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## Social Justice and Social Security Committee

# Pre-Budget 2023-24



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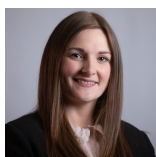
# Social Justice and Social Security Committee

To consider and report on matters falling within the responsibility of the Cabinet Secretary for Social Justice, Housing and Local Government, excluding matters relating to local government, housing and planning.



[sjss.committee@parliament.scot](mailto:sjss.committee@parliament.scot)

# Committee Membership



**Deputy Convener**  
**Natalie Don**  
Scottish National Party



**Jeremy Balfour**  
Scottish Conservative  
and Unionist Party



**Miles Briggs**  
Scottish Conservative  
and Unionist Party



**Foyso Choudhury**  
Scottish Labour



**Pam Duncan-Glancy**  
Scottish Labour



**Paul McLennan**  
Scottish National Party



**Emma Roddick**  
Scottish National Party

# Membership changes

1. Elena Whitham, the former Convener, was appointed as a Scottish Government Minister on [3 November 2022](#) following agreement of Motion S6M-06595.

# Introduction to pre-budget scrutiny

2. Over recent years there has not been a 'normal' budget process as there have been disruptions due to the timing of UK Government budgets and COVID-19. Again, setting the Scottish budget for 2023-24 is taking place at a time when Scotland, and the world, is recovering from the COVID-19 health emergency and are now experiencing a cost of living crisis.
3. The aim of our pre-budget scrutiny is to:
  - influence how the Budget is prepared
  - improve transparency, participation and accountability in the budget
  - consider how the Scottish Government's Budget for 2023-24 should respond to fiscal and wider policy challenges in our remit
  - lead to better results and outcomes when compared against the Scottish Government's targets and goals.
4. We are keenly aware of the challenging economic circumstances in which the Scottish and UK governments are preparing their budgets. All governments must respect, protect and fulfil human rights. The way governments generate, allocate, and spend money plays a role in this. This, and the evidence we have gathered from stakeholders, representing some of the most marginalised groups in our remit, underpin the conclusions and recommendations in our report.

## Evidence gathering

5. As part of our continued spotlight on social justice and poverty issues, we examined the impact of the cost crisis on people's lives and how this can be addressed through the Scottish budget. To do this we sought evidence on:
  - How will the spending allocations for 2023-24 set out in the Resource Spending Review (RSR) impact on poverty?
  - If there are measures in the RSR that could increase poverty and what can be done to prevent this?
  - What level of analysis do you expect to see in the 2023-24 Equalities and Fairer Scotland Budget statement?
6. To help us scrutinise these aspects we held two evidence sessions. On [22 September](#) we heard evidence from:
  - Dr Alison Hosie, Research Officer, Scottish Human Rights Commission
  - Sara Cowan, Coordinator, Scottish Women's Budget Group
  - Ed Pybus, Policy and Parliamentary Officer, Child Poverty Action Group in Scotland

- Morag Treanor, Deputy Chair, Poverty and Inequality Commission
  - Paul Bradley, Policy and Public Affairs Manager, Scottish Council for Voluntary Organisations
7. This was followed by a session on [29 September](#) with:
- Danny Boyle, Senior Parliamentary and Policy Officer, BEMIS
  - Graham O'Neill, Policy Manager, Scottish Refugee Council
  - Gordon MacRae, Assistant Director, Shelter Scotland
  - Frank McKillop, Head of Policy and Research, ENABLE Scotland
8. In addition, we received a written submission from [Scottish Women's Aid](#).
9. We would like to thank our witnesses for sharing their time and views with us as we know organisations are under sustained pressure to support individuals and communities in these difficult times, while also contributing policy insight into the current issues faced by them.

# Human rights and the budget process

10. We agreed our strategic aims in 2021. These state our commitment to taking a human rights-based approach to our work. To assist our scrutiny, we are therefore interested to know whether the Scottish Government has taken a human rights-based approach to its budget decisions.

## Fiscal transparency

11. We note there is more budget information published than ever before including the Scottish Fiscal Commission forecasts, reports on benefits uprating, the medium-term financial strategy, the fiscal framework outturn report and the Equality and Fairer Scotland Budget Statement. Stakeholders told us, however, it was difficult to comment on the detail of decisions due to the lack of transparency on the methodology behind decision-making and assessment of data.
12. Dr Hosie, Scottish Human Rights Commission (SHRC), referred to the Open Budget Survey (OBS)<sup>i</sup>, as a “global indicator of fiscal transparency, participation and accountability in the budget process”. She called on the Scottish Government to undertake its own review against the OBS every two years (the UK is assessed and not Scotland). SHRC undertook a review using the OBS methodology and found that Scotland does not make publicly available four of the eight key documents that are internationally recommended for fiscal transparency. Dr Hosie explained—
  - ” For example, we are missing a regular citizens budget that is made prior to the budgetary decisions and which enables people to participate in decisions before they are finalised. We are also missing in-year and mid-year reporting, as well as the pre-budget statement. We have the programme for government so, to a degree, the pre-budget statement itself is not of great concern, but the other three documents are a concern.<sup>1</sup>
13. When asked whether the Scottish Government is taking a human rights-based approach to the Scottish budget, Dr Alison Hosie, SHRC, said—
  - ” Without knowing how they [decisions] have been made or what processes have been used, there is no way of giving a considered opinion about whether the Government’s choices were made using a human rights approach.<sup>2</sup>

## Supporting participation through data

14. Integral to stakeholder participation is the availability of data to support analysis of the Scottish Government’s financial decisions. Dr Alison Hosie, SHRC, stressed—

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<sup>i</sup> [Open Budget Survey - International Budget Partnership](#)

- ” We need to know whether the Government has spent what it said that it was going to spend over the year. If the allocated funds have not been spent, how have they been reallocated, and was the reallocation process transparent, participative and accountable? <sup>3</sup>
15. Dr Hosie acknowledged the Scottish Government was making progress with its long-term work to improve fiscal information with Scotland's third [Open Government Action Plan \(2021-25\)](#). She commented, however, currently it is very difficult to have good budget analysis—
- ” Structural issues such as yearly budget cycles, insufficient input of data and evidence on budgetary decisions and a lack of cumulative impact reports give rise to the need for a new modern approach to budgeting at national and local level. <sup>4</sup>
16. Other organisations, such as Shelter Scotland, felt they could engage more constructively and offer innovative solutions if more information was available. <sup>5</sup>

## Equality and Fairer Scotland Budget Statement

17. The Equality and Fairer Scotland Budget statement (EFSBS) will be published alongside the 2023-24 Scottish Budget on 15 December. Last year's EFSBS (2022-23 budget) set out which areas of human rights are relevant to which budget areas, as well as spending commitments of particular importance to those with protected characteristics.
18. Witnesses highlighted ways to make the EFSBS more effective.
19. In addition to setting out key budget commitments that impact on protected characteristics and socio-economic disadvantage, the Poverty and Inequality Commission wanted the EFSBS to set out major spending commitments which are not considered to have a particular impact on these groups, and the analysis undertaken to understand this. <sup>6</sup>
20. The Scottish Government is making progress developing distributional analysis. However, the Scottish Women's Budget Group considered more needs to be done to gather intersectional data on protected characteristics beyond age, sex, and disability. For example, on religion and ethnicity. <sup>7</sup>

## Equality impact assessments

21. Sara Cowan, SWBG, was critical of the standard of equality impact assessments being undertaken, pointing to the National Care Service (Scotland) Bill as a recent example—
- ” ... there was data on the workforce but the analysis said that no one with protected characteristics would be impacted and that the impact on everyone would be the same. However, the fact that the majority of the workforce are women means that any change would have a gendered impact. <sup>8</sup>

22. To address this, Sara Cowan, SWBG, called for better education, awareness raising, and culture change within public authorities to enable assessment tools to be used effectively—

” Until it is understood that the human rights and equalities impact of policy decisions and spend are critical to informing the decisions that we take, rather than being a siloed process that we have to undertake and can do after the decisions have already been made, the perception of impact assessments as paper, tick-box exercises will not change.<sup>9</sup>

23. Witnesses have stressed to us the importance of having sufficient data, using that data correctly and analysing it to ensure policies do not have unintended consequences on people’s rights and protected characteristics. Data is needed to identify issues which require action to mitigate adverse impacts on particular groups, and crucially, to inform spending decisions. We heard that witnesses feel they do not yet have the data or transparency to do that analysis.

24. We expect to see improved analysis from the Scottish Government in this year's Equality and Fairer Scotland Budget Statement (EFSBS) and the Committee intends to scrutinise this at a future meeting. Analysing data and possible impacts as part of a decision-making process, from an early stage, is important to ensure that decisions are robust and have the intended outcomes. As such, we expect equalities impacts are considered by the Scottish Government at the start of budget development process, rather than being written once decisions have been made.

25. We recommend the Scottish Government expands the EFSBS to include major policies, which it assesses as having no impact on human rights and protected characteristics to enable stakeholder participation and increase accountability.

## Accountability

26. It came through strongly in the evidence that there is an accountability gap. In part due to issues around transparency and participation outlined above, but also because international rights obligations are not yet protected in domestic law.

27. Dr Hosie, SHRC, explained—

- ” One of the most distinctive features of a human rights-based approach to poverty reduction, for example, is that it is based on the norms and values that are set out in international law. The rights and obligations demand accountability so, when a government talks about rights, those rights are no more than window dressing unless they are supported by a system of accountability. Currently, in Scotland, there is an accountability gap between international and domestic legal protections, and we hope that the new legislation will bring with it access to justice.<sup>10</sup>
28. Another accountability framework is the [National Performance Framework](#) (NPF), which shows how well Scotland is performing overall on 81 National Indicators.
29. Dr Hosie, SHRC, advised—
- ” Currently, there is no connection between the NPF and the Scottish budget. As far as measuring progress goes, we need to have a rethink and, now that the NPF is being reviewed, this is a good time to do that. What outcomes are we trying to achieve? What are we putting in place to achieve them? What resources are we putting in, and how do we generate those? There is a linkage. How do the national outcomes link to the programme for government? All of that needs to be better linked to the budgetary decisions that are being made.<sup>11</sup>
30. Sara Cowan, Scottish Women’s Budget Group (SWBG), emphasised that—
- ” national outcomes are supposed to be a demonstration of what we as a society value, and the budget should look at how it spends on our values. The connection is vital.<sup>12</sup>
31. SWBG were also keen the EFSBS should link to the National Performance Framework to show how analysis informs spending decisions, which then informs National Outcomes.

32. We understand that central to a rights-based budget process is transparency, participation, and accountability. Each of these aspects is interdependent. Throughout the evidence sessions we held, witnesses have commented on how difficult they found it to engage. Even where people were 'in the room' they did not feel they were having an impact on the budget process and able to assess the impact of financial decisions based on the documents provided. This was due either to a lack of information or a lack of analysis of the data collected. In turn this has made our pre-budget scrutiny extremely challenging.

33. We do acknowledge the positive steps that the Scottish Government has been making over the past few years, though we note there is still more to do to ensure the budget process is fully transparent and participative and therefore accountable. As such, we ask the Scottish Government to set out what steps it is going to take to address the information deficit to improve budget scrutiny and to show clearly where participation impacts on decision making and when it does

not.

34. There is a statutory requirement to review the National Performance Framework (NPF) every 5 years. The next 'refresh' is due to be published summer 2023 and will require Parliamentary approval. We are aware of the Finance and Public Administration (FPA) Committee's recent report on the NPF.<sup>ii</sup> Specifically, we agree with those recommendations at 147 and 148:

147. We acknowledge that linking the Scottish Budget to outcomes is complex and that, given the breadth of the National Outcomes, it could be said that if organisations spend money on improving people's lives then arguably they are implicitly aligning spending with the NPF. The Scottish Government has, however, a budget of over £45 billion and as the "driver" of the NPF should be much more than a facilitator or provider of strategic direction to other public bodies.

148. It is therefore disappointing to hear that the NPF is not seen as explicitly or transparently driving financial decisions by the Government nor as a mechanism by which organisations are held to account for spending funding effectively.

35. We recommend the Scottish Government takes this opportunity to consider how it can link spending and equalities and human rights analysis to National Outcomes to improve accountability and to set out a timescale as to how it will take forward this action.

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<sup>ii</sup> [Report on the National Performance Framework: Ambitions into Action](#), 8th Report, 2022 (Session 6)

# Social justice and human rights budgeting

36. In our last [pre-budget report](#), we began to explore how the cross-cutting issue of social justice could be examined through the budget process. The Scottish Human Rights Commission has advocated using the international human rights framework to assist us with this endeavour.

## Poverty as a ‘rights violation’

37. As well as improving transparency, accountability, and participation, we heard how other elements of the human rights framework could be incorporated more explicitly into our work and that of the Scottish Government.
38. In its submission, the SHRC discussed the importance of using the language of rights. In respect of poverty and human rights, the Commission stated—

” Poverty represents a failure (a violation) to fulfil the right to an adequate standard of living as is established in international human rights law. Other rights, like the right to education, to work and decent working standards, to health and adequate food and adequate housing, are also affected by poverty [...] Poverty, viewed through this lens, is thus best viewed as a cluster of human rights violations in Scotland. <sup>13</sup>

## Minimum core obligations

39. The [International Covenant on Economic, Social and Cultural Rights](#) covers rights that are often heavily dependent on a country’s resources, like health and education. The concept of minimum core obligations proposes that there is a set of social, cultural, and economic rights that all states can implement immediately, regardless of wealth.
40. We note the [paper written by the Academic Advisory Panel](#) to the National Taskforce for Human Rights Leadership, which describes this minimum core in a Scottish context. For example—

The right to an adequate standard of living includes: the right to food, right to water, right to housing and right to protection against poverty and social exclusion. “Adequacy” has been interpreted as: “to ensure, at a minimum, the ‘inherent dignity of the human person.’”

The minimum core of the right is that the state ensures effective access to the sub-components of the rights.

For the right to food the minimum core includes “Individuals should be able to afford food for an adequate diet without compromising on any other basic need.”

The right to adequate housing covers a range of issues including affordability and

habitability. It is not just a 'right to shelter' but is 'right to access and live somewhere in security, peace and dignity.'<sup>14</sup>

41. In reference to the minimum core obligations, Dr Hosie, SHRC, emphasised the need to "look at the existing evidence and ask whether we are achieving the minimum level. Whatever resources we have, whatever crises we are in or whatever good times we are experiencing, we must achieve that minimum level. However, it is a floor and not a ceiling, so we are obliged to examine how we can continually improve our services and outcomes."<sup>15</sup>

42. Governments have to be able to prove that every effort has been made to use all resources that are at its disposal. They should make effort to satisfy, as a matter of priority, those minimum obligations. We are aware the Scottish Government will be bringing forward human rights legislation in this parliamentary session. Experience of the pandemic and the cost of living pressures reinforces the need to take a human rights approach to budgeting. As such the Scottish Government would have to know whether minimum core obligations are being achieved.

43. The Committee asks the Scottish Government how it is monitoring its minimum core obligations and whether it considers it is currently meeting the minimum core obligations for an adequate standard of living within its devolved powers.

## Current economic situation

44. The current economic situation is having a detrimental impact on household budgets and posing significant challenges for third sector organisations who provide vital support to households.

## Rising cost of living and households

45. The Poverty and Inequality Commission has been visiting third sector organisations to see how the cost of living crisis is impacting the people they aim to help. Morag Treanor advised organisations are seeing a change in the profile and type of people using their services—
- ” People who are in work, people who are on pensions and people who have never before gone to a food bank or food pantry are now accessing them. They are also increasingly seeing hungry children, which is a new thing.<sup>16</sup>
46. Danny Boyle, BEMIS, spoke about the need for significant action by both UK and Scottish governments. He warned otherwise people will struggle to feed themselves and their families, struggle to keep warm leading to an increase in significant ill-health, suffer mental health burden and trauma, and fall into irretrievable debt affecting them and their children’s life chances and future. For the most vulnerable, he was concerned isolation and loneliness will increase significantly and through ill-health and frailty some may not get through the winter.<sup>17</sup>
47. A group facing extreme poverty are those people on UK asylum seekers support. Graham O’Neill, SRC, explained people in hotel accommodation receive £1.24 per day per person or child. He commented that the support amount is “way below universal credit standard allowance, which is, in our view, a low social security floor anyway” and that it is a social emergency for the most vulnerable people, including, but not only, people in the asylum system.<sup>18</sup>
48. Scottish Women’s Aid commented on the impact of the cost of living crisis—
- ” Women’s poverty is one of the critical enabling conditions for perpetration of domestic abuse. Soaring energy and food costs, coupled with stagnant wages and an inadequate social security safety net, enables perpetrators of domestic abuse to entrap women and places more women and children at increased risk of abuse.<sup>19</sup>
49. Ed Pybus, Child Poverty Action Group in Scotland (CPAG), appealed for continued investment in both social security and to lift families out of poverty. He highlighted specifically the commitment to increase the Scottish Child Payment (SCP) to £25, however he was concerned to ensure it keeps its real-terms value. He drew our attention to work by the Fraser of Allander Institute, which “shows that the lowest 10 per cent are facing far higher rates of inflation than others” and argued that the Scottish Government should uprate the SCP above-inflation in April, to ensure it keeps its value.<sup>20</sup>
50. Also, Ed Pybus, CPAG, pointed to the impact on larger families—

” Then there is the two-child limit. Larger families are much more likely to be in poverty, because the UK welfare system caps the amount of support that they can get to only two children. Of course that is going to drive larger families into poverty. Both those policies need to be got rid of at Westminster but, in the meantime, if the Scottish Government is to meet its child poverty targets, it needs to mitigate the impact of them in Scotland.<sup>21</sup>

51. As well as larger families, Ed Pybus, drew attention to young, lone parents and their situation—

” We also have to make sure that some of the penalties that the priority groups face in the current welfare system are fixed. A lot of lone parents are also young parents, and young parents are hit by the under-25 penalty in universal credit—they get less money just for being under 25, yet their energy bills are exactly the same”.

52. The cost crisis has brought the right to an adequate standard of living into sharp focus.

53. We know from our social security work and our recent inquiry report, [Robbing Peter to Pay Paul: Low Income and the Debt Trap](#) how poverty is impacting people’s ability to access their other rights, for example, food, housing and health. Witnesses have stressed to us that the scale and impact of the cost crisis are worsening, referring to it as a “social emergency”<sup>22</sup> and an “existential threat to people’s lives”.<sup>23</sup>

54. Social security is a safety net. It has a vital role in supporting those with low incomes. As we have heard, those on very low incomes face higher rates of inflation. Back in April 2022, eight of the benefits delivered by Social Security Scotland were increased by 6%.<sup>iii</sup>

55. The new Consumer Prices Index (CPI) was announced on 19 October and rose by 10.1% in the 12 months to September 2022, up from 9.9% in August, returning to July’s recent high.<sup>iv</sup> We recognise the importance of maintaining the real-terms value of benefits. Therefore, we expect the Scottish Government to uprate all Scottish benefits by the September Consumer Prices Index of 10.1% and if this does not happen, we require detailed justification as to why not. We look forward to scrutinising the annual uprating report when it is published later this year.

56. Paying for domestic energy is a huge draw on household budgets, particularly for

iii [Increase in social security benefits - gov.scot \(www.gov.scot\)](#)

iv [Consumer price inflation, UK - Office for National Statistics](#)

households with a disabled adult or child or those who live rurally or in colder parts of the country.<sup>v</sup> Due to the cost crisis many more people are in fuel poverty. According to the Scottish Government, Winter Heating Payment will replace Cold Weather Payment in Scotland. It will be an annual £50 payment, paid automatically through Social Security Scotland, to anyone who qualifies. Payments for winter 2022 will start to be made from February 2023.<sup>vi</sup> In response to our letter on the proposed fuel poverty strategy, the Scottish Government said the Payment would require an investment of around £20 million every year to support people towards the costs of heating their homes irrespective of the weather, temperature, or where they live in Scotland.<sup>vii</sup>

57. We ask the Scottish Government to think carefully about whether this is an adequate level of payment in light of current energy costs. We will consider this further when the regulations are laid.

## Cost crisis and the third sector

” 88 per cent of voluntary organisations are reporting worsening emerging needs in their communities.<sup>viii</sup>

58. On the challenges faced by voluntary organisations, Scottish Council for Voluntary Organisations' (SCVO) research tracker shows rising costs are now the number one challenge for voluntary organisations in Scotland. These challenges include transport costs, suppliers, materials, rents etc., with the most significant costs being energy and staffing costs. On the increase in energy costs, Paul Bradley, SCVO, said, “Around 53 per cent reported significant rises in energy costs, whereas, in spring, that figure was at around 30 per cent.”<sup>24</sup>
59. Paul Bradley stressed the importance of the sector in providing public services and reminded us that “voluntary organisations employ more than 135,000 people, which is 5 per cent of the Scottish workforce.” He referred to published research by Pro Bono Economics, which shows across the UK in 2019, the voluntary sector workforce was paid 7 per cent less than the workforce in other fields. More recent Bank of England data shows that gap has increased by a couple of per cent.<sup>25</sup> In addition, Paul Bradley advised, “it is estimated that around 12.5 per cent of roles in the voluntary sector are paid below the real living wage.”<sup>26</sup>

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v [Letter from the Committee, 14 December 2021, Tackling Fuel Poverty in Scotland A Strategic Approach | Scottish Parliament Website](#)

vi [Cold Weather Payment is changing for people in Scotland - mygov.scot](#)

vii [Response from the Cabinet Secretary for Net Zero, Energy and Transport, 22 December 2021, Proposed Fuel Poverty Strategy | Scottish Parliament Website](#)

viii Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 29

60. Scottish Women's Aid highlighted the drain of employees to the public sector. A manager shared their views—

” We have lost fully trained staff to the Civil Service and NHS over the last year, this is due to the uncertainty with funding.... We cannot compete with the salary scales that the statutory services can give. There are other reasons, the cost-of-living increase, particularly with petrol costs and traveling to and from work and increasing childcare costs....<sup>27</sup>

61. Danny Boyle, BEMIS, drew attention to the fact that there is no mechanism for collective bargaining in the voluntary sector to increase people's wages or to keep up with the cost of living crisis.<sup>28</sup>

62. When talking about organisations' financial sustainability, Paul Bradley, SCVO said—

” Sixty per cent of charities in Scotland have fewer than six months' financial reserves. That is a problem in terms of legal obligations, but the Government and public sector have been reliant on voluntary organisations for too long to top up public services. Unfortunately, we are at a point where those reserves have been devalued and there is a question mark over whether they should even be used for that in the first place.<sup>29</sup>

63. A further issue experienced by the third sector, Morag Treanor, P&IC, explained is organisations' ability to attract and retain volunteers, for example, “volunteers who were offering to drive to deliver packages and care support to people can no longer afford the fuel to be volunteers for the third sector organisations.”<sup>30</sup>

64. In relation to Scottish Government funding, Paul Bradley, SCVO, said there was an £800,000 cut to the third sector resource budget line, however, because there is no data about the reduction we cannot assess whether the cut resulted in positive, negative or neutral impact.<sup>31</sup>

65. During the COVID pandemic the Scottish Government provided support of £20m through its Third Sector Resilience Fund as part of £350m emergency funding. The fund supported organisations that already delivered services and products but found themselves in financial difficulties directly as a result of the pandemic. The primary intention of the fund was to help third sector organisations to stabilise and manage cash flows over this difficult period.

66. As we heard in evidence, the cost crisis has come swiftly after the COVID pandemic, further affecting the third sector's resilience. A resilient voluntary sector is essential to narrow the inequality gap, helping those who need it most and ensuring that Scotland's communities thrive. We note concerns from the Scottish Council for Voluntary Organisations and believe that a different funding arrangement must be reached. We ask the Scottish Government what plans it has to put in place emergency funding to assist third sector organisations that provide support and services during the cost of living crisis. Also, we ask the Scottish Government what lessons have been learned from the support provided

to the third sector during the pandemic that can be applied to this emergency.

67. We ask the Scottish Government to provide a detailed breakdown of the programmes impacted by the £800,000 reduction in the third sector budget for 2022-23.

# Spending priorities

68. As part of our pre-budget scrutiny, we responded to the Scottish Government's consultation on the Framework for the Resource Spending Review and Medium Term Financial Strategy on [25 March 2022](#). Our comments focused on the prioritisation of tackling child poverty, the impact of potential higher uptake of the adult disability payment and the increasing social security budget, which is demanded and therefore impacts on available resources for other portfolios.

## Resource Spending Review

69. On 31 May this year, the Scottish Government published its first [Resource Spending Review](#) (RSR) since 2011. The RSR provides an opportunity for the Scottish Government to set out its resource spending plans to the end of this Parliament in 2026-27. Although the RSR did recognise cost pressures on the Scottish Budget when it was published, since then inflation has soared. The Consumer Prices Index rose in the year to September 2022 to 10.1%. We took evidence from Shona Robison, the Cabinet Secretary for Social Justice, Housing and Local Government and from Kate Forbes, the Cabinet Secretary for Finance and the Economy on the RSR on [23 June 2022](#).
70. In the RSR, the Scottish Government set out 4 key areas:
- Tackling child poverty;
  - Addressing the climate crisis;
  - Securing a stronger, fairer, greener economy; and
  - Delivering excellent public services.
71. It also identified social security and health as priorities for spending. This means that many other budget areas have been 'squeezed'. Kate Forbes, the Cabinet Secretary for Finance and the Economy, told us this is a particularly challenging time to be setting out the RSR. "We are recovering from the pandemic, there is an unprecedented cost of living crisis and there is very significant volatility in the fiscal outlook."<sup>32</sup> She went on to say—
- ” Despite the challenging circumstances, we have set out an ambitious spending review that maximises that £180 billion over those four key areas.<sup>33</sup>
72. The RSR did not set out tax policy or public sector pay policy, that will be addressed in the budget.
73. Stakeholders welcomed the prioritisation of health and social care. Frank McKillop, Enable Scotland, was concerned about the level of investment, as the RSR “predated spiralling inflation”—
- ” Even at the time of the resource spending review, the Scottish Fiscal Commission noted that inflationary pressures meant that the 10 per cent uplift to health and social care by 2026-27 will be a 1 per cent uplift in real terms.<sup>34</sup>

## Human rights

74. In common with other budget documents, witnesses highlighted a lack of transparency in the RSR. For example, SWBG welcomed the prioritisation and increased investment in health and social care, although Sara Cowan was unclear from the RSR how those funds would be spent and prioritised within health and social care.<sup>35</sup>
75. Another example given related to homelessness. Gordon MacRae, Shelter Scotland, agreed with the Scottish Government's stated objectives, a rights-based system for housing and homelessness, ensuring access to more social housing and discretionary housing payments in the RSR.<sup>36</sup> Shelter Scotland did, however, have concerns about the lack of information on funding and called for a "full audit of all homelessness funding", saying "we simply do not know if the existing homelessness funding, or the £600m investment noted in the RSR will have the desired impact on poverty."<sup>37</sup>
76. The SHRC recognised the Scottish Government is moving forward with improvements, however, Dr Hosie, believed the Government has missed an opportunity to apply some of its recommendations in the RSR.<sup>38</sup>
77. Sara Cowan, SWBG, shared this view and noted had the recommendations been implemented this information "would have fed into each on-going budget process and would have meant that we would have had a cumulative process."<sup>39</sup>

78. We ask the Scottish Government what evidence it has to support that it took human rights principles into account when deciding upon its Resource Spending Review. We also expect to see evidence of how a human rights approach has been taken to developing the 2023-24 budget.

## Other suggested priorities

79. Stakeholders felt there were additional areas which should have been prioritised within the RSR.
80. Danny Boyle BEMIS, called for the RSR to prioritise a race equality transformational investment scheme, much like the sort of intervention that was made through the rural communities' transformation scheme.<sup>40</sup>
81. The SHRC also pointed to the omission of funding for implementation of the human rights legislation, which will incorporate human rights treaties into domestic law. Dr Hosie said—  

” ... that is one of the biggest changes in the human rights landscape in Scotland since devolution, and it will take significant resource for capacity building with public bodies to ensure that the legislation is implemented. However, that did not feature at all. As this was a spending review for the period until the end of this session of the Parliament, it should have.<sup>41</sup>

82. Multiyear funding for voluntary organisations was highlighted by several organisations and arose in our stakeholders evidence session on third sector recovery on [9 December 2021](#).
83. Paul Bradley, SCVO, advised single-year funding impacts on job security, gives no time to secure other funding streams, and increases bureaucracy. He explained “the general line has been that the Scottish Government’s budget from Westminster is annual, so voluntary organisations’ budgets need to be annual as well” Given the focus of the RSR is on multi-year funding, he was—

” ...surprised that no one has come to the sector to explain why it is not possible to deliver multiyear funding or to get an understanding from us of what potential solutions there could be to find the middle ground...<sup>42</sup>

84. Ed Pybus, CPAG, shared concerns about the consequences of single-year funding. He said “advice services are not only struggling with funding but are struggling to recruit advisers, because the fact that they rely on short-term funding means that they cannot take someone on and train them up, because by the time they have done that, the funding will be over and the person will have had to leave.”<sup>43</sup>

85. There are several long-standing issues that affect the third sector’s financial stability. One of the key issues is multiyear funding. Our third sector witnesses told us how their organisations are coming under increasing pressure to provide services to those they help. As funding is mostly single-year, staff are under threat of redundancy. Many third sector workers have low pay, job insecurity and are worried about facing hardship as cost of living crisis intensifies. Multiyear funding would certainly go some way to alleviating some of these issues.

86. We urge the Scottish Government to meet with the Scottish Council for Voluntary Organisations to discuss barriers to providing multiyear funding and consider other possible solutions and to report back to the Committee what progress has been made in addressing the issues through those discussions.

### **Refugees, asylum seekers and insecure immigration status**

87. As a group facing extreme poverty, the Scottish Refugee Council (SRC) argued for more support to be made available to those in the asylum and refugee system.
88. We note that generally social security support is not available to those with No Recourse to Public Funds (NRPF). There are a few, very limited, exceptions . These include Best Start Foods and Best Start Grant – pregnancy and baby payments.
89. Although the SRC welcomes the significant political and financial support the Scottish Government has provided through its New Scots refugee integration strategies, it recommends 10 key actions<sup>44</sup> within the limits of devolved powers. These include, for example—
- assess and monitor policies for their impacts on refugees and those in severe

poverty, making positive changes accordingly

- a radical [housing plan](#)
- maximise work opportunities for both people seeking and granted refugee protection
- ensure all seeking protection are included in non-monetary anti-poverty measures, and those granted protection get all anti-poverty and social security entitlements
- a revamped national entitlement to free bus travel, to enable social inclusion.

90. In support of the ten actions, Graham O'Neill, SRC, said they will prevent harm to people but could also prevent the escalation of unplanned costs.<sup>45</sup> He specifically asked for refugees to be included in the child poverty action plan and, into local authorities and health boards' legal duty to annually prepare and review their child poverty actions plans.<sup>46</sup>

91. As well as wanting a better understanding of the number of people in Scotland affected by NRPF, Danny Boyle, BEMIS, also called for the Scottish Government to use devolved social security, education and health powers to bypass immigration restrictions, and referred to a BEMIS' paper "[A New Future for Social Security in Scotland](#)".<sup>47</sup>

92. We understand that people who have No Recourse to Public Funds (NRPF) are one of the groups most likely to be living in precarious circumstances and to face destitution and homelessness. We commend the Scottish Government and its partners' preventative work in this area.<sup>ix</sup>

93. Witnesses have, however, stressed the need for further action to be taken as people's circumstances deteriorate as a result of the cost of living crisis. Both the Scottish Refugee Council and BEMIS have called for the Scottish Government to use its devolved powers to take more anti-poverty action to mitigate the hardship refugees and those seeking refugee status face, as well as those subject to NRPF.

94. We ask the Scottish Government to cost the Scottish Refugee Council's 10-point action plan as set out in their submission, including identifying where preventative action could result in savings over current approaches, and to set out a timescale in which this work can be completed. Further, we note the data gap around the number of people in Scotland who have No Recourse to Public Funds (NRPF) and ask the Scottish Government what steps it has taken to identify the information necessary to inform a cohesive policy to address NRPF.

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ix [Foreword - Ending destitution together: strategy - gov.scot \(www.gov.scot\)](#)

95. We recommend that the Scottish Government reviews the [Best Start, Bright Futures Tackling Child Poverty Delivery Plan 2022-2026](#) to specifically include refugees in the delivery plan and updates guidance to public authorities to include refugees in their annual child poverty action plans.

## Reprioritisation of allocated funding

96. There are a range of views about how to prioritise spending. It is therefore important to get priorities right. Even more so when there is a fixed budget, limited additional resources, or difficult financial decisions are having to be taken in-year to balance the budget.

A few witnesses had a clear idea of where funds could be re-prioritised to have greater impact in a specific policy area, without asking for extra-funding

## Poverty-related attainment gap

97. One area the Poverty and Inequality Commission considered could be reprioritised is the £1 billion investment, over the course of the parliamentary session, to tackle the poverty-related attainment gap. Morag Treanor wanted an increased focus on poverty. She said—

” People often focus on the words “attainment gap” and not on the words “poverty-related”, which is the key part of the phrase. Children who are hungry, cold, stressed and worried, and who see their parents under tremendous pressure, will not be able to function well in school. <sup>48</sup>

## Homelessness

98. Although Gordon MacRae, Shelter Scotland, welcomed initiatives such as housing first, he stated they "require a significant cultural shift within local authority homelessness services, but it is difficult to understand what amounts of money are going where, what their benefit is and what we should do more or less of." <sup>49</sup>
99. He also highlighted that while there is a focus on ending homelessness "we have seen a growth in the number of children in temporary accommodation because we have not been building enough homes of the right size." Gordon MacRae was also concerned about the level of funding for Ending Homelessness Together approach and like Audit Scotland considered that rather than the Scottish Government having a target number of homes to build, it should instead focus on reducing the need for affordable housing in Scotland, which he believed would have a measurable impact on levels of housing poverty. <sup>50</sup>
100. An area for reprioritisation was outlined by Gordon MacRae, Shelter Scotland. He said the Scottish Government could make different choices. For example, it could choose to make sure that all allocated money goes into social housing, rather than into mid-market rent and low-cost home ownership. This, he considered, would be a

proportionate response to the nature of the crisis right now.<sup>51</sup>

101. We ask the Scottish Government for its views on the suggestion to reprioritise existing funding in relation to the poverty-attainment gap.

102. We note rise in the number of families in temporary accommodation. In relation to preventing homelessness, we would welcome the Scottish Government's views on reallocating of funding from mid-market rented and low cost home ownership into social housing. We also emphasise our concerns about future prevention spending to tackle homelessness and ask how this will be allocated over the period of the Resource Spending Review. In addition, we seek clarity about how the resource provided to local authorities for the preventing homelessness agenda and local plans will be allocated for 2023-24.

# 2022-23 in-year budget reductions and savings

103. Budget reductions and savings for 2022-23 would not normally be a feature of our pre-budget scrutiny. Witnesses have told us, however, that they have concerns cuts in spending will impact on spending decisions for the 2023-24 budget year. As such we have included this aspect in our scrutiny report.
104. On [7 September](#), the Deputy First Minister and Cabinet Secretary for Covid Recovery (DFM), John Swinney MSP, announced to the Parliament £500m in-year cuts to the 2022-23 Scottish budget. The detail of his plans is set out in a [letter](#) to the Finance and Public Administration Committee. Some of these reductions in spending are relevant to our remit and so we wrote to the DFM on [20 September](#), as well as taking evidence from him on [29 September](#). We received a response to our letter on [28 September](#) and a further [letter](#) following our evidence session.
105. The DFM told us that over £500 million in savings had to be taken forward to balance the 2022-23 budget. Erosion of the value of the budget because inflation has doubled compared to what was predicted, undermined the value of the budget by £1.7 billion.<sup>52</sup> On [2 November](#) John Swinney announced a further £615m cuts on top of previous announcement of £560m. £400m of these additional cuts were from the health and social care budget. £10m additional cuts were to the areas directly within this Committee's remit. He said—
- ” The options are challenging, but we must do that in order to move to balance our budget and do everything that we can to help people in need. That is, of course, the harsh reality of having a fixed budget and limited fiscal powers. In addition, the majority of our spend cannot be changed at this stage of the financial year due to contractual and legal commitments. Therefore, there are limited options to make savings.<sup>53</sup>
106. Also, he explained public sector pay claims are at a much higher rate than anticipated.<sup>54</sup>
107. Notwithstanding these reductions in spending, the DFM advised that the 2022-23 budget continues to take forward key programmes and policies, such as the increase in the Scottish child payment to £25 per eligible child per week, the fuel insecurity fund and widening access to the warmer homes fuel poverty programme.

## A human rights approach to budget cuts

108. In considering a human rights approach to budget cuts, Dr Alison Hosie, SHRC, stated that “we have a human rights obligation to look at all sources of resource generation before we make cuts.”<sup>55</sup>
109. Also, that—
- ” any retrogression in rights is also subject to important human rights standards and principles. Retrogressions of rights must:

- be temporary and time-limited
  - be necessary and proportionate
  - be non-discriminatory and mitigate inequalities
  - ensure the protection of a minimum core content of rights
  - consider all other options, including financial alternatives such as changes in taxation.<sup>56</sup>
110. In relation to participation in decision-making on in-year reductions and savings, the DFM said—
- ” Generally, the Government has every opportunity to hear and understand the perspectives of different organisations in that respect. Obviously, we will continue that dialogue. I will be talking to a range of interested parties as I finalise issues around the emergency budget review.<sup>57</sup>
111. An equalities assessment of the in-year cuts was published on 2 November.<sup>58</sup> We welcome the assessment and found it helpful in understanding the impact of the cuts.
112. We were interested in witnesses’ views on the approach taken to in-year reductions and the impact this may have on the 2023-24 budget. Those reductions with particular relevance to our remit are:
- £53 million cut to employability
  - £37.6 million cut to concessionary travel due to lower than forecast take-up and fares
  - £82 million “consequentials”. These are: "Utilisation of funding provided by the UK Government as part of cost of living announcements in spring 2022 on child poverty action plan.<sup>59</sup>

## Employability

113. Witnesses advised us that investing in employability was an important element of ‘preventative spend’ and underscored that poverty directly impacts on people’s ability to gain and sustain employment. Stakeholders found it difficult to assess the choices to reduce spending as there has been little transparency about the decision-making process.
114. Ed Pybus, CPAG, pointed to the fact that 60 per cent of families who are in poverty are in work—

” As well as people living in poverty being cash poor, it sucks their energy and time. Lifting people out of poverty, particularly deep poverty, allows them the time and space to look at training opportunities and additional employment opportunities.<sup>60</sup>

115. He went on to say the tackling child poverty delivery plan makes it clear that employability has a key role in reducing child poverty and was unclear on what the impacts of the cut in investment would be. He stressed results still need to be achieved, “which may need further investment, different policies, 'employerability' and so on.”<sup>61</sup>

116. Morag Treanor, P&IC, added there was no analysis or information on outcomes on the first employability phase set out in the first tackling child poverty delivery plan 2018 to 2022. She said—

” We therefore do not know the reason or the decision making behind the reduction in value for the current phase. Neither do we know what impact that reduction will have on the funding for 2023-24— will it revert, or not?<sup>62</sup>

117. Sara Cowan, SWBG, was concerned that particular groups, for example women, lone parents, disabled people and carers, would be impacted and wanted to see “the equality impact assessments that have gone into making decisions”.<sup>63</sup> She also highlighted that there had been no formal engagement on the reductions and savings.

118. Frank McKillop, Enable Scotland, explained—

” The disability employment gap in Scotland sits at roughly 32.8 per cent, which is higher than the UK-wide average of 28.4 per cent. We also note that the disability pay gap in Scotland, which is 18.5 per cent, is the highest in the four UK nations. We certainly think that that is a priority area for action, and we have concerns that the £53 million cut to employability is misdirected and that it is perhaps an error.<sup>64</sup>

119. The DFM explained he used monitoring information on the employability programmes to make the saving and could manage the implications, because there is still capacity within existing programmes.<sup>65</sup> On the detail of the decision, the DFM said, “the employability budget lines were projected to increase from £56 million to £125 million. Instead, they will increase from £56 million to £71 million. It is simply that an expansion of capacity has not been undertaken.”<sup>66</sup>

120. Given the economic circumstances, and taking account of human rights principles, we recommend that the Scottish Government cut in employability funding should be time-limited and ask the Scottish Government to provide a timescale in which it will be reinstated to the level of funding before the cut.

121. Furthermore, with the central importance of employability to the mission to reduce

child poverty, the Committee expects the Scottish Government to continue to deliver employability support for parents on the scale originally planned.

## Concessionary Travel

122. When asked about the rationale for reductions to funding for concessionary travel, the DFM said his decision is based on the available data on the levels of usage of public transport in the current context. He explained earlier budget estimates assumed a greater recovery in public transport patronage post-pandemic than has materialised. The DFM acknowledged that concessionary travel is a crucial social and economic benefit in society and said if the budget exceeds the prediction, then he would have to meet the cost from elsewhere in the budget.<sup>67</sup>
123. Morag Treanor, P&IC, was aware that many children and young people have not been able to apply for the under-22 free concessionary bus pass, particularly those in poverty and deprivation, because they do not have the required documentation, such as a passport. She said she would be “deeply concerned” if the forecast reduced demand is due to people not being able to access it, and asked for clarity on why there is reduced demand. Morag Treanor also suggested identification of children could be made easier by using schools, doctor and dentist surgeries.<sup>68</sup>
124. On widening concessionary travel to other groups, the P&IC recommended the Scottish Government should instead gradually raise the age of entitlement to concessionary travel until it is equalised with the state pension age and use the money saved to expand support for low income users of public transport.<sup>69</sup>
125. In response to claims that reduced demand was due to the inaccessibility of the scheme, the DFM said—
- ” Given that the scheme has been open since only January, there have been high levels of uptake in a relatively short space of time. We are promoting awareness of the national entitlement card among young people, and we encourage them to take it up.<sup>70</sup>

126. The benefits of the concessionary travel scheme are clear. It would be “deeply concerning” if the reduced demand was due to the inaccessibility the scheme. We [wrote](#) to the Minister for Transport earlier this year in relation to the difficulties faced by young refugees and asylum seekers accessing the scheme and received a [response](#) which looked to have addressed the Red Cross’ recommendations.

127. We ask the Scottish Government what monitoring it, or the Improvement Service, is undertaking to ensure young people growing up in poverty and deprivation are accessing the scheme. Also we ask the Scottish Government to hold urgent discussions with COSLA to ensure consistency of approach across local

authorities to increase uptake and to keep the Committee updated on the progress made.

128. In addition, we would be interested to know the Scottish Government's views on widening free bus travel to support low income users and how that could be supported in the future.

## Consequentials: UK Government's Spring 2022 announcement

129. When additional public expenditure is planned in England, the corresponding additions which are made to the devolved administrations' funding allocations are referred to as "Barnett consequentials". We attempted to gain an understanding of what UK Government spending decisions the £82million consequentials related to.
130. The DFM explained that "consequentials come into our budget but they do not come in with a badge on them; they come in as consequentials and we decide their allocation". They are allocated within the wider budget management of the Scottish Government to meet Scottish commitments such as tackling child poverty, dealing with the cost of living, supporting individuals with their energy costs through the fuel security fund, and various other measures of that type.<sup>71</sup>

131. We accept that how Barnett Consequentials are spent is a matter for the Scottish Government but all consequentials will be a result of UK Government policies. For greater transparency and scrutiny of decision-making on in-year reductions and savings, we ask the Scottish Government what UK policy announcements the £82 million consequentials relate to. Also, we would welcome an explanation from the Scottish Government as to what Scottish programmes the money had been allocated to, before being cut, in order to better understand divergence in policy approach.

# Fiscal flexibility in the devolved settlement

132. Funding for the Scottish Budget comes from different sources. These include revenue from Scottish taxes, funding from the UK Government and borrowing by the Scottish Government. [The Scotland Act 2016](#) devolved a number of tax and social security powers to the Scottish Government.

## Maximising available resources

133. The International Covenant on Economic, Social and Cultural Rights states that the fundamental relationship between a government's budget and its human rights obligations requires governments to—

” take steps... to the maximum of its available resources, with a view to achieving progressively the full realization of the rights... <sup>72</sup>

134. The earlier part of our report focuses extensively on resource allocation. However, consideration also needs to be given to resource generation. This is important in the current economic circumstances, particularly when trying to meet the minimum core of rights which as we have heard is becoming increasingly challenging.

135. Dr Hosie, SHRC, reflected that a key principle of human rights budgeting is maximising available resources—

” In relation to the recent review of the tax framework and the new principles that were put into it, there was a missed opportunity to have a core principle that the Government must maximise its available resources in order to generate the resources that it needs. <sup>73</sup>

136. When asked about the fiscal framework, maximising resources and the erosion of the budget due to inflation, Dr Hosie noted the rest of the world "have all been using borrowing powers. The lack of them is, therefore, a significant limitation, and requesting that borrowing powers be significantly improved is a legitimate ask of the Government in the reassessment of the fiscal framework." <sup>74</sup>

## Tax policy

137. The [Equality and Fairer Scotland statement for the 2022-23 budget](#) stated—

” We will continue to use our powers over income tax in a progressive manner, aiming to protect taxpayers on low incomes and raise revenue to fund high-quality public services for all.”

138. The spending review did not cover tax policy. That will be set out as part of the 2023-24 budget due in December.

139. The DFM explained the parameters in which the Scottish Government is making

financial decisions—

” Essentially, we have a fixed budget once the tax year starts. I am required by law to set a tax rate, which cannot be changed during the financial year, so tax cannot change. I characterise our powers as cash-management resource borrowing powers. They do not allow us to accumulate a resource borrowing capacity. Therefore, we are, essentially, dependent on any changes to budgets that are made in England.<sup>75</sup>

140. While the majority of the evidence we heard was about spending, witnesses did also have views on how the Scottish Government could use tax powers more effectively.

141. Sara Cowan, SWBG, wanted the Government to look at taxes on wealth, whereas Ed Pybus, CPAG, believed the Scottish Government needed to use its income tax powers to meet the tackling child poverty targets.<sup>76</sup> Dr Alison Hosie, SHRC, thought as well as wealth taxes and income tax, local taxes should also be considered—

” We need to be politically bolder in taking the opportunity to review our tax options, particularly on local taxation.<sup>77</sup>

142. She added—

” We could be looking at local taxation. I am not a tax expert and cannot suggest which policies would be best, but the Government should be looking at those issues and doing so with its human rights obligations in mind.<sup>78</sup>

## Tax evasion

143. We heard from the Poverty and Inequality Commission that the Scottish Government could push to recover taxes owed in Scotland. Morag Treanor, referred to Dr Hosie’s estimate of the sum owing of between £3 and £7 billion—

” There is no reason why the Scottish Government could not request to have a specific Scottish team in HMRC working with Revenue Scotland to focus strictly on the high-net-worth individual and corporate tax evasion that we know is happening in Scotland...<sup>79</sup>

144. Also, she stressed the importance of transparency to drive compliance saying—

” As long as people are able to not publish the type of reports that show that multinationals that might be based in Scotland are reporting profits elsewhere—profit shifting— compliance is lower. Once we make it a far more transparent system, compliance will increase.<sup>80</sup>

145. With Scotland in the grip of another economic crisis the time is now to maximise all available resources. Reprioritising spending will only go so far and will not provide a climate where Scotland can thrive.

146. We support the ongoing "Fiscal Flexibility Framework" discussions between the Scottish and UK Governments.

147. In light of the evidence received which outlines the difficulties the Scottish Government faces in responding to crises without such powers, we request the UK Government devolves significant borrowing powers.<sup>x</sup>

148. We ask the Scottish Government what consideration it has given to using the tax levers available to address the decreasing value of spending.

149. Further, we note that previous reviews and cross-party talks have not led to reform of local taxes. The Scottish Government should work with local government and political parties to consider the feasibility of a reformed local tax framework. This should build human rights into its core to future-proof services and households against economic crises.

150. On tax evasion, we recommend the Scottish Government should use all options at its disposal to recover tax owed by high-net-worth individuals and companies.

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<sup>x</sup> Jeremy Balfour MSP, Miles Briggs MSP, Pam Duncan-Glancy MSP and Foysol Choudhury MSP dissented from this recommendation.

## UK Government action on cost of living

151. On 20 September John Swinney, together with finance ministers from Wales and Northern Ireland, wrote to the former Chancellor, Kwasi Kwarteng calling for “more targeted action” and increased funding for devolved budgets. The DFM said the letter was “to make an appeal, [...] for an uplift in budgets to deal with public sector pay pressures and the pressures of inflation.”<sup>81</sup>
  152. The UK Government made a mini-budget announcement on 23 September with changes to taxes, which have devolved equivalents. A subsequent announcement on 17 October reversed some decisions, but not the immediate cut to Stamp Duty (Scottish equivalent is the [Land and Buildings Transaction Tax](#)).
  153. The Scottish Government will have to decide whether to respond to stamp duty cut by amending Land and Buildings Transaction Tax.
  154. The UK Government has taken action so that all households in Britain will get £400 off their energy bills between October 2022 and March 2023. Also, the Energy Price Guarantee limits the amount suppliers can charge per unit of energy and replaces the energy price cap. This was due to run from October 2022 for two years. Following the new Chancellor's announcement on 17 October it will run until April 2023. A Treasury review will take place to decide exactly who will be eligible for further help and how much assistance they will receive.<sup>82</sup>
  155. We are aware the Scottish Government is conducting an [emergency budget review](#) and has appointed a panel of experts to look at the UK Government's fiscal approach and the impact on Scotland. The results of the Scottish emergency budget review are not expected until the week beginning 24 October. Though, we note that the draft Scottish budget 2023-24 is still expected on [15 December](#). We also note the expected UK fiscal event/budget on 31 October, has been delayed until 17 November. The results of the Scottish emergency budget review are now not expected until after this as spending decisions in that budget will have implications for the Scottish budget.
  156. Witnesses have presented evidence on the need for additional resourcing from the UK Government to address the cost crisis. Both the Scottish Council for Voluntary Organisations and the Poverty and Inequality Commission called for more funding from the UK Government. The Poverty and Inequality Commission warned this crisis is of the same scale, and has the same potential effects, as the pandemic and needs a similar level of response from the UK Government.<sup>83</sup>
  157. At the time of writing this report the Scottish and UK budget position is still changing as governments seek to develop their fiscal policy to address the cost crisis. We will continue to monitor the fiscal situation and its impact on matters that fall within our remit.
158. The instability of UK Governments spending decisions has meant the situation has continued to change from when we took evidence. This has had an impact on Scottish Government finances and has hampered the Committee's effective

scrutiny of the Scottish Government.

159. We note that devolved Governments have written to the UK Chancellor of the Exchequer asking for targeted action to address the cost of living crisis, though at the time of writing there has been no response. As a Committee focused on people who are the most disadvantaged in our society, we urge both governments to work together to take urgent action to protect low income households at this time.

# Annexe A - Minutes of Meetings

## 23rd Meeting, 22 September 2022

### 1 Decision on taking business in private—

The Committee agreed to take item 3 in private and to consider pre-budget correspondence or its report in private at future meetings.

### 2 Pre-Budget Scrutiny—

The Committee took evidence as part of its Pre-Budget Scrutiny from—

Dr Alison Hosie, Research Officer, Scottish Human Rights Commission;

Sara Cowan, Coordinator, Scottish Women's Budget Group;

*and then from—*

Ed Pybus, Policy and Parliamentary Officer, Child Poverty Action Group in Scotland;

Morag Treanor, Deputy Chair, Poverty and Inequality Commission;

Paul Bradley, Policy and Public Affairs Manager, Scottish Council for Voluntary Organisations.

### 3 Pre-Budget Scrutiny (In Private)—

The Committee considered the evidence heard earlier in the meeting.

## 24th Meeting, 29 September 2022

### 1 Decision on taking business in private—

The Committee agreed to take items 4 and 5 in private.

### 2 Budget savings and reductions 2022-23—

The Committee took evidence from—

John Swinney, Deputy First Minister and Cabinet Secretary for COVID Recovery,

Michael Walker, Senior Finance Business Partner and Julie Humphreys, Deputy Director, Tackling Child Poverty & Financial Wellbeing, Scottish Government.

### 3 Pre-Budget Scrutiny:

The Committee took evidence as part of its Pre-Budget Scrutiny from—

Danny Boyle, Senior Parliamentary and Policy Officer, BEMIS;

Graham O'Neill, Policy Manager, Scottish Refugee Council;

*and then from—*

Gordon MacRae, Assistant Director, Shelter Scotland;

Frank McKillop, Head of Policy and Research, ENABLE Scotland.

4 Budget savings and reductions 2022-23 (In Private)—

The Committee considered the evidence heard earlier in the meeting.

5 Pre-Budget Scrutiny (In Private)—

The Committee considered the evidence heard earlier in the meeting.

[27th Meeting, 27 October 2022](#)

3 Pre-Budget Scrutiny 2023-24 (In Private)—

The Committee agreed to consider a revised draft report at a future meeting.

[28th Meeting, 3 November 2022](#)

5 Pre-Budget Scrutiny 2023-2024 (In Private)—

The Committee considered a draft report. Various changes were agreed to, and the report was agreed for publication.

# Annexe B - Written Evidence

[BEMIS Scotland](#)

[Child Poverty Action Group in Scotland](#)

[Poverty and Inequality Commission](#)

[Scottish Council for Voluntary Organisations](#)

[Scottish Human Rights Commission](#)

[Scottish Refugee Council](#)

[Scottish Women's Aid](#)

[Scottish Women's Budget Group](#)

[Shelter Scotland](#)

- 1 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 19
- 2 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 3
- 3 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 9
- 4 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 11
- 5 Social Justice and Social Security Committee, [Official Report 29 September 2022](#), Col 50
- 6 [Poverty and Inequality Commission](#) Written Evidence
- 7 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 12
- 8 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 13
- 9 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 19
- 10 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 19
- 11 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 21
- 12 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 21
- 13 [Scottish Human Rights Commission](#) Written Evidence
- 14 [SPICe briefing](#) 22 September 2021
- 15 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 17
- 16 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 24
- 17 Social Justice and Social Security Committee, [Official Report 29 September 2022](#), Cols 33-34
- 18 Social Justice and Social Security Committee, [Official Report 29 September 2022](#), Cols 24-25
- 19 [Scottish Women's Aid](#) Written Evidence
- 20 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 31

- 21 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 31
- 22 Social Justice and Social Security Committee, [Official Report 29 September 2022](#), Col 30
- 23 Social Justice and Social Security Committee, [Official Report 29 September 2022](#), Col 32
- 24 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 22
- 25 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 22
- 26 Social Justice and Social Security Committee, [Official Report 22 September 2022](#), Col 22
- 27 [Scottish Women's Aid](#) Written Evidence
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