

Health, Social Care and Sport Committee
Tuesday, 16 September 2025
23rd Meeting, 2025 (Session 6)

Pre-budget scrutiny 2026-27: Prioritisation of the mental health budget

Background

1. In recent years, in line with the recommendations of the Budget Process Review Group (BPRG) report, Scottish Parliament subject committees have undertaken pre-budget scrutiny in advance of the publication of the Scottish budget. The intention is that Committees will use pre-budget reports to influence the formulation of spending proposals while they are still in development.
2. As part of this scrutiny, committees are required to publish pre-budget reports (or letters) at least six weeks prior to the Scottish budget. The date of the Scottish budget has not been confirmed but it is typically in December following an Autumn UK budget. Timings, however, have sometimes been different in recent years due to the timing of UK elections and the Covid-19 pandemic.
3. With the date of this year's UK Budget having now been confirmed as 26 November, it now seems likely that publication of the Scottish Budget will be delayed until early 2026.
4. Nonetheless, the Committee is currently working to a timetable of publishing the output from its pre-budget scrutiny by the end of October.

Context

5. The health and social care budget is the largest portfolio area in the Scottish Government's budget, accounting for almost £20 billion of spend, equivalent to around a third of the entire budget. Within this total, spending on mental health services now stands at around £1.5 billion and has risen in recent years.
6. Spending plans for the health and social care budget are often subject to revision during the year, for example to reflect the receipt of health Barnett consequential from the UK government, or to reflect unanticipated events, such as the pandemic, rising inflation or new pay settlements. However, despite the scale of the budget and the frequency of revisions, it is very difficult to understand the rationale for spending decisions or the impact of changes to spending plans.
7. For this year's pre-budget scrutiny, the Committee agreed to consider the use of "programme budgeting and marginal analysis" (PBMA) in the context of the mental health budget. At last week's meeting, the Committee explored the potential role of PBMA approaches and the barriers that might exist to effective use of such approaches. At this week's meeting, the Committee will explore

the mental health budget in more detail, including the potential role of PBMA approaches and also the extent to which preventative spend is a feature of the mental health budget.

Programme budgeting and marginal analysis

8. Programme budgeting and marginal analysis (PBMA) offers a framework for analysing spending decisions in the context of scarce resources and identifying how resources could be allocated differently to achieve better outcomes. In giving [evidence to the Committee as part of the Scottish Government's periodic review of its National Outcomes](#), Professor Cam Donaldson described his experiences of using the PBMA approach:

"In my experience as a health economist, we have usually worked with different parts of the NHS to help them to plan use of their next year's, or their next few years', resources. Programme budgeting is just a statement of where we are now in terms of how we are spending our resources. It is completely unthreatening—it is just saying how we currently spend our resources. The marginal analysis bit, as Emma Harper indicated, then leads us into thinking about how we might move those resources around to get more benefit in total. That, in plain language, is what programme budgeting and marginal analysis are about."

9. At the same evidence session, both Professor Cam Donaldson and another witness, Emma Congreve from the Scottish Health Equity Research Unit highlighted that even to make progress on the first stage – programme budgeting – whereby a detailed analysis of current spend is made available – would be beneficial:

"When you are linking budgets to outcomes, it is critical that you are able to analyse what is going on under the bonnet. You have to understand why spend might be increasing. Is it a short-term thing? Is it to get on top of an issue, then spending will fall? We have to be much more forensic in how we track these things. Even understanding programme budgets properly, which Professor Donaldson spoke about, would be a step forward."

10. The approach has been explored in various health settings, both locally, UK-wide and internationally, but it is difficult to see whether or how the methodology or approach is being actively applied. Some examples – from Scotland and other locations – of the approach being tested, recommended or more actively applied, include:
 - In 2012, the [Scottish Government appear to have piloted the approach](#), but it is not clear that it was subsequently adopted more widely.
 - When the integration joint boards were established, [guidance was issued that recommended adopting a prioritisation approach to allocating resources](#) – either PBMA, or alternative similar approaches. Again, it is not

clear the extent to which such approaches are being actively employed in budget decision-making.

- There appears to have been some use of a [National Programme Budgeting approach in the NHS in England](#) and also some [use of the approach in Wales](#).
- SPICe is also aware of some specific examples of use of the technique e.g. in the UK (Newcastle, Norwich, Canada).

Prioritisation of the mental health budget

11. This year's pre-budget scrutiny will focus on exploring the PBMA approach further, specifically in the context of the mental health budget. Demand for mental health services (and spending on services) is growing and there are a number of different therapeutic approaches to dealing with identified problems. It is also an area where there have been in-year revisions to particular areas of the budget (most recently in the [Pre-Budget Fiscal Update](#)), without necessarily a clear rationale for the spending decisions taken, or clear indication of the impact of proposed changes to spending.
12. To inform its pre-budget scrutiny for 2026-27, the Committee issued a survey to Scotland's 31 integration authorities which sought to establish how much is currently being spent on mental health services, and on what type of services, including identified spend on preventative mental health services. The survey also sought to understand how decisions on spending on mental health services are taken. This survey was conducted over summer recess, with results [analysed by SPICe](#).
13. The Committee also ran a call for views to gather wider views on the mental health budget, the priorities evident in current patterns of spending and the extent to which the balance of spend was considered appropriate (including any focus on preventative spend). The call for views ran from 26 June until 15 August and received [54 published responses](#). SPICe has also produced a [summary analysis of responses to the call for views](#).

Today's meeting

14. During today's meeting, the Committee will take evidence from two panels of witnesses, the first comprising stakeholders with expertise in mental health budgets and a second comprising representatives from selected integration joint boards and health and social care partnerships. Following last week's focus on the PBMA approach and the extent to which it has been applied, this week's session will provide an opportunity to look in more detail at the mental health budget and how priorities for mental health spending are determined.

Clerks to the Committee
September 2025