

Rùnaire a' Chaibineit airson Ionmhas agus na h-
Eaconamaidh
Cabinet Secretary for Finance and Economy
Ceit Fhoirbheis BPA
Kate Forbes MSP



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Clare Adamson MSP
Convener
Constitution, Europe, External Affairs and Culture Committee
The Scottish Parliament
Edinburgh
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8 June 2022

Investing in Scotland's Future: Resource Spending Review Framework

Dear Clare,

As the Committee will have noted, the Scottish Government published 'Investing in Scotland's Future: Resource Spending Review' on 31 May. Accompanying this as part of the spending review, we also published a Resource Spending Review: Equality and Fairer Scotland statement and the Resource Spending Review Framework: Analysis of consultation responses. The documents can be found on the Scottish Government website at the following link:

[Resource Spending Review 2022 - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultation-papers/csp2022/)

As you will also be aware, we also published [The Outcome of the Targeted Review of the Capital Spending Review – Updated Spending Allocations for 2023-24 to 2025-26](#), and our [Medium-Term Financial Strategy 2022](#).

I would like to thank the Committee again for their detailed response to the Resource Spending Review Framework consultation, and I am grateful for your continued engagement.

I welcome the issues and points raised in the Committee's response and I set out below our response. The Resource Spending Review establishes the broad parameters within which the Scottish Government will operate over the rest of this parliament to 2026-27. It sets out a range of work that will require engagement with partners to take forward and it does not replace the annual budget process. This means that each portfolio, including Constitution, External Affairs and Culture, will be undertaking detailed planning in the coming months as part of the annual budget process. I therefore frame my response in this context. As such, we would welcome the opportunity to engage further as part of the pre-budget scrutiny process.

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Resource Spending Review priorities

The Resource Spending Review provides an overarching financial framework to support our focus on our key priorities of tackling child poverty, addressing the climate crisis, securing a stronger, fairer, greener economy, and delivering excellent public services as Scotland recovers from COVID. We must also continue to do what we can to alleviate the impact of the cost of living crisis, prioritising additional funds to help households in need.

The Constitution, External Affairs and Culture portfolio is committed to playing its part in achieving these priorities. With respect to its responsibilities, its vision is for Scotland to be a thriving, inclusive and entrepreneurial country, delivering a just transition to a net zero, nature-positive, wellbeing economy promoting health and wellbeing through access to culture, ensuring this is enjoyed by new and diverse audiences and future generations right across Scotland. We are also determined that Scotland should be a good global citizen, making a constructive contribution to addressing global challenges. We recognise the important role that the culture sector can play in health and wellbeing and will continue to provide funding to support these key areas.

Resource Spending Review funding will support investment such as:

- Scotland's culture and historic environment with investment of £925 million over the spending review, to ensure our diverse and world-class cultural scene and rich heritage continue to thrive
- Our International Development Fund, with an increase in funding to £15 million per year by the end of this spending review period to make a real difference to some of the world's poorest people.
- The expansion of our network of international offices by opening a new Scottish Government Office in Warsaw, increasing opportunities for policy exchange and Scotland's economic and cultural visibility.
- Investment in Major Events recognising the economic and broader policy benefits they can bring. This includes £14 million for the Cycling World Championships in 2023-24 financial year, bringing the total spend for these Championships to £30 million.
- Creative Scotland and our world class museums, collections and National Performing Companies.
- Delivery of a referendum on independence.

Background: changing demographics, increased demands on our public services and the Christie principles

As I set out in my statement to Parliament last week, the Resource Spending Review was undertaken at a time of economic and fiscal context volatility and constrained funding. This year's Medium Term Financial Strategy highlights the severe impact of rising inflation on the fiscal and economic outlook, the impact on budgetary pressures, and the consequent pressure on the delivery of public services.

I therefore welcome the Committee's recognition of our commitment to ensuring fiscal sustainability of public finances in the longer-term. The challenging outlook and by definition, the need to shift resources to our priorities to have the best impact for Scotland mean it is necessary to begin, in collaboration and through discussion, a journey of reform and efficiency to meet the most pressing issues facing Scotland over the medium-term.

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The Committee also notes the ‘ongoing severity of the impact of COVID on our public services’. The Spending Review has been undertaken at a time when we are absolutely still recovering from the Coronavirus pandemic. Covid has not gone away and there is still acute pressure on the NHS, on business and the wider economy.

The Spending Review seeks to balance the need to shift resources so we achieve greatest impact for our economy, environment and wellbeing, with the need to continue improving and strengthening public services, as we build back from Covid-19.

Our ‘Covid Recovery Strategy’, published on 5 October 2021, set out an ambitious vision and plan for Scotland’s recovery from the pandemic that is focused on bringing about a fairer future, particularly for those most affected during the pandemic. The financial parameters set out in the spending review support the delivery of this strategy.

Christie Principles

The Committee rightly highlights the ongoing importance and relevance of the Christie principles while also noting that challenging spending decisions will be required. I believe that the Resource Spending Review sets out a framework for the decisions that will be needed going forward to remain fiscally sustainable and deliver on our key priorities. The Resource Spending Review sets out high-level spending plans that will guide the reforms needed using the Scottish Government’s reform principles of people, partnership, prevention, performance and place.

Prevention and whole-system approaches:

The Scottish Government is committed to ensuring that public services use their resources to make the biggest positive difference for people and communities across Scotland.

The principle of prevention is key to this. For example, prevention and whole-system principles and investment are built into our key policy ambitions such as actions set out in the Covid Recovery Strategy, the work required to deliver on The Promise, and investment in ‘Best Start, Bright Futures’, our second Tackling Child Poverty Delivery Plan which sets out a range of actions across government focused on breaking the cycle of poverty for families.

Public sector reform and collaboration:

The Resource Spending Review Framework, published in December 2021 set out a mission to deliver effective services for the people of Scotland today, and for future generations. To support achieving this, the Resource Spending Review sets out a fresh vision for public services reform along with the actions to be taken that will improve outcomes while driving efficiency and value for public money.

This includes key reforms such as the establishment of the National Care Service and Keeping the Promise, and commitments to delivering a new deal for local government, digital services, supporting our public sector workforce, and to further innovating and revenue raising across public services.

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The Resource Spending Review highlights the Scottish Government's ambition to make Scotland an entrepreneurial nation, including building an entrepreneurial mindset within the public sector. We believe this is about challenging the way in which services are delivered, supporting innovation in pursuit of better outcomes and breaking down barriers to success. This applies to all parts of the public sector.

As I have set out previously, we must collaborate, both across Scottish Government and the wider public sector to achieve the outcomes we seek. The COVID-19 pandemic has underlined the critical importance of an effective and vibrant public sector while also demonstrating ways to integrate, improve and reform services vital to families and communities across Scotland. I welcome the Committee's recognition of the transformational change that has happened and can continue to happen as a result of collaboration and innovation.

The Constitution, External Affairs and Culture portfolio is committed to playing its part in the reforms set out by the Resource Spending Review and will be working with partners to contribute to the outcomes the Resource Spending Review seeks to achieve.

Outcomes-focused:

The Scottish Government's National Performance Framework and national outcomes are the key foundation to Scottish Ministers policies and objectives. It is important to continue improving our wider understanding of how our spend delivers on the national outcomes. For that reason, the annual budget publication now includes a summary assessment of how the spend in each portfolio links with the national outcomes from the National Performance Framework.

The Committee notes the importance of robust evidence and analysis as critical to how we make spending decisions. The way evidence and analysis has been brought to bear in the Spending Review will be built upon as we proceed into the detailed budget planning.

As I set out at the start of my response, given the high-level nature of the Resource Spending Review, we would welcome the opportunity to engage further as part of the pre-budget scrutiny process once colleagues have had the opportunity to undertake the detailed planning following the Resource Spending Review.

In the meantime, I look forward to attending Committee alongside my colleague Mr Robertson, Cabinet Secretary for Constitution, External Affairs and Culture on 9 June to discuss the Resource Spending Review and accompanying publications, in more detail.

Yours sincerely,



KATE FORBES

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