for health and social care and social security is prioritised. Are these the right priorities and approach for the Scottish Budget 2023-24 and until 2026-27?

CAS does not hold data to take a view on income tax rates. We welcome the commitment to prioritising social security and health spending given the cost of living crisis and the impact of the pandemic.

We would urge future spending decisions focus on preventative spend, solving problems for citizens before they get worse. This will ultimately mean more efficient spending in the long run. Well-funded and resourced spending on advice services can be a key factor here. Previous, independent analysis of the Citizens Advice network found the value of our advice is worth up to £245million in net benefits for Scottish society.

When someone gets advice from a CAB and has their problem solved they avoid further adverse consequences. For example someone who has their income maximised and no longer has to choose between heating their home and buying food avoids the ill health consequences as a result. The research found that the network saves the public purse tens of millions of pounds a year.

Our advice saves the health service millions of pounds a year, including savings of up to £7million in physical health spending and over £15 million in mental health spending.

We are also concerned about the potential impact of falling discretionary budgets for local government, which run the risk of a knock on impact for CABs. We go into further detail on this in our answer to question 4.

The Scottish Fiscal Commission (SFC) notes that Scottish income taxes have grown more slowly than the rest of the UK

and is forecasting Scottish taxes to be around £360 million less in 2023-24 than they would be without income tax devolution. The SFC is also forecasting that, as a result of forecast error, the Scottish Budget in 2023-24 could be £221 million lower. How should the Scottish Government's Budget 2023-24 respond to this challenge?

CAS does not hold data to take a view on wider macroeconomic or fiscal issues, but would reiterate the importance of inclusive growth and the growing risk that the cost of living crisis could push significant amounts of the population into debt, poverty and destitution.

Aside from the moral and social implications of growing numbers of people in poverty, policymakers must also understand the economic impact of such an outcome. People choosing between heating their homes and buying food, or struggling with unaffordable debt repayments every month, cannot contribute as consumers to wider economic growth and will ultimately need greater access to and use of social services.

People were already seriously struggling before the latest round of energy prices rise, with polling for CAS conducted by YouGov before the latest price cap increase finding 1 in 5 people regularly ran out of money before payday.

We should understand that we are still very much in the recovery phase after the pandemic, and there was broad, in fact arguably universal, support for an inclusive recovery that leaves no one behind. That is the right thing to do from a moral and economic perspective.

How should the Scottish Government respond to inflationary pressures and the cost of living crisis in its Budget 2023-24?

Support for citizens needs to be central to public spending plans during the cost of living crisis. Support packages already announced will offer some respite for citizens but many people are still likely to face very difficult household spending choices as the weather turns cold this winter.

As previously outlined, this will in turn increase pressure on public services. The simplest route for policymakers to deliver additional money to people is often not the most effective way and new and innovative ways of targeting resources to those who need them most should be found.

The Spending Review identifies key areas of reform over the lifetime of the Parliament to support its priorities in the

Spending Review, including delivering efficiency savings across the public sector. How should the Scottish Government approach each of these areas to achieve efficiencies while also maintaining effective public services?

The Citizens Advice network can act as an example of good practice in many of these areas. In terms of digital and public service reform and innovation we have been working to embrace innovative tech solutions to ensure our services can be accessed by as many people as possible in a way that suits them. A recent successful example of this is our 'Local Calls for Local CABs' initiative, funded by the Scottish Government's CivTech challenge and developed by the tech company SIDELabs.

This project means that anyone contacting a single phone number for the network is automatically routed to their local CAB to speak to a local adviser. Local advice delivered by people who know their local community is what makes Citizens Advice special and cannot be replicated by a centralised call centre approach. This project means that citizens can access our services in a way that suits them without having to compromise on the quality of advice they receive.

Further to this, we are piloting an AI chatbot function which will signpost people to relevant online advice before offering the opportunity to make an appointment if necessary.

We are working on two further CivTech challenges this year and will continue to evolve and develop our services with technology in order to supplement local, face to face services to as many people as possible within the envelope of resources available.

As mentioned above we believe embracing technology and digital innovation can help us deliver better services to more people, in a way citizens want them. Crucially however, we see them as additional and augmenting our existing advice offer, not replacing them. CABs helped over 171,000 people in 2020/21 with 2.5 million users accessing our online advice and information. The results here were significant, with £147 million unlocked for people and the average gain for those who saw a benefit being over £4,400. We anticipate increased demand not just as the cost of living crisis intensifies but also the legacy it will leave once inflation returns to a manageable level. For vulnerable clients with complex needs there is simply no substitute for local, face to face advice in person from a trusted, empathetic adviser so our technological reforms are about meeting increased demand and easing the strain on CABs by offering people who can self-help the opportunity to do so, not replacing existing services.

It is important to understand that this funding for research and development is very welcome, but does not cover the cost of long term delivery of new services. In short,

there is money for new ideas and pilots that the voluntary sector can take advantage of, but not to maintain and develop them in the medium to long term. There is an obvious risk here that charities can engage with technological innovations at the first instance, but will struggle to keep pace with digitisation due to a lack of long term funding security.

As mentioned above we believe embracing technology and digital innovation can help us deliver better services to more people, in a way citizens want them. Crucially however, we see them as additional and augmenting our existing advice offer, not replacing them. CABs helped over 171,000 people in 2020/21 with 2.5 million users accessing our online advice and information. The results here were significant, with £147 million unlocked for people and the average gain for those who saw a benefit being over £4,400.

We anticipate increased demand not just as the cost of living crisis intensifies but also the legacy it will leave once inflation returns to a manageable level. For vulnerable clients with complex needs there is simply no substitute for local, face to face advice in person from a trusted, empathetic adviser so our technological reforms are about meeting increased demand and easing the strain on CABs by offering people who can self-help the opportunity to do so, not replacing existing services.

On procurement, CAS has argued that we need to move to a more outcomes focused model of delivery, similar to the 'Preston model' with a focus on community wealth building and in line with the National Performance Framework.

Currently CABs, reliant on local authorities for core funding, often face the 'potholes or poverty' dilemma, where their funding is deprioritised behind statutory obligations, which while understandable leaves innovative, person centred services very vulnerable and at risk. We need a more flexible approach which unlocks greater and more secure funding will ultimately lead to better outcomes for people, with money unlocked in local communities going a way towards alleviating poverty, building community wealth and reducing the strain on social services.

We believe that the voluntary sector and specifically the volunteers of the Citizens Advice network across Scotland have a new and potentially increasingly vital role to play in making public services and local economies fairer and more just. In doing so this would strengthen community participation and co-creation of local democratic structures and processes.

Recent work on the Preston City Council model has focused on the distribution of "generative" benefits to the community to offset current structural economic inequalities which remove economic value from local economies.

However, there has been little work around how greater advice provision alongside more involved citizens can help prevent loss or detriment and therefore play a

generative role in local economies. This would make the economy, society and environment more optimal in terms of the delivery of well-being through early intervention via involvement of citizens and be a Scottish model of Community Wealth Building quite distinct from other approaches.

How effective do you think these reforms will be in delivering efficiency savings in the Scottish Budget 2023-24, and beyond? If you have additional or alternative priorities for achieving efficiencies (for example within your public sector area), please provide details.

We would again reiterate the value of preventative spend particularly within the advice sector, solving problems for people before they become too great ultimately saves money in the long term and leads to healthier, happier communities. Further details around the impact the CAB network has are available in this briefing: https://www.cas.org.uk/system/files/publications/essential_community_services_briefing_1.pdf

Demand continues to increase and we are unable to utilise our full potential of preventative and early intervention work through our CAB network across Scotland as the resources are simply not enough. A new and emboldened approach to spend to save could see voluntary sector partners augment current personal services to mitigate demand now and in the future from current poor health outcomes leading to chronic long-term health inequalities.

Failing to deal with poverty and deprivation now through short-term mitigation and long-term advocacy for system change, means we are storing up more problem for the most vulnerable communities across Scotland.

We think CABs have a clear and under-utilised place in the preventative and early intervention health and social care space. If these services aren't in place the cost to statutory services only increases and this has a huge impact on local authority and health board budgets.

In a constrained fiscal environment governments should prioritise expenditure which will deliver outcomes, rather than focus on outputs and inputs which could see expenditure being wasted on services that don't deliver change for people. To that end, preventative, relationship based services that actually solve people's problems should be prioritised.

CAS believes that the financial processes and tenders for voluntary sector and other organisations to access funding should reflect this.

What impact will the Spending Review priorities have on the delivery of national outcomes in the National Performance Framework?

We would refer to previous comments on the National Performance Framework, with public spending, particularly procurement being more focused on outcomes than outputs, a move away from a transactional approach to service delivery and move back to one predicated on relationships to address real, long term and ingrained problems that have a strong focus on preventative spending targeting those most in need.

How should the Scottish Government target spending in its budget to achieve net zero targets?

Net zero and the need for a Just Transition is arguably the biggest public policy challenge of this generation but should also be viewed as an opportunity to tackle the cost of living crisis and generate inclusive economic growth. Around 1 in 3 people in Scotland already found their energy bills too high before the latest round of energy price rises and this could rise to 50% of households in Scotland and around 500,000 people have cut back on food shopping to deal with unaffordable bills. We have previously made the case for greater investment in energy efficiency measures and believe this should continue to be a priority. This will have two major benefits – creating jobs and spurring economic growth, while also bringing bills down for consumers in the long run.

How has the Scottish Government reflected its commitment to fiscal transparency in the Spending Review and how can it best ensure that spending in the Budget 2023-24 can be properly identified and tracked?

CAS does not hold data to take a view on this issue.

Written Submission from Engender

Engender is a feminist policy and advocacy organisation focussed on policymaking that advances women's equality and rights.

How should the Scottish Government respond to inflationary pressures and the cost of living crisis in its Budget 2023-24?

Engender welcomes this opportunity to comment on the Committee's pre-budget scrutiny and in particular its focus on the impact of cost of living. Current spiralling inflation is highly gendered and it is imperative that the Committee interrogate the ways in which the Budget cumulatively impacts on women and men as part of a cross-portfolio approach throughout the Scottish Parliament. There is no area of policy whereby women and men do not have different experiences or differential access to power, resources, and safety. Budgets are not neutral but present an opportunity to re-enforce these inequalities or to account for them according to political and public policy goals.

The escalating cost of living crisis will result in untold harm in Scotland, particularly for women, other oppressed groups and those facing multiple inequalities including Black and minority ethnic women, disabled women, lone parents, unpaid carers and women with insecure immigration status. It will deepen gender inequality at a time when women continue to experience the egregious fallout of the ongoing Covid-19 pandemic. Allocation of resources across budget portfolios must proactively seek to address this.

This submission focuses on the question related to inflationary pressures and the cost of living crisis. It reiterates Engender's concerns regarding the lack of attention the Scottish Budget process pays to structural gender inequality, and women's and men's differing lived experience. Existing commitments to gender budgeting have not led to its consistent application in Scotland. Yet with the unfolding economic crisis, robust and intersectional gender budget analysis is more urgently needed than in any time since its introduction to Scotland's budgetary processes.

The cost of living crisis and women's inequality

Women in Scotland are disproportionately impacted by the cost of living crisis. Within this, Black women and women from certain ethnic minority communities, disabled women, lone parents, unpaid carers and women with insecure immigration status are particularly disadvantaged, with acute ramifications in terms of security, health and wellbeing. This is the result of existing economic inequality that repeatedly sees women, and especially minoritised groups of women, at the sharp end of economic and other crises. It is likely that young women, trans women and others facing multiple forms of discrimination will also experience disproportionate impacts due to existing economic and social marginalisation. With fuel costs a key part of spiralling

expenses, women in remote and rural areas may be at risk of further isolation and gendered impacts on their safety and security. Unprecedented soaring energy bills will also disproportionately impact on women and gender equality, as women are the majority of older people and the majority of those caring for children and disabled people in the home.

The disastrous forecast for the rate of inflation cannot be divorced from the egregious impact of the Covid-19 pandemic on equality, which has already placed women at greater risk of economic insecurity. A rollback on women's rights and equality is widely recognised, with specific issues and their ongoing implications manifesting for Black and minority ethnic women, young women, disabled women, unpaid carers, mothers, pregnant women, LGBT women, and women with insecure immigration status, amongst other groups. Against this baseline, the current cost of living crisis will further exacerbate women's economic inequality, pushing many into poverty. The harm this will cause will resound throughout the course of women's lives and those of their children.

A gendered crisis of incomes

This is largely because of a gendered 'crisis of incomes' across the UK, that ensures women do not have equal access to resources as compared with men. The gender pay gap in Scotland persists at 10%, rising to 27% when comparing men's full-time earnings with women's part-time earnings. Women are the majority (60%) of those who earn under the Living Wage, with a fifth of women in paid work falling within this bracket, compared with 14% of men. Women are considerably more likely to be underemployed in insecure and part-time work.

Women have less savings and access to occupational pensions than men, with clear and cyclical implications for opportunities throughout their lives. Older women have faced a 6% rise in pension poverty over the last decade, with 20% of women of pensionable age now "living below the breadline". This shocking figure is even more acute for Black and minoritised women, one in three of whom experience pension poverty.

Inextricably linked to all of this, women are twice as likely as men to rely on a social security system that fuels economic hardship and inequality. The levels at which entitlements are set are wholly inadequate, and design and delivery of much of the system generate insecurity and financial precarity rather than provision of a safety net that so many need during periods of economic volatility. Nor are these inadequate entitlements being uprated in line with the Retail Price Index, effectively amounting to yet more cuts to benefits in a context of more than a decade of austerity. Analysis from the House of Commons Library found that up to 86% of net 'savings' carved from social security payments and public services between 2010 and 2020 will come from women's incomes. This gendered decimation of social security in the UK leaves disabled, BME and refugee women, lone parents and unpaid carers at even greater risk of poverty and destitution.

Crucial elements of this for women include the ‘two child limit’ within Universal Credit, the benefit cap – which predominantly affects single parents, 92% of whom are women – and the household payment of Universal Credit. This single payment undermines women’s access to an independent income and has been widely condemned as regression to a ‘male breadwinner model’. In 2018, It was described as misogynistic by the UN’s Special Rapporteur on extreme poverty and human rights. Scottish Government is committed to providing individual payments of Universal Credit within flexibilities devolved under the Scotland Act 2016, however this has yet to be delivered.

Systemic gender inequality

These headline figures are underpinned by systemic gender inequalities. Women’s caring roles are a major barrier to women accessing training, education and secure, well-paid employment on an equal basis with men. In 2018, 85% of those who were “economically inactive” due to caring were women. Between 60 and 70% of unpaid care for older people, disabled people and people with long term health conditions is provided by women in Scotland. This care is worth approximately £10.8 billion to the economy per annum, yet it is systemically undervalued by our society. Women are twice as likely as men to give up work to carry out unpaid care, and are much more likely to juggle caring with (often low-paid) employment, to hold multiple caring roles, and to provide care for more than 35 hours per week. The Covid-19 pandemic has also had a significant impact on carers; during the first lockdown for example, 78% of carers reported having to provide more care since the start of the pandemic. Women’s access to paid work, leisure time and power therefore remains heavily constrained by the provision of care and gendered expectations around its value and delivery. Little is known about impacts of further forms of structural oppression on women’s ascribed roles as carers in Scotland, including racism, homophobia and transphobia. However limited data suggests that Black and minority ethnic women may be even more likely to hold informal roles and at a younger age.

Other forms of unpaid labour are intrinsic to a gender analysis of the cost of living crisis. Unpaid childcare and domestic work continue to be unequally distributed between women and men, with most recently available time-use data for Scotland showing that women in opposite sex couples undertake approximately 68% of the housework and 68% of the childcare. These gendered patterns are long entrenched and have been stubbornly slow to disrupt. The 2017 British Social Attitude Survey found that two thirds of respondents thought it better for mothers to be at home or to work part time when children were under school age and a majority thought that fathers should work full time. Women also tend to act as managers of household budgets, particularly with regards to spending on children and non-durable items like food and domestic products that are susceptible to price hikes during periods of inflation. This means that women are disproportionately exposed to strain and anxiety in relation to spiralling costs, including energy bills, with clear implications for health and wellbeing. Polling from the Living Wage Foundations has found that

women are more likely to have fallen behind with bills and to have skipped meals due to rising costs.

Directly linked to this, women continue to experience profound labour market inequality with men. Deep-rooted occupational segregation, which sees women clustered into comparatively undervalued roles and sectors is a key part of this, as well as systemic issues with returning to work after providing unpaid social care or extended periods of leave to care for children. Patterns of occupational segregation in the Scottish labour market are a cause and consequence of damaging gendered assumptions and stereotypes about women and men's capabilities in relation to paid and unpaid (caring) work, often resulting in the concentration of women in low-paid underemployment. This substantially diminishes women's earnings over their lifetime, as well as reducing the pool of skilled workers available in local area labour markets.

The widespread perpetuation of domestic abuse and other forms of men's violence against women have a significant impact on women's incomes. Domestic abuse undermines women's access to resources and financial security, with research showing that 89% of women experience financial abuse as part of their experience of domestic abuse. Demand for support through Scottish Women's Aid helpline has increased significantly since the onset of the pandemic and this level of need has not yet subsided. Meanwhile, harassment permeates almost every aspect of the lives of women and girls, constraining choices and the ways we think about ourselves throughout our lives, from childhood to old age. The ubiquitous nature of harassment and violence includes physical and online spaces, public and private spheres, education settings and workplaces, with stark consequences for women's access to secure and sustained economic resources. Sexual harassment in the workplace is endemic and acts as a significant barrier to women's economic equality with men. Similarly, constraints on women's access to decision-making, including in the political sphere, and on the ways in which women navigate public space play into women's systemic income inequality with men.

How should the Scottish Government respond to inflationary pressures and the cost of living crisis in its Budget 2023-24?

The systemic issues set out above have been the focus of feminist advocacy and campaigning for many years. They were brutally exposed during the pandemic and the consequences are still being felt by women across Scotland. This latest crisis is now set to yet further diminish women's rights, security and safety, and it is vital that the Scottish Government's response to inflationary pressures and the cost of living crisis is targeted at mitigating this. The Scottish Budget 2023-24, as well as any emergency financial packages that may be made available, must fundamentally take stock of the issues set out in this submission of evidence within a comprehensive application of gender budget analysis. This means that allocation of resources across all spending portfolios must proactively seek to address the underpinning inequalities experienced by women in Scotland.

About gender budgeting

Gender budgeting is based on the premise that budgets have real consequences for people and systems. Gender budgeting is the application of gender mainstreaming to the process(es) for allocating resources:

“[...] conducting a gender-based assessment of budgets, incorporating a gender perspective at all levels of the budgetary process, and restructuring revenues and expenditures in order to promote gender equality. In short, gender budgeting is a strategy and a process with the long-term aim of achieving gender equality goals.”

There is no policy area in which it is not vital to think about how women's and men's experiences differ nor how these differences should shape revenue-raising and expenditure across portfolios. Gender budget analysis (GBA) does not entail a separate budget for women, nor aim at equal spending on women and men. Rather, it is a process that ensures that spending decisions respond to both women's and men's social and economic realities.

Gender budgeting, like all gender mainstreaming, requires introducing a gender perspective from the very beginning and through every step of the formulation of policies and programmes. Policy analysis that informs revenue-raising and spending decisions must therefore be underpinned by equality objectives that reflect women's lives, such as addressing the disproportionate delivery of care and reproductive labour that is often excluded from economic discussions. GBA can therefore expose unwitting bias within budgetary processes that are otherwise assumed to be gender-neutral. Used well, it will strengthen gender equality of outcomes across all public expenditure and government departments.

Background on gender budget analysis in Scotland

Since devolution, Scotland has made some progress towards gender-responsive budgeting, primarily in the form of the Equality and Budget Advisory Group (EBAG) and Equality Budget Statement (EBS), now the Equality and Fairer Scotland Budget Statement (EFSBS). Published in parallel to the Draft Budget, the EFSBS assesses the Ministerial Portfolios' proposed spending plans for their impact on equality and socioeconomic inequality. It is currently the only process of its kind in the UK, although the Welsh Government has articulated ambitions to apply intersectional gender budgeting from 2022.

While the EBS was an important step towards gender budgeting when first introduced in 2009, it does not fully accord with definitions of gender budgeting. As such, it can be seen as comprising a list of gender and equalities-inflected spend, describing spending decisions that have already been made, rather than as a tool for driving the budget process itself. This is reflected in the final report of the Budget Process Review Group, which considers that further equalities analyses should be

published and considered throughout all aspects of a year-round budget approach.

The latest Equality and Fairer Scotland Budget Statement (2022-23) does attempt to link key rights and inequalities for protected groups to government spending portfolios. However, as set out in Annex A, “portfolios were restricted to a maximum of two inequalities per protected characteristic or socio-economic disadvantage and were asked to concentrate on key policies and areas of spend”. While there is some recognition of the limitations of this approach (“we are aware it is not perfect”) and of the long-standing calls for improved intersectional budgeting processes, this somewhat glosses over the superficiality of such narrow selectiveness. The resulting EFSBS consequently reads as a list of disconnected issues that appeared to have been picked at random, and which give merely a flavour of spend on equalities issues across government. It suggests examples being retrospectively applied to the template in order to fulfil an obligation, rather than reporting on mainstreamed equality considerations that have been embedded across government.

Crucially, such a scattergun approach does not allow for analysis of the cumulative impact of spending on women, men and gender equality, offers no explanation as to why specific inequalities were included at the expense of others, and limits the ability to make clear connections between the rights and inequalities identified, as well as across protected characteristics.

Annex A acknowledges the recommendations of the Equality Budget Advisory Group, which were published in July 2021 and aimed at improving these processes. It states that the Scottish Government “will respond to the recommendations in detail in spring 2022, aiming to build learning into future EFSBS products.” However this is yet to be published, with the response now expected in September 2022. Committees’ scrutiny of the Scottish Budget must include oversight of this delayed response and subsequent implementation of plans to improve equality budgeting. In line with the principles of gender mainstreaming, this must be understood as the responsibility of all Scottish Parliament committees and not just that of the Equalities, Human Rights and Civil Justice Committee.

Using gender budget analysis to respond to the cost of living crisis

The Budget must be seen as a critical tool in responding to the cost of living crisis, as well as to the widely appreciated rollback in women’s economic and social equality with men as a result of the pandemic.

In Engender’s 2017 Gender Matters Roadmap, we called for the Scottish Government to extend the Equality Budget Statement into a full gender analysis of the Scottish Budget process, where the cumulative impact of spending decisions on women’s equality is considered. We continue to believe that the EFSBS needs a clearer purpose and revised timing to substantively inform development of the Scottish Draft Budget and to be used more effectively by MSPs and parliamentary committees in their budget scrutiny.

Scottish Government's priorities on women's equality and rights are set out in individual policy frameworks, including Equally Safe (Scottish Government and COSLA's joint strategy on preventing and ending violence against women) and the Fairer Scotland for Women action plan on the gender pay gap. We continue to see very little connection between these and other strategies that include women's equality and rights and spending allocations in the Budget. The Scottish Government is also committed to implementing an ambitious suite of recommendations developed by the First Minister's National Advisory Council on Women and Girls. As the implementation phase of this work progresses, it will be vital that adequate resources are allocated across relevant areas of government.

In line with Scotland's commitments to women's equality and human rights, GBA should now be embedded within the Scottish Government's standard, annual budgeting and policymaking routines. It is vital that gender analysis is not used only as an extrinsic form of analysis. Instead, Ministers should be able to demonstrate how GBA has informed resource reprioritisation and reallocation decisions across spending portfolios and throughout the formulation of the budget.

In the meantime, analysis of how budget decisions impact on women and men must be mainstreamed across portfolios, such that transport funding fundamentally aims to meet women's and men's needs for public transport provision, funding for economic development agencies fundamentally aims to address occupational segregation and so on. Investment in frontline services that women rely on must also be prioritised. The realities and implications of the cost of living crisis are equally-cross cutting, and this will impact on budgetary decision-making in every area of Scottish Government policy.

It is vital that the Scottish Draft Budget 2023-24 provides an urgent response that is pivoted at preventing poverty, destitution and insecurity for women, children and other marginalised groups.

In the immediate term, we are therefore calling on the Finance and Public Administration Committee:

- To systematically consider how spending decisions and revenue-raising cumulatively impact on women, men and structural gender inequality;
- To examine available evidence on the impact of the cost of living crisis on women and women's equality in its scrutiny of the forthcoming budget, as well as ongoing implications of the pandemic for women's equality and rights;
- To advocate for budgetary decisions that seek to proactively address these gendered inequalities at a time of great need, including investment in local services;

- To urge Scottish Government to turn EBAG's recommendations for equality and human rights budgeting into a prioritised and well-resourced action plan.

Written Submission from the Scottish Council for Development and Industry (SCDI)

The Scottish Government's Resource Spending Review assumes that the current taxation policies are maintained while funding for health and social care and social security is prioritised. Are these the right priorities and approach for the Scottish Budget 2023-24 and until 2026-27?

SCDI welcomes the Scottish Government's intention to provide information about its tax and spending plans for the remainder of this Scottish Parliament term through the Resource Spending Review. Its publication has come as the outlook for the Scottish and UK economy has considerably worsened.

The Bank of England has forecast that the UK will enter into a long recession in Q4 of 2022. It expects that GDP will fall by -1.5% in 2023 and by -0.25% in 2024, following which growth will still be weak. With its latest forecast that inflation will peak at over 13% later this year and that the unemployment rate will rise above 6% next year, the UK economy is currently threatened by a period of stagflation.

Revenue spending in Scotland was previously projected to only marginally increase in real terms over the next four years and rapidly rising inflation will significantly increase costs for public services. The pressures on health and social care are understood as services recover from the pandemic and cope with rising demand from an ageing population. While funding for them has been prioritised, annual growth in spending on health will still be lower than its historical long-term average rate of growth.

This still compares favourably with a 16% reduction in funding for enterprise, tourism and trade, an 8% reduction in funding for colleges and universities, and other public services, and a 7% reduction for local government. For many of these services, this is the continuation of a trend in real terms funding reductions since the financial crisis that have seen health comprise an ever larger share of the budget. In a key sector such as higher and further education in which Scottish institutions deliver world class teaching and research, this has been gradually eroding their international competitiveness.

While many areas public services play an important role in supporting the economy, it does seem as though funding that most directly impacts on national and local economic development and business growth has been afforded a lower priority in the Resource Spending Review. This is a concern as there will undoubtedly be a greater need to help sustain economic activity in the recession, and support recovery and expansion (which will increase the funding available for public services) over the next four years. The Scottish Government's Exports Plan and forthcoming Innovation

Strategy are two examples of policies that aim to support business growth in areas of long-term weaknesses for the Scottish economy, which it will be more difficult to achieve if their associated budgets are reduced. Rising unemployment will also increase the demand for the reskilling and upskilling of workers. The Resource Spending Review does state that delivery of the National Strategy for Economic Transformation is a priority, but this is not yet evident from the spending commitments made so far.

The competitiveness of an economy is principally the result of its productivity and living standards, which is linked to the international competitiveness of its businesses and the ability of its employers to create and pay the wages of a wide supply of good quality jobs. If tax rates are broadly similar, efficient investment to strengthen the pillars of economic competitiveness, like innovation, skills and infrastructure, is more important than the rates. However, Scotland competes with other parts of the UK and other countries to attract investment and talent, and tax rates are one of the factors. Scotland's ability to retain, grow and attract businesses, and retain and attract key workers, will be absolutely pivotal in generating the rates of growth which will make its public finances sustainable and fund improvements in public services and spending. The Resource Spending Review does not include detailed tax policies, but there are clear needs to maintain competitiveness and help reduce the cost of doing business and the cost of living, as well as to fund public services and increase their efficiency.

The Scottish Fiscal Commission (SFC) notes that Scottish income taxes have grown more slowly than the rest of the UK and is forecasting Scottish taxes to be around £360 million less in 2023-24 than they would be without income tax devolution. The SFC is also forecasting that, as a result of forecast error, the Scottish Budget in 2023-24 could be £221 million lower. How should the Scottish Government's Budget 2023-24 respond to this challenge?

SCDI understands that the latest HMRC income tax outturn statistics mean that there will be a positive reconciliation to the Scottish Government of £50m in 2023-24 rather than a negative reconciliation of £221m. This is clearly to be welcomed and will provide some more headroom in the Scottish Budget.

The slower growth in income tax revenues in Scotland than the rest of the UK over the early years of fiscal devolution does highlight the need to grow the Scottish economy and increase employment, particularly of jobs paying higher wages. The Scottish Government's strategy of bringing more people into the higher rate of income tax by not increasing the threshold of the band with inflation is forecast to increase the number paying it from 7% of taxpayers in 2016 to 17% (697,000 people) in 2027-28. In our view, working with industry to increase productivity, raise

wages and attract more people to work in Scotland would be a more robust approach to the challenge of generating revenue than this ‘fiscal drag’. Creating these conditions should be the priority for Budget 2023-24 and the Spending Review.

How should the Scottish Government respond to inflationary pressures and the cost-of-living crisis in its Budget 2023-24?

The Scottish Government has accurately described a “growing cost emergency for people and businesses”. These rising costs are also affecting public sector and third sector organisations.

The Scottish Government has been engaging with SCDI and with other business and civic organisations on costs. The Scottish Budget can help the response to this emergency by limiting further costs for employers where possible to allow them to maintain levels of employment and increase pay rates. Reviewing the planned increase in non-domestic rates next Spring would be one way of supporting businesses. The Scottish Government can also help people with the cost of living and access to jobs (thus helping businesses with skills shortages, and increasing income tax revenues) by continuing to fund the expansion of affordable and flexible childcare provision in all areas. With the forecast that unemployment will rise significantly, funding for the rapid development of ‘micro-credentials’ learning and training, implementation of reforms proposed in the Cumberford Little Report on Scotland’s colleges, and reforms to the Flexible Workforce Development Fund to meet the needs of more employers would help people to reskill and upskill more quickly, and find new jobs. This would help to reduce unemployment ‘scarring’, support growth businesses and protect income tax revenues.

The Scottish Budget is not the only way for the Scottish Government to respond to the cost emergency. Better regulation and improvements to the planning system would also support the competitiveness of businesses in Scotland and help them to invest and maintain and create jobs. The use of digital technologies can help regulators and planning authorities to improve their effectiveness and efficiency, and their impact on industry and the economy. The Scottish Budget can help to fund the adoption of these technologies and the changes in processes also needed to implement them.

The Spending Review identifies key areas of reform over the lifetime of the Parliament to support its priorities in the Spending Review, including delivering efficiency savings across the public sector. How should the Scottish Government approach each of these areas to achieve efficiencies while also maintaining effective public services?

Digitalisation

Scotland must aim to be a fully digital and data enabled society, with world-class, future-proofed, accessible and affordable coverage for all. The UK and Scottish Governments and industry should accelerate the rollout and adoption of full fibre broadband, 4G and 5G networks, and smart technologies, in all of Scotland. Public services should plan now as to how they will harness digital and data technologies for modern, high quality public services, supported by reforms which increase their productivity, innovation levels and responsiveness to citizens, setting out how they will progressively transform themselves, particularly around enabling infrastructures and skills such as AI, data and digital. Collective leadership should leverage AI and data in each of the missions for the Scottish National Investment Bank, and across the UN's Sustainable Development Goals and Scotland's National Performance Framework, with an immediate priority the transition to net zero emissions. Improving the digital and data skills and literacy of the workforce and citizens will be key to delivery.

In recent reports SCDI has focused on opportunities in health and social care data, and ClimateTech.

Long-term, strategic investment in health and social care innovation will be critical. New and emerging technologies – enabled and underpinned by ethical, robust and secure data – can and should play a vital role in transforming health and social care. As Scotland looks to build public health resilience after the COVID-19 crisis, it has never been more important. It has been estimated that Scotland's health and social care data could be worth £800m every year, and deliver an estimated £5.4bn in savings for NHS Scotland – 38% of its current budget and three times its predicted budget shortfall by 2025.

The Scottish Government has been consulting on a new Data Strategy for Health and Social Care. SCDI has recommended that this should be back by a Transformation Fund which invests in infrastructures and skills. The aim should be to create healthier places to live, healthier workforces and healthier ageing, and improve Scotland's public health to among the best in Western Europe by 2040.

The key will be to collate front-line health and social care data and turn it into usable intelligence. Openness, integration and interoperability of data sets and systems across a single architecture underpinned by common standards would facilitate ethical and secure national sharing. Businesses should be encouraged and enabled to access this data if they commit to and demonstrate the mandatory ethical standards, cyber security and delivery for the public good. The significant investment proposed for the NHS estate and Scotland's wider health and social care infrastructure will need to provide good quality technology, equipment and connectivity. This will unlock opportunities to prepare for an accelerated transition to a high-tech future. Building on the development of the National Digital Platform for health and social care, this would allow for the creation of a single, comprehensive

digital health record for everyone. The primary purpose would be to enable clinicians to predict ill-health in and make better informed decisions for individuals. Anonymised and aggregated, the information can, furthermore, help to manage services, and guide improvements in health and social care services, medicines and therapies, for the long-term benefit of all. With clear public benefit for this sharing and appropriate safeguards to maintain public confidence, third-party companies should be actively encouraged to access this data to generate commercial benefits where social value can be demonstrated. Scottish leadership in health data would require the expansion of new skills in the health and social care workforce, which would support higher job quality, pay and in-work development. It will also attract people with research and innovation skills, and investment, to Scotland. There will be the potential to grow clusters of research, innovation and entrepreneurship in care across Scotland, including in geographies and communities which most need them.

The pandemic saw a major expansion in the use of EdTech in schools, colleges and universities in Scotland and worldwide. Scotland has a growing EdTech cluster and use of their solutions in Scotland's world-renowned education system facilities their entry into and growth in international markets. Despite an ongoing positive utilisation of EdTech by teachers and pupils in schools, home learning and remote learning, SCDI has been informed that some education authorities have ended their subscriptions to EdTech platforms following the COVID-19 education recovery. We believe that EdTech will have a key long-term role in Scotland's education system, helping schools and teachers to improve accessibility, collaboration and engagement with pupils. This will improve outcomes for children and young people, and prepare them with digital and data skills, and for the modern world of work. Education authorities should discuss with teachers and schools how to utilise EdTech in their local contexts, and the new national agency for education and the Scottish Government should work with them to develop a plan for EdTech to improve outcomes and experiences for children and young people, and make efficiency savings. This will help Scotland's EdTech cluster to innovate and scale-up.

Maximising revenue through public sector innovation

Government activity in the economy is traditionally viewed and measured as an expenditure to correct market failures rather than productive investment in a dynamic market economy. This is despite the key role of public investment in the high-risk R&D of, for example, many of the innovative technologies which businesses have combined and developed into innovative products, in innovative drugs and in energy innovation. As the UK and Scottish governments implement mission-orientated approaches to innovation policy, they should articulate how public investment and services create value and how public bodies are planning to create and enable, alongside the private sector, greater wealth in the economy of the future by building the 'four capitals' of economic, social, human and natural capital.

This will focus all public bodies on this role, bring transparency to the value for money investment in our public services bring, and empower them to form

collaborative partnerships with the private sector. Scotland has good examples of governments, agencies, colleges and universities, industry and trade unions working purposefully and innovatively together to revitalise economic activity and jobs in response to a crisis and with a focus on specific assets. Mobilisation has, generally, been less effective around economic or export opportunities. This needs to change, for instance to achieve net zero, an R&D-led productive economy and in post-Brexit trade policy. There is a need for systemic thinking and joined up policy objectives across different directorates and agencies of governments, industries, not-for-profit organisations, and colleges and universities to develop the policy outcomes we seek and connect these outcomes with coordinated actions by all those who can influence them.

Scotland's CivTech Alliance is a positive example of the way government can engage with innovative businesses and harness innovation through public contracts, such as open challenges, to streamline procurement, facilitate collaborations, and solve socio-economic and environmental challenges. Our Blueprint recommends that challenge prizes should be developed in a wider range of areas by governments at all levels to stimulate and support a large number of innovative early stage solutions.

Scotland has many non-private organisations, including universities and colleges, public bodies, third sector organisations and charities, which export. Some carry out this work directly, some establish in-country partnerships and others establish wholly-owned subsidiaries. Other than in the education sector, they are not a focus for the Scottish Government's export plan. These organisations are in a strong position to support and encourage exporting in their supply chains and can provide support and assistance to private companies in markets and countries. They have often developed social capital in the countries in which they work, particularly those who contract with foreign governments. Such social capital can assist Scotland's international relations, and businesses in winning more traditional commercial contracts, particularly for purposeful businesses which demonstrate the same values. In our Blueprint, SCDI proposed that, as part of its exports plan, the Scottish Government should create the focus for, and enable and encourage non-private bodies to grow their exports.

Reform of the public sector estate

In a digital world, the use of many buildings and places can be rethought. While important, efficiencies should not be the only driver. There is the opportunity to be innovative and integrative, not only across the Scottish public sector estate, but rather across public, private, education and third sector organisations, to repurpose buildings as flexible/mixed use hubs and meeting places for communities.

In our Blueprint, we highlighted Ireland's strategic investment in a network of up to 400 remote working hubs in rural and urban areas, offering shared back-office services and a centralised booking system, and creating an entrepreneurial ecosystem to encourage business start-ups, mentoring, collaboration,

crossfertilisation and knowledge spill-overs. We proposed that Scotland also should develop a network of Remote Working Hubs which would bring workers together in communities, near services like skills development and childcare, and offer affordable space and facilities for start-ups, social enterprises, engagement between employers and young people, and community groups.

In reducing the public sector estate footprint, the Scottish Government and public bodies should adopt the approach to their disposals of vacant and derelict land recommended by the Scottish Land Commission. Rather than financial returns, they should prioritise economic, social and environmental benefits for communities and the economy of unlocking more unused assets for productive use.

SCDI welcomes the Scottish Government's commitment to reduce public sector office carbon emissions and its Heat in Buildings Strategy. SCDI Chief Executive Sara Thiam is co-chairing the Scottish Government's Green Heat Finance Taskforce with the Minister for Zero Carbon Buildings, Active Travel and Tenant's Rights. Consultation and co-creation with the property sector is key to the evidence-based development and implementation of solutions that will deliver heat decarbonisation by 2045.

Reform of the public body landscape

Many of the opportunities for Scotland are catalysed at the place-based level in which local government is a key player. At present, the 'connectivity tissue' for local economic development and regeneration is often weak at local and community levels, in terms of governance, funding and capacity. The Scottish Government and COSLA should complete the Local Governance Review, and consult on a route map to strengthen local decision-making and strategy and delivery partnerships which drive innovation and inclusion. This should be joined-up with the roll out of Community Wealth Building and work with local anchor institutions, such as key businesses, colleges and universities, and public services, to capture and harness more economic benefits locally and support the growth of SMEs. Decentralisation of some powers to regional or local levels is a direction of travel which, in the main, our consultations have shown is supported but which should not be presumed. There is concern that this should happen in a coherent, rather than a piecemeal, way. There is a need for a strategy which is properly informed by dialogue with stakeholders and allows all those affected to plan for any changes. The Scottish Government and local government should progress exploration of the proposed Fiscal Framework for local government in Scotland to help define its future functions and financing.

Countries such as Australia and New Zealand have established a Productivity Commission, an independent advisory body reporting to their governments which produce evidence-based, high-quality analysis and advice on ways to improve productivity. Their reports help governments to deliver efficiency savings and improve outcomes across the public sector. Our Blueprint proposed that Scotland should adopt this approach, and create a Scottish Productivity and Well-being

Commission which performs the same role but with a clear remit across the dual aims of the National Performance Framework. This dual focus on higher productivity and well-being is a fundamental one for societies. Countries which can develop a virtuous cycle of improvements in productivity and well-being, and can successfully resolve any tensions between them, will be in a better position to perform successfully.

Improving public procurement

Changes in public procurement have increasingly promoted social value, not just low price. There is a duty on public sector buyers to consider opportunities for SMEs, supported businesses and the third sector, fair work practices, community benefits, equalities, net zero and the circular economy, and prompt payments in supply chains. Fair Work First criteria is being extended to all public contracts.

However, there is a need to develop new procurement measures which ensure equal weighting for and ensure delivery of long-term socio-economic value in public contracts, especially in those contracts which could have a more transformational impact on national outcomes, such as those for foundational sectors, social housing commissions, or large contracts and their related sub-contracts.

Larger firms simply have more capacity and experience in completing complex procurement tenders. This can lead to the same organisations carrying out contracts in the same ways, becoming 'tried', although not necessarily 'tested' according to standards of delivery, value for money and outcomes.

New public procurement measures should be used to drive innovation. This should include removing barriers for SMEs and third sector organisations across all elements of the procurement system, piloting innovation-led procurement by government departments or public bodies in which government acts as their first customer, and enabling organisations to build and retain IP created through government contracts. Governments should set targets for the procurement of innovative solutions of 5% of their spending, and reform their procurement processes where necessary so that they are outcomes rather than outputs-focused and promote more collaborative commercial models.

Business purpose can help to maximise value chain impact in the private, public and voluntary sectors – building long-term trust and transparency among buyers and suppliers, focusing on challenges and outcomes on which to work together, and aligning objectives and incentives. The Business Purpose Commission for Scotland recommended that organisations which buy from suppliers should embed and encourage business purpose in their value chains and reward purposeful businesses. 'Purpose-related' specifications should be carefully designed with SME and third sector representatives to increase their participation in value chains and maximise the impact. Tenders should be specified in ways which focus on finding solutions for people and planet, and promote innovative bids. Larger buyers should

work with suppliers in supplier development programmes which include a focus on implementing business purpose through long-term partnerships and fair value chain relationships.

Public contracts should be redesigned to increase opportunities for local supply chains to offer innovative and holistic solutions, and help to grow and harness wealth within communities.

Government and businesses should stimulate innovative low carbon products and services using their buying powers. This could include adding, during evaluation processes, the carbon cost of a bid onto the price quoted. Procurement of housing should prioritise suppliers who embed net zero carbon design, circular economy principles, modern methods of construction, bio-based materials, and fair work principles. A percentage of procurement on contracts for offsite fabrication should be set.

The Business Purpose Commission for Scotland said that the history of public-private partnerships has often been beset by the conflicting motivations of maximising profits for shareholders in the private sector and providing social benefit in the public sector. This misalignment has reduced long-term value creation for businesses and society, resulted in costly projects and corporate scandals, and led to a loss of public trust. Business purpose can bring the motivations of the public and private sector into harmony by defining the role of businesses in these partnerships as finding profitable solutions and not profiting from producing problems, and acting as a 'guardrail' in business decision-making. The Commission recommended that government and business should develop new public-private collaborative partnership models which find solutions to deliver objectives on Net Zero carbon emissions, inequalities, opportunity and social mobility, the future of work, and new technologies.

How effective do you think these reforms will be in delivering efficiency savings in the Scottish Budget 2023-24, and beyond? If you have additional or alternative priorities for achieving efficiencies (for example within your public sector area), please provide details.

The shift to preventative spending should be a high priority for all Scottish Budgets, bringing long-term benefits to people and using public resources more efficiently and effectively in the long-term.

What impact will the Spending Review priorities have on the delivery of national outcomes in the National Performance Framework?

Alongside the Resource Spending Review, the Scottish Government published the targeted review of the Capital Spending Review. During and after the Financial Crisis and the Great Recession, the Scottish Government prioritised a package to accelerate capital expenditure to stimulate the economy. While the circumstances are very different now, it is vital that the Scottish Government continues to invest to increase the long-term sustainable economic growth rate, decarbonise infrastructure, and support the capacity of the supply chain in Scotland, which will help to bring down supply chain inflation. Digital networks, housing and energy infrastructure are particularly high priorities for the economy. SCDI members in the north and south of Scotland also urge the Scottish Government to maintain its long-standing commitments to major transport projects in the regions and set out the timescales for their delivery. These are transformational investments in accessibility and connectivity for people and for businesses, enabling firms to send goods and services to national and international markets.

Scotland's National Performance Framework is familiar to policy-makers, but it is more difficult for those outside government to gain a strong sense from it what it is that Scotland is aiming to achieve and how it is currently performing. There are many indicators measuring progress in different ways and while some outcomes in Scotland are improving – and some are not – Scotland's relative performance compared to the best performing countries, which may be improving at a faster rate, is not immediately apparent. A dashboard of Distance to Frontier scores (where 100 = the frontier and 0 = the lowest performance) for key aims would provide a clear and high-profile sense of Scotland's current performance and rate of progress in comparison with the best countries, and of where it is focussing its national endeavours to be among the best. This format should be adopted in the next refresh of the National Performance Framework. The Business Purpose Commission for Scotland has recommended that the Scottish Government should engage businesses with other stakeholders in the planned refresh of the National Performance Framework to inform the refresh, take advantage of the opportunity to align more businesses' Key Performance Indicators with its outcomes, and form collaborative partnerships between the private, public and voluntary sectors around its key missions.

Underlying these national, and supporting their delivery, Scotland also has a need to develop well-defined, real-time measures which supply information on and generate momentum in what is being achieved in specific policy areas, such as net zero and the return on investment on city region and growth deals, and in what is happening at regional and local levels. Better data for rural and remote areas and the islands is important, too, because the geographic spread and diverse nature of different parts of the country can lead to data which superficially appears similar, but which is generated by very different underlying causes, in response to which different policy actions are required.

How should the Scottish Government target spending in its budget to achieve net zero targets?

Scotland has the opportunity join-up its priorities for public health resilience, a digital society and inclusive growth with its net zero strategy in a positive vision for local living and working. Climate actions can deliver a wide-range of co-benefits which reinforce behaviour change and empower communities. Scotland needs to target these ‘no regrets’ policy opportunities. These should include growth in places that minimises the use of resources and encourages circularity, balancing the economic, social and environmental objectives of place development. Decarbonisation of residential, public and commercial, and industrial buildings, should be phased with property renewals to optimise investments, addressing the ‘green premium’ v ‘brown discount’ in pricing. New sustainable travel trends should be supported by active and affordable travel options. Given the evidence that local green spaces and natural spaces supported people’s well-being in lockdowns and that use of the outdoors depends on access, there will be a need to protect these places and show leadership in creating new green spaces in towns and cities, as well as changing how developers and others contribute to them. Scotland should work with communities and local organisations to renew the purpose of places to create prosperous, healthy, green and resilient economies, enabling people to live locally and work anywhere. Our Blueprint recommended that the Scottish Government, local government and local partners should commit to the rapid delivery of 20-minute mixed economy neighbourhoods across at least 10 geographically and socioeconomically diverse locations, with the infrastructure, jobs, services, active travel and green spaces for people to live, work and play locally. The Scottish Government, local government and industry should also aim to build at least 25,000 homes each home, with a focus on affordable homes and innovation in net zero in all communities.

Scotland should aim to be a leading location where globally critical net zero solutions are brought into being and capture fair shares of the benefits. Governments at all levels, industry, finance, universities, colleges and innovation centres should attract and accelerate investment in leveraging strategic opportunities based on where Scotland’s physical and knowledge assets offer comparative advantages and offer strong export prospects (such as the North Sea transition, Blue Economy and bioeconomy), and agree binding commitments to maximise the home-grown opportunities for Scotland’s businesses, people and places. The Scottish National Investment Bank has been established and funded to supply patient capital and catalyse private investment in its missions, including achieving a Just Transition to net zero, and it is important that it should deliver on this remit. However, the Scottish Government may need to increase its capitalisation if the public funding commitment of £2bn over 10 years and the Bank’s partnerships with private capital prove insufficient to deliver these missions.

The expansion of green industries will only be possible if we take up the immense opportunity to create skilled, well-paid and secure jobs for people in every part of Scotland. Making green jobs our ‘new normal’ in every industry will increase resilience in both recessions and pandemics. There will be risks, however, to the

future of places and the wider climate change targets if the transition to a net zero economy is not a just one and communities are not able to reap the returns of climate actions in their areas through business growth, jobs and local investment. Investment by the public and private sectors in areas which will require lots of jobs should go hand-in-hand with programmes to train and develop workers and people not in work. Our Blueprint recommended that Scotland should scale-up demand for and participation in work-based learning, with an immediate focus on digital, data and green, and develop a new 'Skills Wallet', enabling everyone to invest in education and training throughout their working lives, and supporting just technological and net zero economy transitions.

Net zero should be made explicit in the Scottish Public Finance Manual. Establishing accountability to the imperative of tackling net zero, and a defined set of functions and subsequent objectives, should be rigorously maintained to ensure compliance of the public sector in addressing the climate emergency as well as accountability to other tangible goals delivered with public resources.

How has the Scottish Government reflected its commitment to fiscal transparency in the Spending Review and how can it best ensure that spending in the Budget 2023-24 can be properly identified and tracked?

The Scottish Government and public sector organisations should be exemplars for the sharing of open, transparent and accessible information about their performance against their purpose. There is a need to ensure that decisions by the Scottish Government and the Scottish Parliament on the Scottish Budget are reached following thorough evidence-based assessments and consultations with stakeholders. Alongside existing impact assessments, there should be a prosperity impact assessment for new policies. All policies and spend should be subject to a genuine requirement for postimplementation evaluation, and policies which do not work should be thoroughly reviewed to ensure that any lessons are identified, shared and learned to improve future policy-making.

Written Submission from the Scottish Federation of Housing Associations (SFHA)

SFHA is the membership body for, and collective voice of, housing associations and co-operatives in Scotland. Representing over 90% of the housing association and co-operative sector in Scotland, we exist to represent, support and connect our members.

The Scottish Government's Resource Spending Review assumes that the current taxation policies are maintained while funding for health and social care and social security is prioritised. Are these the right priorities and approach for the Scottish Budget 2023-24 and until 2026-27?

Housing is a human right. Everyone deserves a safe, warm, affordable home in a community they want to be part of, and that's what SFHA members provide. Housing associations and co-operatives provide high quality homes for life, to people from all kinds of backgrounds. They work with partners and tenants to create thriving communities which help people to live well and fulfil their potential.

Housing associations are key to ending homelessness, tackling poverty and dealing with the climate emergency. No other sector is better placed to create real, positive change across diverse policy areas from health and educational inequalities to decarbonisation. Therefore, we believe that funding for affordable housing should be prioritised alongside health and social care and social security spending in the coming budget.

We would like to see greater recognition of the unique contribution of housing to supporting independence at home, and preventing people entering more formal care or hospital services at a much greater costs to the public purse. This means recognition of the strategic importance of accessible housing, housing support and housing adaptations to ensure that people are supported to live as independently as possible at home. Making sure that people receive the right care and support begins with where they live and housing has demonstrated that it offers valuable solutions to national health and wellbeing outcomes. This was recognised in the Scottish Government's advice note Housing services and integrated health and social care (2015) which required Integrated Joint Boards (IJBs) to include Housing Contribution Statements as an integral part of the Strategic Commissioning Plan and a statement of how the Integration Authority "intends to work with housing services."

<https://www.gov.scot/publications/housing-advice-note/pages/3/>

Investing in high quality, affordable housing should be understood as preventative spending which saves money in health and social care, social security and other systems down the line. This was demonstrated in research by the UK Collaborative

Centre for Housing Evidence (CaCHE) and Housing Associations' Charitable Trust (HACT) in 2020. <https://www.sfha.co.uk/mediaLibrary/other/english/66627.pdf>

How should the Scottish Government respond to inflationary pressures and the cost of living crisis in its Budget 2023-24?

Rents in the social housing sector are consistently around half of the level charged in the private sector. Rents are set in consultation with tenants and have remained broadly proportional to average tenant income. Housing associations and co-operatives rely on rents for the majority of their income, and use them to finance sorely needed new housebuilding, maintain their existing stock and offer a diverse range of services and support to tenants. Most housing associations froze their rents or increased them below inflation during the pandemic, and introduced rises well below inflation this year. In 2019, research by the Joseph Rowntree Foundation found that poverty levels are significantly lower in Scotland, compared to the rest of the UK due to lower housing costs, particularly in the social rented sector. <https://www.jrf.org.uk/report/poverty-scotland-2019>

In the long term, investment in social housing will allow the sector to continue delivering jobs, and reduce poverty through providing high-quality, safe, warm and affordable homes. But in the present, despite the commitment to affordable rents and work to help tenants manage their finances, social housing tenants across Scotland are struggling to get by. Social tenants were already more likely to be in fuel poverty than owner-occupiers, largely due to the lower average incomes. Some 60% of social rented households earn less than £20,000 per year, and 61% receive Housing Benefit or the housing element of Universal Credit.

(<https://www.sfha.co.uk/mediaLibrary/other/english/90964.pdf>) While spiralling energy costs and general inflation are affecting everyone, some social tenants are amongst the most vulnerable to the impacts of the cost of living crisis.

Already by March this year, our members were reporting an increase in the number of tenants struggling to afford food and fuel. There are serious concerns that the social security system is failing to provide the support people need to meet their basic needs, even among tenants who are employed but require additional in-work benefits. This insufficient support is exacerbated by poor communication from the DWP to both tenants and housing associations. We urge the Scottish Government to continue to lobby the UK Government to increase the financial support available by removing the benefit cap and two-child limit and increasing personal allowances in line with inflation, and to improve its communication procedures with both clients and RSLs.

While responsibility for these issues ultimately resides in Westminster, there is much the Scottish Government can do in the coming budget to help tenants through the cost of living crisis. We are calling for increased investment in advice services to help tenants understand and access the support to which they are entitled. We also urge the Scottish Government to increase the budget for its devolved winter heating

benefits in line with rising energy prices, with average bills now forecast to reach £3,582 in October and £4,266 in January 2023.

Tenants – and others – living in rural communities are especially vulnerable to the impacts of the crisis, thanks to a combination of higher living costs, colder temperatures and a longer heating season, in addition to the lack of access to the gas network and a high proportion of hard-to-treat housing stock. Regionalised distribution costs mean consumers in the Highlands & Islands have historically paid more despite being a net exporter of green electricity. We would welcome action in the coming budget to help rural tenants address the particular challenges they face, including a review of the eligibility and reporting criteria for community grant funding like the Investing in Communities Fund. This would ensure the criteria do not unfairly disadvantage organisations operating in remote/rural areas where tenants are geographically dispersed.

In addition to the support outlined above, housing associations as businesses are not immune to the impact of increasing inflation. Costs are increasing at pace with members reporting to us that, simply to stand still next year, their costs will increase by 8%. To prevent these costs being passed to tenants through increased rents, the Scottish Government should ensure investment benchmarks for new supply are reviewed regularly and that an extensive programme of support to help meet the costs of net zero is put in place to support the sector in planning this important work.

We have welcomed the funding made available to the social housing sector through the Social Housing Fuel Support Fund, and are in regular contact with Scottish Government regarding further investment in this fund.

What impact will the Spending Review priorities have on the delivery of national outcomes in the National Performance Framework?

No other sector is better placed to help contribute to a wider range of the national outcomes than social housing. The safe, warm, suitable homes housing associations and co-operatives provide are a vital foundation for our young people to grow up loved, safe and respected so that they realise their full potential, while the communities SFHA members work hard to create and support are at their core inclusive, empowered, resilient and safe. Research by CACHE and HACT in 2020 demonstrated how social housing contributes to progress towards a diverse range of national outcomes.

Social housing also contributes to our globally competitive, entrepreneurial, inclusive and sustainable economy. Housing associations employ some 12,000 people directly and create high quality, skilled construction and maintenance work for contractors, including in important emerging sectors such as renewables and sustainable construction. Housing associations have spent considerable sums

upgrading their housing stock to reach EESSH and achieve other energy efficiency and decarbonisation targets, helping to promote and develop supply chains for these new technologies.

Housing associations also nurture a healthy and active nation by designing new developments with green spaces and along 20-minute neighbourhood principles wherever possible. Cycling Scotland recently awarded 12 housing associations across Scotland over £267,000 to improve cycling and walking facilities for their residents (<https://www.sfha.co.uk/news/news-category/sector-news/news-article/twelve-social-housing-providers-receive-more-than-267k-funding-to-improve-active-travel-facilities-across-scotland>), while work to improve access to local green space is exemplified in Southside Housing Association, Glasgow, which was awarded £537,215 from the Green Infrastructure Fund to transform the green space in the Cardonald community. (<https://www.sfha.co.uk/news/news-category/sector-news/news-article/southside-housing-association-leads-the-way-to-better-green-space>)

The national outcome which social housing contributes to most fundamentally is that “we tackle poverty by sharing opportunities, wealth and power more equally” – this cuts to the core of what social housing does. Our tenants have a significant say in how their homes and communities are run, our low rents and high-quality homes alleviate poverty, and housing associations offer a wide range of services – from money management to employability support – which help people make the most of every opportunity available to them.

Social housing is a vital element in the achievement of the Framework’s national outcomes. They simply will not be achieved if we do not place the right to a safe, warm, affordable home at the core of our offering to the public, and we would like to see this reflected in the Spending Review priorities.

How should the Scottish Government target spending in its budget to achieve net zero targets?

The social housing sector is already playing an important role in the transition to decarbonised forms of heat in line with Scotland’s climate change targets. However, this needs to be aligned with fuel poverty objectives and supported with adequate capital investment. Given the new context of energy price volatility, the importance of the ‘fabric first’ approach, in which buildings are made as energy efficient as possible before investing in alternative heat sources, is even more important in maintaining affordability for tenants while striving towards net zero.

We are pleased the Government has accepted the advice of the Zero Emissions in Social Housing Taskforce and brought forward its review of EESSH2, to give RSLs the certainty they need to plan their long-term retrofitting programmes. However, if a just transition is to be achieved, any targets for the social housing sector need to be supported with adequate investment from Scottish Government to ensure the

required upgrades do not compromise rent affordability. Yet our members report that sourcing funding and the capital investment for retrofit measures is very challenging. While we welcome the support available through the £200m Social Housing Net Zero Heat Fund, this remains a finite pot which will only be available until 2026 and represents only a small fraction of the expected costs for the sector which could exceed £6bn even when based on modelled costs. The Zero Emissions Social Housing Taskforce had therefore called for a longer term, more strategic and fairer allocation of funds based on a 'sector capacity assessment' and we would like to see this recommendation progress further as part of the EESSH2 review.

In the coming budget, we call on the government to ensure capital investment for social housing retrofit programmes is adequate, structured and designed in line with the needs of the sector, supporting the social housing sector's aim for a fabric first approach and continuing to support our members with resource funding where appropriate, as per this year's £500k Development Fund. Investment in energy efficiency will not only support the transition to renewable energy but can also protect consumers from future energy price shocks and be delivered in relatively short timescales if the right support is in place. We would like to see additional funding to help accelerate this type of activity both for social housing and for mixed tenure schemes in line with the calls of the Existing Homes Alliance (5 <https://existinghomesalliancescotland.co.uk/wp-content/uploads/2022/05/Doubling-Down-on-energy-efficiency-and-renewable-heat-briefing-May-2022.pdf>)

Written Submission from the Scottish Retail Consortium

1. The SRC's purpose is to make a positive difference to the retail industry and the customers it serves, today and in the future. Retail is an exciting, dynamic and diverse industry which is going through a period of profound change. Technology is transforming how people shop; costs are increasing; and growth in consumer spending is slow.

2. The SRC is committed to ensuring the industry thrives through this period of transformation. We tell the story of retail, work with our members to drive positive change and use our expertise and influence to create an economic and policy environment that enables retail businesses to thrive and consumers to benefit. Our membership here in Scotland and across the UK comprises businesses delivering £180bn of retail sales and employing over one and half million employees.

3. In addition to publishing leading indicators on Scottish retail sales, footfall and shop vacancies, our policy positions are informed by our membership and determined by the SRC's Board.

Q1. The Scottish Government's Resource Spending Review assumes that the current taxation policies are maintained while funding for health and social care and social security is prioritised. Are these the right priorities and approach for the Scottish Budget 2023-24 and until 2026-27?

4. In SRC's upcoming Scottish Budget recommendations paper - which we will send to Scottish Ministers and to the Committee - we will make a number of suggestions on devolved taxes in order to support consumer spending and to reduce the cost of doing business, including:

- Scottish income tax,
- council tax,
- non-domestic rates including the higher property rate,
- workplace parking levies

5. To take one example, retail accounts for 22% of business rates and the current poundage/tax rate is at a 23-year high. Indeed, the poundage/tax rate is up by 18% since the start of the last decade. The prospect of a further hike next Spring as mooted in the recent Scottish Spending Review is of concern given the cost of doing business crunch and raft of other cost pressures that retailers face, whilst at the same time trying to keep shop prices down for customers. A shift in mindset is required, with a shift away from trying to squeeze tax revenues from commercial premises to one which encourages commercial investment into retail destinations.

6. It matters profoundly that Scottish Ministers succeed in reducing the cost of government, as set out in the Scottish Spending Review, otherwise taxes might rise and the recovery and economic growth be held back.

Q2. The Scottish Fiscal Commission (SFC) notes that Scottish income taxes have grown more slowly than the rest of the UK and is forecasting Scottish taxes to be around £360 million less in 2023-24 than they would be without income tax devolution. The SFC is also forecasting that, as a result of forecast error, the Scottish Budget in 2023-24 could be £221 million lower. How should the Scottish Government's Budget 2023-24 respond to this challenge?

7. The slower growth in tax receipts underlines the need to secure a faster rate of overall economic growth.

8. SRC's own data shows that retail sales, shopper footfall and the shop vacancy rate are weaker than UK-wide figures. For example, shopper footfall remains 16% lower than pre-pandemic levels whilst across the UK the comparable figure is 14%.

9. The underlines the need for income tax rates and an approach to household disposable incomes which support consumer spending.

Q3. How should the Scottish Government respond to inflationary pressures and the cost of living crisis in its Budget 2023-24?

10. Retailers themselves are working hard to keep down the cost of living for customers in several ways, including:

- holding down prices where possible on essential items,
- by expanding their value ranges,
- providing discounts for more vulnerable customers,
- providing discounts for kids meals

11. The industry has also stepped up to help charities and good causes in Scotland, raising £16.6m over the past year (<https://brc.org.uk/news/2022/scottish-retailers-raise-over-16-million-for-good-causes-in-2021/>). All of this helps to keep down the cost of living for Scots.

12. The Scottish Government has rightly described a 'costs emergency' affecting both households and businesses. Indeed, retailers are facing a plethora of cost increases including for energy and global commodities, supply chain and freight

bottlenecks, and tax increases. As such, the Scottish Budget should seek to support consumer spending and keep down the cost of doing business. In a short submission to Scottish Ministers earlier this week on its 'emergency budget review' the SRC put forward several suggestions:

- An approach to income tax that supports consumer spending
- Consider expanding Scotland-wide the shopper stimulus scheme that Glasgow has introduced for less-well off households
- Consider expanding the Best Start Foods scheme
- Put a pause on workplace parking levies
- Review the devolved regulatory burden

Q4. The Spending Review identifies key areas of reform over the lifetime of the Parliament to support its priorities in the Spending Review, including delivering efficiency savings across the public sector. How should the Scottish Government approach each of these areas to achieve efficiencies while also maintaining effective public services?

- digitalisation
- maximising revenue through public sector innovation
- reform of the public sector estate
- reform of the public body landscape
- improving public procurement

13. It matters profoundly that Scottish Ministers succeed in reducing the cost of government, as set out in the Scottish Spending Review, otherwise taxes might rise and the recovery and economic growth be held back. Ministers may wish to consider whether savings might accrue from reducing the number of local authorities, rates assessors, quangos, and planning authorities. There certainly seems little case for expanding the number of public bodies in the current climate, for example a new circular economy public body as mooted in the Circular Economy Bill consultation.

Q5. How effective do you think these reforms will be in delivering efficiency savings in the Scottish Budget 2023-24, and beyond? If you have additional or alternative priorities for achieving efficiencies (for example within your public sector area), please provide details.

14. It matters profoundly that Scottish Ministers succeed in reducing the cost of government otherwise taxes might rise and the recovery and economic growth be held back. As indicated above, Ministers may wish to consider whether savings

might accrue from reducing the number of local authorities, rates assessors, quangos, and planning authorities. There certainly seems little case for expanding the number of public bodies in the current climate, for example a new circular economy public body as mooted in the Circular Economy Bill consultation.

Q6. What impact will the Spending Review priorities have on the delivery of national outcomes in the National Performance Framework?

15. There is a continued need for investment to focus on delivering productivity increases within the economy. The current approach to apprenticeships funding doesn't deliver what is needed for the retail industry, in particular those firms which pay the Apprenticeship Levy should be able to receive a reasonable return on that spend through the skills system e.g. through the flexible workforce development fund.

Q7. How should the Scottish Government target spending in its budget to achieve net zero targets?

16. The retail industry's 'Net Zero by 2040' roadmap was unveiled in November 2020. Eighty four member firms are publicly signed up to the roadmap and it is available at: <https://brc.org.uk/campaigns/climate-action-roadmap/>

17. BRC colleagues are developing policy recommendations for UK Ministers on stimulating retailers' use of green vehicles and boosting sales amongst consumers of energy saving materials. We can share these with the Committee once finalised.

18. We note that a key theme of the new Scottish Retail Strategy is to do with net zero, and the industry will be supporting that through its participation in the new retail Industry Leadership Group.

Q8. How has the Scottish Government reflected its commitment to fiscal transparency in the Spending Review and how can it best ensure that spending in the Budget 2023-24 can be properly identified and tracked?

No comment.

Written Submission from UNISON Scotland

Introduction

UNISON is Scotland's largest trade union with more than 150,000 members across the public, private and voluntary sectors. More than three quarters of our membership are women. Members are also service users and tax payers and because of this unique position are well placed to inform the policy making process. Using UNISON's democratic structures, we are able to collate and analyse members' experiences to provide evidence to inform the policy making process. We therefore welcome the opportunity to give evidence to the Finance & Public Administration Committee regarding Scottish public finances and the impact of the cost of living crisis and of public service reform. We appreciate this response covers a great deal of ground – but given the funding and staffing crises besetting public services together with the expressed determination of the Scottish Government to cut jobs and demand year on year cuts from public bodies, we feel the need to give the committee as comprehensive a picture as possible.

Background

The Committee said it is focusing on three areas from the Scottish Government's Resource Spending Review: proposals for public service reform; impact of the cost of living crisis on the Scottish Budget 2023-24; and how spending priorities might affect the delivery of national outcomes. UNISON Scottish Secretary Tracey Dalling warned in her initial response to the spending review that the proposals, including a threat to 30,000 jobs, will have "catastrophic consequences for Scotland's communities."⁵ The financial stringencies until 2026-7 come on top of years of public services being cut to the bone, particularly in local government and in the NHS, with the pressures on services and staff clearly apparent before the COVID 19 pandemic.

Since Finance Secretary Kate Forbes announced the Scottish Government spending plans and priorities in May, the financial pressures on the general public and on public services have escalated even further than recent predictions, with soaring fuel and energy price costs and inflation at a 40 year high all making it incredibly hard for the most vulnerable to feed themselves, let alone hope to stay warm this winter.

Meanwhile hard pressed workers across Scotland and the UK are having to take strike action over scandalously low pay offers in the public sector and more widely⁶.

UNISON has worked with other unions, UK wide through the TUC and here with the STUC, on cost of living campaigns calling for more help, especially for the most vulnerable, through this rapidly escalating crisis, widely rightly described as on the

⁵ <https://unison-scotland.org/this-is-a-desperate-day-for-public-services-that-will-have-catastrophic-consequencesfor-scotlands-communities-says-unison/>

⁶ <https://leftfootforward.org/2022/08/full-list-of-all-the-upcoming-strike-dates/>

scale of the pandemic. We face a convergence of crises as we seek to emerge from the impact of COVID and as the urgency of the climate emergency increases, with major improvements needed on the COP26 Glasgow Pact if we are to limit global temperature rise to 1.5C, in ways that deliver a just transition. Inequalities are at the heart of these crises and fair work is an essential part of the solutions.

Our members including in health and in local government, in higher and further education and the community and voluntary sector and beyond, deserve quality pay rises that take account of inflation and the cost of living crisis. They and other key workers kept vital services going through the pandemic. But the doorstep claps have turned to cold shoulders and pay cuts, while there is no shortage of money for city workers⁷ or for chief executives, including energy bosses⁸ and the energy companies rake in billions in profits.⁹ No wonder our health members are balloting for strike action for the first time since devolution, while in local government we have some strike dates already announced, with more to come.

Our focus

UNISON's priority areas of focus in this response are:

- the cost of living crisis – in particular with regard to public service pay and political choices now
- the National Care Service (Scotland) Bill - we will make some key points here, in particular how the plan to take out up to 75,000 jobs from local government adds to the aforementioned threat to jobs and has a massive impact on the very future of local government – an existential threat, with attendant local democratic accountability implications; we also highlight the urgent need to set up sectoral collective bargaining for social care
- Spending priorities and political choices (Please also see our other responses, including to the Health, Social Care and Sport Committee, and our forthcoming responses to consultations specific to the NCS.)

Ms Forbes said in her Resource Spending Review introduction¹⁰ that “the outcome should be lower levels of child poverty, a faster growing economy, continued progress on our journey to net zero, stronger public services and crucial support for households and businesses during a time of extraordinary economic pressure.” We warn here that to achieve those aims, urgent emergency measures are needed on the cost of living and public services must not be expected to make further cuts, especially when demands are increasing. A top priority in the current crisis must be that public service workers receive decent pay rises, not well below inflation offers that are effectively significant pay cuts.

⁷ <https://www.theguardian.com/business/2022/aug/08/city-workers-get-double-digit-wage-rises-while-lowestpaid-see-1-increase>

⁸ <https://www.theguardian.com/business/2022/may/11/ten-biggest-north-sea-oil-and-gas-bosses-pay-rises-to-54m>

⁹ <https://www.theguardian.com/business/2022/aug/02/big-oil-profits-energy-bills-windfall-tax>

¹⁰ <https://www.gov.scot/publications/investing-scotlands-future-resource-spending-review/pages/1/>

Cost of living crisis – overview

Committee members will be well aware of the shocking energy price rises, forecast to put the average annual bill potentially above £5,000 from January.¹¹ This is combined with a record pay slump, the highest inflation in 40 years and the tragically high need for foodbanks already, before energy bill forecasts went through the roof.

The fact that councils and churches and other organisations are considering providing ‘warm banks’¹² this winter is a dreadful sign of what may be to come, yet we live in one of the richest countries in the world. First Minister Nicola Sturgeon showed that she appreciates the scale of the problem, in warning lives are at risk and that almost a third of Scots face extreme fuel poverty.¹³ She is right to pressure the UK government for action, particularly given the shocking inaction and the absentee disgraced Prime Minister, while the Tory leadership candidates attempt to outdo each other in moving ever further to the right. However, Ms Sturgeon’s yet to be decided emergency budget review measures¹⁴ must seek to make an impact with all that her government can do. We make some suggestions on cost of living and other key areas in this response. UNISON has also joined with others on calling for the Scottish and UK governments to act, including the call to the First Minister on 15 August to double the Scottish Child Payment bridging payments to struggling families¹⁵. The Joseph Rowntree Foundation, TUC & 70 charities & community organisations also called energy price rises a “national emergency” and urged Liz Truss and Rishi Sunak to give more support in tackling the “gravest issue” the UK faces. We will be at the march and rally outside the Scottish Parliament on 8 September with STUC sister unions saying that ‘Scotland demands a pay rise’. And UNISON is lobbying with the TUC at Westminster in October. Trade unions will stand up for workers throughout this crisis and we welcome support from those politicians who will stand with us to prioritise key anti-poverty measures.

As Roz Foyer, STUC General Secretary, said at the STUC/Poverty Alliance cost of living summit in June: “Poverty is a political choice. The pandemic has exposed the deep-rooted inequalities across Scotland, exacerbated by a cost-of-living crisis not of workers’ choice nor making. We cannot – and will not – be held responsible for the negligence of our political class in their failures to tackle rising inflation coupled with falling wages. This summit, the largest seen in Scotland on this crisis, calls for the Scottish Government to go further, using the powers of the parliament to mitigate this emergency. Their recent spending review plans to foist harmful cuts on our public services is utterly incompatible with the response needed to help those impacted by this crisis. Whilst the UK Government are still firmly within our sights...we will be

¹¹ <https://www.ft.com/content/048c0271-75d3-4d4e-9a00-e8fd0bf62691>

¹² <https://www.dailyrecord.co.uk/news/scottish-news/thousands-scots-face-being-left-27619755>

¹³ <https://www.scotsman.com/news/politics/nicola-sturgeon-warns-a-third-of-scottish-households-face-extremefuel-poverty-3802671>

¹⁴ <https://www.gov.scot/news/taking-action-on-cost-emergency/>

¹⁵ <https://www.dailyrecord.co.uk/news/politics/nicola-sturgeon-urged-do-right-27737477>

unrelenting and unapologetic in our resistance to this crisis until further action is taken.”¹⁶

Cost of living crisis - pay

Putting more money in people’s pockets has to be an immediate focus - as well as whatever is done to freeze or cut/mitigate the coming energy and other price rises.

The Office for National Statistics said on 16 August that average real-term pay, excluding bonuses, fell by 4.1% (on CPI figures) in the year to the quarter April-June.¹⁷ ¹⁸ This is the highest fall since 2001, when such comparable records began, and the ninth consecutive month on month fall - while CPI inflation reached a 40 year record in July of 10.1%, confirming predictions it will hit 11% before long. Huge inequalities persist. A study earlier in August found the top earners, such as city workers, had pay rises of 10%, with the lowest paid at 1%.¹⁹ Meanwhile, the richest get richer again, with company bosses, who often expect workers to accept peanuts, taking massive pay rises themselves. It is morally wrong to have energy company bosses on multimillion pound pay, with their firms profiteering massively during a crisis that sees ordinary people yet again expected to shut up and pay up a huge proportion of their income for power and heating. The Institute for Fiscal Studies showed in August that the poorest fifth of households face eye watering inflation rates of almost 18% in October.²⁰ As our briefing on inflation and inequality noted in June, those with least pay a much higher proportion of their incomes on energy and food.²¹

Our NHS pay claim, with other health unions, asked for an above inflation pay award.

We also sought to look at other aspects of working in the NHS which have an impact on take home pay such as: ensuring banding outcomes reflect job content; rewarding additional hours fairly; preventing burnout by limiting excess hours; supporting progression and career development and encouraging NHS Scotland employers to use recruitment & retention premia (RRP) to recruit and retain staff where shortages are a risk to staff wellbeing and quality of care. In local government, the pay claim, also with other unions, included calling for a £3,000 flat rate increase, a minimum rate of pay of £12 per hour, payment of SSSC and all other professional fees, agreement that all allowances in future are automatically uprated in line with October inflation rates and agreement of home/hybrid working guidance that

¹⁶ <https://stuc.org.uk/media-centre/news/1658/stuc-and-poverty-alliance-national-summit-on-cost-of-living-crisis>

¹⁷ <https://www.bbc.co.uk/news/business-62550069>

¹⁸ <https://www.tuc.org.uk/news/tuc-calls-ministers-get-pay-rising-real-wages-fall-again>

¹⁹ <https://www.theguardian.com/business/2022/aug/08/city-workers-get-double-digit-wage-rises-while-lowestpaid-see-1-increase>

²⁰ <https://ifs.org.uk/publications/16150>

²¹ <https://unison-scotland.org/wp-content/uploads/Inflation-inequality-Briefing-119-June-22.pdf>

provides appropriate recompense for expenses incurred, and completion of an agreed review on how we achieve a no detriment reduction in the working week.

Our members do not want to strike but refuse to be treated so appallingly. More than half of council workers earn less than £25,000 annually. Some groups of our local government workers in waste and recycling, schools and early years are now set to take strike action with sister trade unions Unite Scotland and GMB Scotland. Bizarrely both the Scottish Government and COSLA believe the August pay offer, up from just 2%, is not good enough but they have failed to work together to improve it sufficiently. UNISON Scotland head of local government Johanna Baxter said in rejecting the “derisory” 3.5% offer – less than offered to local government workers in England and Wales and Northern Ireland - that members are fed up at being used as a political football between the two. All these hard working staff want is to be rewarded properly for the ‘above and beyond’ work they do. No-one wants the widespread disruption strike action will cause. The Scottish Government and COSLA are failing not just the workers, but the wider communities. The Scottish Government must provide more funding to councils overall, as well as for pay.

Putting money in workers’ pockets is good for them, their families and for communities and the local economy. It is a win win decision but for far too long private greed and austerity policies have been put ahead of public need, with devastating effects on communities and the public services they rely on. We highlight this because it is the backdrop to the crises we face now and the anger among workers that the lowest paid are constantly asked to pay the highest prices. In many previous submissions to parliamentary committees, and in our Damage reports²², we have highlighted the impact of cuts on a range of different services, as well as the overall damage. The Committee would find a good summary in our submission to the then Local Government and Communities Committee in 2019, on the long term sustainability of local government.²³ It warned that without action to tackle equal pay, without an agreed replacement for the council tax and new tax powers for local authorities and investment in adequate funding for services, local government is financially unsustainable. We said then that: “There is also a real risk that this layer of democracy will become an administrative arm of central government.” The pressures have clearly worsened and with the proposed changes with the National Care Service impacting so heavily, there is a real existential threat to how local government functions in Scotland, with all the democratic accountability implications. In terms of this cost of living crisis, local government really matters in planning proper support for those most in need, as it did for COVID work and as it will for assisting in the just transition to net zero, as it always does in providing quality essential services in communities across Scotland.

In health, as the Committee will know, our members have also been driven to ballot for strike action. The initial consultative ballot saw 83% rejecting the current 5% pay

²² <https://unison-scotland.org/campaigns/public-works/damage/>

²³ <https://unison-scotland.org/pre-budget-scrutiny-long-term-financial-sustainability-of-local-government/>

offer and backing industrial action. NHS workers see the hypocrisy of praise for their commitment, particularly risking lives during the pandemic, as if in a front line on a war for many, yet still no proper reward and appreciation of that. Fine words mean little when staff are expected to take pay cuts on the chin in a major financial crisis.

They are not having it. We ask the Committee to urge the Scottish Government to significantly increase its offer to avoid strikes taking place as the annual winter pressures hit the NHS, likely to be alongside a further wave of COVID 19. The staff who would be expected to deal with another COVID crisis this winter, on top of heavy workloads and staff shortages and immense resource and waiting list pressures deserve higher pay now.

Matt McLaughlin, Head of Health for UNISON Scotland, and Wilma Brown, Chair of our Health Committee, urged the First Minister to intervene. In a joint letter to Nicola Sturgeon, they pointed out that members have stepped up in a crisis time and time again, but have to continually work against a backdrop of ongoing staffing shortages and below inflation pay awards. They said: “The current cost of living crisis and Government’s failure to react positively to increased costs is the final straw.”

It is important when looking at pay, that the other impacts on staff wellbeing and financial circumstances are taken into account too, with support where required. Staff across public services who receive mileage payments clearly should be helped with such high fuel prices. Social care staff have reported specific pressures on this, when they are already some of the lowest paid public service workers. It is not right and Ms Sturgeon’s emergency budget review must look at this urgently, along with a full range of issues and potential support. One thing that must happen is a further extension of the Social Care Staff Support Fund. It would be entirely wrong to close this down just as we expect a further rise in COVID cases this winter, when short staffing in health and social care could be even worse without staff having access to proper sickness support. Public contracts ought to specify this as part of conditions for contracts. In the meantime, this fund must be continued at a time of ongoing crisis. Similarly, Long COVID support must be in place for workers.^{24 25} We urge employers to sign up for the COVID Safety Pledge, promoted by, among others, the STUC and Independent Sage.²⁶

Cost of living crisis – energy

UNISON has welcomed UK Labour proposals to freeze energy prices, with a further windfall tax on energy companies. General Secretary Christina McAnea said the

²⁴ <https://www.unison.org.uk/news/article/2022/07/employment-tribunal-classes-long-COVID-as-a-disability/>

<https://www.unison.org.uk/content/uploads/2022/05/Bargaining-to-support-those-who-have-long-COVID-v4.pdf>

²⁵ <https://www.tuc.org.uk/research-analysis/reports/COVID-19-occupational-disease>

²⁶ <https://stuc.org.uk/media-centre/news/1655/safety-pledge-for-COVID-safe-workplaces>

plans were “a positive start”²⁷ and that without emergency action families and households, particularly those on low wages, might never recover from the coming “disastrous” energy price hikes.

UNISON has long called for the retail arms of the big six energy companies to be nationalised.²⁸ The TUC launched a report in July: A Fairer Energy System for Families and the Climate.^{29 30} It argued that public ownership of the energy retail companies would reduce bills, speed up energy efficiency improvements to UK homes and cut carbon emissions faster. UNISON Scotland has campaigned over many years with a range of groups including the STUC, the Existing Homes Alliance, Stop Climate Chaos Scotland and other groups calling for major energy efficiency programmes in housing. The STUC’s Our Climate Our Homes campaign³¹ calls for councils to set up municipal energy companies to upgrade homes. Action by the Scottish Government earlier on this and on the shamefully now abandoned plans for a Scottish publicly owned energy company could have helped in the current crisis.

In July the STUC and Just Transition Partnership welcomed the first report of the second Just Transition Commission, which lays out various measures for tackling climate change and helping the cost of living crisis, including ones that would urgently tackle fuel poverty and make renewal energy more affordable, including addressing price barriers for renewable sources.³² Polling carried out for the campaign We Own It shows huge support for nationalisation.³³ The charity said that more than three out of five members of the public, and a similar number of Conservatives, support public ownership of utilities.³⁴ We Own It said that a majority of people want energy, rail, buses, Royal Mail and the NHS to be run in the public sector, as well as water south of the border.

Scottish Water of course is publicly owned. (Though this has had to be fought for and defended and there are still issues of concern.)

It is important to stress that the intertwined crises of cost of living and climate mean that some decisions which might make short term apparent sense to some people, should be re-assessed with the climate emergency in mind. This certainly applies to funding being ‘given’ to energy companies, when instead they could be nationalised securing an asset for the future for people, not profit, helping to deliver the pathway

²⁷ <https://www.unison.org.uk/news/2022/08/energy-price-freeze-is-right-move-for-cost-of-living-pressures/>

²⁸ <https://www.unison.org.uk/news/2019/06/nationalise-big-six-create-green-army-help-uk-hit-net-zero-saysunison/>

²⁹ <https://www.tuc.org.uk/news/tuc-publishes-plan-cut-bills-through-public-ownership-energy-retail>

³⁰ <https://www.tuc.org.uk/sites/default/files/2022-07/Public%20energy%20public%20paper%20-%20web.pdf>

³¹ <https://stuc.org.uk/media-centre/news/1622/stuc-launches-campaign-to-upgrade-scotland-s-homes>

³² <https://stuc.org.uk/media-centre/news/1660/just-transition-government-must-act-on-decarbonisationrecommendations>

³³ <https://weownit.org.uk/blog/biggest-ever-poll-shows-huge-support-nationalisation>

³⁴ <https://morningstaronline.co.uk/article/b/most-people-support-public-ownership-of-utilities-even-tory-voterspoll-finds>

to net zero. (Meanwhile, UNISON's research published at COP26 called for a UK government commitment to massively step up investment as capital funding of £140 billion is needed for the public sector to meet vital decarbonisation targets.^{35 36})

At the time of writing this response, the First Minister was planning a summit with energy companies and consumer groups. By the time the Committee takes evidence, the pace of developments will have quickened and some actions promised or taken.

We hope members will look at the overall picture and argue for all the kinds of support we and other trade unions are flagging up and calling for, including with the Poverty Alliance and other charities, as highlighted above. Importantly, we would want all action to seek to reduce inequalities and ensure support for any groups who face particular impacts, for example disabled people with higher costs of living, those in rural communities who face higher fuel and energy and other costs, women on maternity leave fearful they cannot afford to take the leave they believe they and their babies need, support for refugees³⁷, etc.

Energy Action Scotland has warned lives are at definite risk³⁸, something the First Minister highlighted. Clearly action is needed to tackle specifics such as the higher rates paid by those on pre-payment meters and that bills should charge more the more energy you use after a basic rate for everyone. This would support those who use least or who work to improve their energy efficiency. (With suitable safeguards for, e.g., those with health and disability needs for higher heating/energy use.³⁹)

Cost of living crisis – free school meals

The Scottish Government has delayed extending free school meals to primaries 6 and 7 from August 2022.⁴⁰ This decision must be reversed and UNISON calls on ministers in the emergency budget review to extend free school meals to all school pupils as soon as this can be done, to help with the cost of living crisis. We have long argued for universal free school meals, but even if Ministers say they will do it, or a step towards it as a temporary measure to start with, that would potentially be a huge help to many low income families, alongside all the other benefits highlighted recently by the STUC Women's Committee campaign.⁴¹

³⁵ <https://unison-scotland.org/unison-report-getting-to-net-zero-in-uk-public-services/>

³⁶ <https://magazine.unison.org.uk/2021/11/08/unison-launches-its-blueprint-for-climate-friendly-public-services/>

³⁷ <https://www.scottishrefugeecouncil.org.uk/our-calls-for-increases-to-asylum-support/>

³⁸ https://twitter.com/EAS_Scotland/status/1559180625416003584?s=20&t=CDPJQRhYBH72-yereFt6Q

³⁹ <https://www.bbc.co.uk/news/uk-scotland-tayside-central-62469853>

⁴⁰ <https://www.bbc.co.uk/news/uk-scotland-62484841>

⁴¹ <https://www.heraldscotland.com/politics/20080503.school-meals-free-pupils-says-stuc/>
https://stuc.org.uk/files/FM_Free_School_Meals.pdf

National Care Service (Scotland) Bill – including threats to local government

The Committee wants to look at the impact of public service reform. We are particularly concerned about the scale of the impact of the proposals in the National Care Service Bill on local government, given the massive implications and impact on potentially moving up to 75,000 social work and social care staff out of local government. Indeed, we argue that this Bill effectively seals the fate of local authorities as a tier of government. It is the most outright and comprehensive assault on local government in a generation, the end of local democratic control of social services. There are other consultations ongoing on the Bill, but we believe it is important to highlight some of the key issues here as they have profound implications for the future delivery of social work services and for social work staff. The proposals have major financial implications, including on the jobs, pay and conditions of staff at the time of the massive cost of living crisis. Similarly, the discussions around sectoral collective bargaining in social care are directly relevant to that as we seek to improve the pay and terms and conditions of those staff. We argue the new collective bargaining ‘machinery’ should be set up urgently, especially given the recognition of the very serious scale of the likely impact of the cost of living crisis. Social care workers are amongst the lowest paid staff in Scotland and we urge the Committee to call on Ministers to instruct negotiators to come to the necessary agreements in joint negotiations with the trade unions so that implementation can start in the near future, well before the establishment of the NCS.

On the substantive Bill, firstly we wish to stress that the First Minister’s claim that the establishment of the National Care Service is on a par with the establishment of the NHS is a sham. UNISON has three recent briefings: on the Bill itself, on social work implications and on local government implications, which together spell out clearly why this is in no way a valid comparison with the current plans for the NCS.⁴² The Bill, published on 21 June, confirms that what the Scottish Government calls a ‘National Care Service’ is the current system with added ministerial oversight and some national standard setting. We are deeply opposed to it locking in social care as a commodity in a market rather than a public service for citizens. See also the STUC report ‘Profiting from Care’.⁴³

We referred to up to 75,000 jobs potentially moving out of local government. Essentially, the proposals involve two options. One transfers their employment to the National Care Service, where new Care Boards may take over direct delivery of social work services, with staff transferred under TUPE. Social workers would continue providing social work services, but under the direction of, and accountable to, Scottish Ministers rather than the local authority/Health and Social Care

⁴² <https://unison-scotland.org/national-care-service-bill/>
<https://unison-scotland.org/wp-content/uploads/NCS-Bill-Social-Work-e-briefing.pdf>
<https://unison-scotland.org/local-government-and-the-national-care-service/>

⁴³ <https://stuc.org.uk/files/Reports/Profiting-from-Care-Report.pdf>

Partnership. Option 2 would see them remain a local authority employee, but where social work services are “currently provided in-house by local authorities, that may continue under a procurement arrangement with the care board.” This implies that councils will compete for contracts to deliver social work services.

The Bill will transfer statutory duties for social work from local authorities to Scottish Ministers, but these will sit with the local care boards who will also hold the funding.

A National Social Work Agency will be created within government as a unit within the NCS. The Agency will be responsible for workforce planning, training & development and for social workers’ pay, terms and conditions. Social workers will therefore be removed from local government pay bargaining arrangements. The Bill also provides for the transfer, along with staff, of the property assets associated with social work and care from local authorities to Care Boards.

These proposals have huge implications for decision making and accountability at local level, with the potential loss of local priorities for provision of vital services best suited to be decided upon within the community, with joined up connections with other council services etc. And they have huge implications for social work and social care staff pay and terms and conditions, including potentially pensions. The details are in our briefings. This is a massive change and was not part of the original proposals.

We do not believe these impacts are widely known or understood. They are certainly potentially hugely detrimental to the social work staff we represent in councils and in the voluntary sector. They will, in our view, be detrimental to services in many key ways. We are currently consulting with our members, alerting them to the proposals and seeking their feedback. We ask the Committee to consider and question Ministers about the costs and disruption and risks involved, the impact on services and staff, and indeed whether this should be a priority at this time. Amid a social care and social work crisis very significant sums of public money and resources are being diverted into bureaucratic restructuring rather than meeting people’s needs. We profoundly disagree with the premise in the Bill that who provides social work and social care services makes no difference in terms of the quality of services provided to citizens and therefore no difference whether services are provided by councils, the private or the voluntary sector. The changes are intended to be in place by 2025/26. We are opposed to profit being part of care and believe most people agree. We urge the Committee to support publicly run and delivered social services and argue against this major attack on local democracy. Members should also note that there are already serious cost concerns about the additional £840m for social care announced in the spending review and intended to deliver the 25% uplift over the lifetime of this parliament tied to the cost of establishing the NCS. This is already regarded as underestimating the costs of delivering the Feeley Review recommendations, without even considering the needs within social work – a service which is also in crisis, underfunded, understaffed and undervalued.⁴⁴

⁴⁴ <https://socialworkscotland.org/reports/settingthebar/>

On social care bargaining, we request an urgent firmer public commitment to sectoral collective bargaining and to establishing the mechanisms as soon as possible in the coming months.

Spending priorities and political choices

As UNISON Scottish Secretary Tracey Dalling and STUC General Secretary Roz Foyer said in responding to the spending review, the various drastic consequences we foresee are the result of deliberate political choices by the Scottish Government. We hope the Committee will urge Ministers to make much better choices, prioritising support for pay rises and real investment in public services.

As well as the range of spending options highlighted above, we would urge the Scottish Government to reconsider the strict spending cuts/‘efficiency savings’ being imposed in the coming period. These are looking to ‘trim fat’ where there is scarcely anything left to trim. They will mean some essential services will not be provided, on top of what we already see, with reduced leisure and library hours in many areas,

NHS waiting time limits regularly surpassed and staff across public services expected to carry heavy workloads, exacerbated through staff shortages and sickness absence, itself impacted on by the heavy workloads while COVID infection rates have still been at very high levels this summer. Police and fire and higher and further education all receive 9% cuts, which will hit these services hard, with none of the demands on them reducing and many increasing, such as responses to increased extreme weather events by the emergency services.

In further education, UNISON is deeply concerned at the ‘flat cash’ settlement, particularly at a time of rapidly escalating non-pay costs for employers, alongside workers justifiably demanding that their real terms pay be protected. We of course welcome the significant resource committed to pay harmonisation in Scotland’s colleges. We are working with employers to deliver what the lecturers already have

– equal pay for work of equal value sector-wide. We welcome continued support from the Scottish Government and Scottish Funding Council for successful completion of this crucial project. However, we completely oppose any further attempts to cut jobs from the college sector. We have already seen forced closures of nurseries and catering facilities on spurious grounds, with good, union jobs lost and services permanently diminished for students and local communities. FE is by some distance the worst funded education setting per head. Our call for fair funding isn’t just about our members. College students are disproportionately working class, and colleges are closely involved in low-income communities all over Scotland. The Scottish Government must assert its no compulsory redundancies policy when colleges threaten CRs to secure ‘voluntary’ severance.

Higher education too has an inadequate funding settlement. The Scottish Government cannot expect these major, strategically vital employers to rely on international student income for institutional stability and service delivery. As geopolitical tensions rise in an increasingly volatile world, policymakers need to be prepared for the possibility of significant hits to international student income. While universities are autonomous, they could not operate without funding from the Scottish Government, through the Scottish Funding Council. That should come with much more serious conditions related to Fair Work, as we have seen these largely public organisations get away with egregious treatment of their staff in recent years. The recurrent (possibly unlawful) imposition of disputed pay offers, attempts to abolish local pensions for support staff (University of Dundee) and the grim inequalities of wealth and power on Scottish campuses should be addressed in a much more serious fashion by a Scottish Government serious about Fair Work and a just society.

We have covered some of our main concerns for local government and social care in sections above, so will first make some specific comments on health and social care in this section, then on an emergency rent freeze, on climate action and some examples of other political choices that could raise some funds to help improve the spending options, particularly to support much needed pay rises.

The Scottish Government says in the spending review that health and social care will have a real terms 0.6% annual increase over the coming four years. However, NHS Scotland's Chief Executive Caroline Lamb recently reported they have been told to make an extra £770m in savings for this financial year. We do not believe NHS funding is being protected. Indeed, there is still a massive and ongoing impact from COVID on top of other pressures on beds, with a number of health boards, including the biggest, NHS Greater Glasgow and Clyde, recently again issuing warnings such as that people should not attend accident and emergency unless for very urgent or life threatening conditions.⁴⁵ NHS Lanarkshire said at the end of July it was operating at "beyond critical occupancy levels" across its three acute hospitals.⁴⁶ NHS Lothian on 17 August issued a similar critical warning for A&E.⁴⁷

As well as the drastic pressures on staff in such conditions, many of whom have worked under intensive stresses since at least the start of the pandemic, the risk to patient welfare is considerable, with lengthy A&E waiting times and ambulance delays⁴⁸ undoubtedly impacting on health outcomes.⁴⁹ We will provide more detail in our response to the Health, Social Care and Sport Committee. Matt McLaughlin, UNISON Head of Health, says that with massive short staffing across all disciplines, predating COVID, "plans to reduce the treatment backlog are at serious risk of failure

⁴⁵ <https://www.dailyrecord.co.uk/news/scottish-news/scotlands-largest-health-board-tells-27411323>

⁴⁶ <https://www.nhslanarkshire.scot.nhs.uk/risk-level/>

⁴⁷ https://twitter.com/NHS_Lothian/status/1559948269882589185?s=20&t=bOsSuqR4wEenrain6Xfilg

⁴⁸ <https://www.dailyrecord.co.uk/news/scottish-news/scots-gran-broken-hip-stranded-27741660>

⁴⁹ <https://www.dailyrecord.co.uk/news/scottish-news/forth-valley-nhs-apologises-emergency-27584168>

unless significant additional funding is found to increase estate (beds/theatres) and staff capacity.” Our members and NHS Boards across Scotland are reporting dangerous low staffing levels in all areas. This is not COVID. Outwith the peak, COVID rates amongst NHS workers have been relatively small (typically around 0.5-1%) or at worst consistent with community infection rates. It is scandalous that when NHS Boards cannot recruit and retain staff, they are forced to buy in services from nursing and other agencies – a self-made crisis with nurse agency spending at an all time high of £236m in 2021, on course for similar or higher in 2022.

While there might be an argument in support of a limited use for private agencies and bank nursing to supplement staffing during periods of extremis, reliance on them is now the norm. (See point 11 on p14.) With some agencies paying up to £99 per hour⁵⁰ it is little wonder some nurses are considering leaving to work for agencies.

The current funding proposals will certainly not meet demand pressures in areas such as NHS pay, drug costs and demographic pressures. For NHS Greater Glasgow and Clyde, a 1% inflation increase equates to an extra £5m of costs. Increases to utility bills will be likely to have an even bigger impact. The NHS recruitment and retention problems will not be helped without a significantly improved pay offer.

Turning to rent as an area for better political choices and action, Ministers could act to bring in an emergency rent freeze as proposed by Mercedes Villalba MSP in June, supported by Labour, but inexplicably voted down by the SNP, Greens, Tories and Lib Dems.⁵¹ Her work with Living Rent on this was supported by among others the STUC and Govan Law Centre. The Scottish Government’s emergency budget review should implement this.

Climate action has to be a priority and is identified as such in the spending review.

However, we want to see much more done on retrofitting homes to high EPC C standards, ideally through municipal energy companies⁵², as well as greater support for municipal bus companies. The current cost of living crisis also merits looking at options for free or reduced cost public transport schemes. We are members of the Just Transition Partnership, along with the STUC, environment organisations including Friends of the Earth Scotland and some other trade unions. As noted above on energy and cost of living, the STUC, with FoES in the JTP, recently commended the new Just Transition Commission’s first report, which proposes action in areas such as energy, transport and buildings, aiming to close the

⁵⁰

https://tnssng.fra1.digitaloceanspaces.com/sngltd/wp/wpcontent/uploads/2021/12/SNG_Scotland_NI_Pay_Rates_from_Dec_2021.pdf

⁵¹

<https://twitter.com/LabourMercedes/status/1541854226103549954?s=20&t=pIN0eW88AeKsvhzOaDvO5Q>

⁵² <https://stuc.org.uk/media-centre/news/1622/stuc-launches-campaign-to-upgrade-scotland-s-homes>
https://stuc.org.uk/files/campaigns/Homes/Our-Homes_briefing.pdf

investment gap and deliver a better deal for workers, including tackling inequalities and working for a global just transition. We believe clearer political funding choices have to be made to enable this transition at speed. We support the response to this Committee from Stop Climate Chaos Scotland⁵³ and urge Committee members to call for a simple, practical and effective move the Scottish Government could take that has small financial implications but we believe would deliver major benefits across all sectors: a strong recommendation to employers to grant facility time to workplace green reps, in the way that health and safety reps have statutory facility time. This would assist not just with green workplace action on emissions reduction, but also on crucial adaptation work, as identified in the new resources for trade unionists produced in a joint project with the STUC, Adaptation Scotland and UNISON.⁵⁴

Doing things differently

Finally, we are often asked in what ways Scottish Ministers could raise money, or switch spending priorities or make savings. This is a short, by no means comprehensive, series of suggestions of where and how the Scottish Government could find more money for public services and those who provide them. We offer them not to suggest they form a complete solution to spending issues – but as an indication of the kind of thinking that needs to be done to rescue public services from their current overlapping crises. It has to be said that neither creativity nor dynamism in respect of funding has been a feature of the Scottish Government’s work. The Scottish Government has, albeit within limits, considerable powers to raise funds and change funding mechanisms. Instead, it has been more typical of Ministers to boast of their decisions not to raise revenue. Regardless of whether or not this was ever a wise or effective course of action, it cannot be tolerated now as public services buckle under pressure. Boasts about low tax rates are attacks on public services and those who deliver them.

In no particular order, we would highlight the following:

1) ending or reducing the Scottish Government Small Business Bonus Scheme, which has cost well over £2bn in the 13 years it has been in place offering non-domestic rates relief to small businesses. A recent Fraser of Allander Institute investigation “could find no empirical evidence that identifies the SBBS as supporting enhanced business outcomes.”⁵⁵ However, the researchers were only working with limited information.

⁵³ <https://www.stopclimatechaos.scot/wp-content/uploads/2022/08/SCCS-submission-to-FPAC-pre-budgetscrutiny-FINAL.docx-1.pdf>

⁵⁴ <https://www.adaptationscotland.org.uk/how-adapt/tools-and-resources/climate-risks-workplace-protectingworkers-changing-climate>

⁵⁵ [https://fraserofallander.org/an-evaluation-of-the-small-businessbonusscheme/#:~:text=The%20Small%20Business%20Bonus%20Scheme%20\(SBBS\)%20offers%20a%20no%2D,this%20relief%20for%20qualifying%20properties](https://fraserofallander.org/an-evaluation-of-the-small-businessbonusscheme/#:~:text=The%20Small%20Business%20Bonus%20Scheme%20(SBBS)%20offers%20a%20no%2D,this%20relief%20for%20qualifying%20properties)

- 2) If the rates for Land and Business Transactions Tax were adjusted to increase revenue, even by as little as 10%, this would raise an extra £40m on top of current revenue of only £402m.⁵⁶ This is an absurdly small tax when the value of the residential sales market alone was £18.5 billion in 2020-21.⁵⁷
- 3) Increasing the Additional Dwelling Supplement – the LBBT charged on second or third or buy to let homes – by 2% to 6% would raise another £56m.
- 4) An IPPR Scotland report last year indicated that reducing the threshold for higher income tax to £40k (from the current £43k) would raise £690m. This was described as a ‘social renewal supplement’ on higher earners in Scotland.⁵⁸ NB: there are implications for the Scottish Government budget from the pledges by the Tory leadership/Prime Ministerial candidates to cut taxes, discussed in detail in this report from the Fraser of Allander Institute.⁵⁹ It points out that UK Government tax cuts could force the Scottish Government to choose between having lower income taxes for most in a supposedly fairer tax system than in the rest of the UK, or “emphasising the merits of a relatively higher tax burden for public services.”
- 5) increasing the landfill tax from the current UK level.
- 6) Pursuing a solution with the UK Government to Scotland raising the Air Departure Tax above the UK equivalent Air Passenger Duty. (Scotland would only receive the increased amount, due to adjustments to the block grant for the rest.) Any action is seemingly being held up by trying to work out how to stop Highlands and Islands airports being impacted, even though their flights are a tiny proportion of flights from Scottish airports.
- 7) Of course, local authority funding, as mentioned above, is a longstanding issue as the Scottish Government kicked replacement of the council tax into the long grass and imposed a nine year council tax freeze. Since 2016 the Scottish parliament has had the ability to levy any tax it wants provided the money is used to fund local government. But there is no indication that, if they organise the promised Citizens Assembly to draw up proposals to replace the council tax, any legislation would come before the 2026 election. A new system is definitely needed as council tax is currently only about 13% of council funding. BUT it is entirely possible and do-able quickly, for the system to be made more progressive, with more bands and with bills increased for the most expensive properties. To give just one example – an increase of just £100 per property for the most valuable 25% of properties in Scotland (Bands FGH) would net £69m. More could be raised from the ~144,000 properties in Scotland with a median price of more than half a million pounds.⁶⁰

⁵⁶ <https://revenue.scot/sites/default/files/2021-12/Revenue%20Scotland%20Devolved%20Taxes%20Account%20Annual%20Report%202021.pdf>

⁵⁷ https://www.ros.gov.uk/__data/assets/pdf_file/0019/189001/Property-Market-Report-2020-21.pdf

⁵⁸ <https://www.ippr.org/files/2021-03/btb-briefing-1-march-2021-final.pdf>

⁵⁹ <https://fraserofallander.org/income-tax-proposals-in-the-conservative-leadership-campaign-implications-for-thescottish-budget/>

⁶⁰ Estimates derived from <https://www.ippr.org/files/2021-04/better-than-before-how-local-tax-reform-can-help-pay-for-recovery.pdf>

8) A local inheritance tax could be introduced using local tax powers in Scotland, provided the revenue went to local government. A local inheritance tax would be very progressive, given on most recent estimates, 20 per cent of adults in Scotland have zero or net-negative financial wealth, and 35 per cent of adults have zero or net negative property wealth.⁶¹ This could in effect lower the threshold in Scotland.

“Based on the value of estates over the last five years, a flat local inheritance tax, set at a marginal tax rate of 10 per cent, paid above a threshold of £36,000, could raise around £200 million per year in Scotland (assuming no behavioural changes and assuming no local inheritance charge on transfers to spouses or civil partners as per existing UK inheritance tax).”⁶²

9) Tourism taxes are widely used throughout the world. A promise was made in the programme for Government 2019 to consult on and legislate to allow councils to levy tourist taxes was made – a consultation has taken place but nothing since

10) Land value uplift taxes could be introduced, bringing in a new system of land value capture so that a significant proportion of the uplift in land value from major public infrastructure works is made available to councils to invest in infrastructure and public services⁶³. Legislation to allow councils to buy land for housing at its existing use value would make housebuilding budgets go significantly further.

11) In the NHS, improved workforce planning could save the money spent on the very high numbers of bank and agency nursing and midwifery staff. Prior to the pandemic the numbers had risen for ten years. In 2018/19 there was a 10.9% increase in the use of agency staff at a total cost of £26.2m. Overall numbers of these bank and agency staff combined that year equated to approximately 5,000 ‘average’ WTE.⁶⁴

Conclusion

There are many things that the Scottish Government can do to assist with the cost of living crisis, as well as putting pressure on the UK government to respond effectively and urgently. We believe that the Resource Spending Review plans and some of the proposals for the National Care Service put public services under considerable threat. We urge the Committee to recommend that Ministers act on all the issues we have raised, in particular on pay, on collective bargaining for social care, on free school meals, and in further urgent practical financial support for the most vulnerable, wherever this can be done. Further innovative ideas and initiatives to offer support could also contribute to helping families, even where each alone may

⁶¹ <https://www.resolutionfoundation.org/publications/taking-stock/>

⁶² https://www.ippr.org/files/2019-09/1568730565_local-tax-in-scotland-sept19.pdf p24

⁶³ https://www.landcommission.gov.scot/downloads/5dd6a24c0c1d6_Land-Focus-Land-Value-Capture-May-2018.pdf

⁶⁴ <https://www.isdscotland.org/Health-Topics/Workforce/Publications/2019-06-04/2019-06-04-Workforce-Report.pdf>

not seem to make a major impact. Something as simple as free period products, which Scotland has pioneered, can make a big difference to those on low incomes.

UNISON, as part of and with the trade union movement, will be watching closely what politicians do and don't prioritise and will be campaigning for transformative action that will make a real difference to our members lives and that will indeed save lives and livelihoods. We must tackle the immediate crisis and secure the funds for the just transition to save the planet from catastrophic runaway climate change.

UNISON Scotland
August 2022