

Scottish Budget 2024-25 – Pre-Budget Scrutiny by Parliamentary Committees

This document details how the 2024-25 Scottish Budget has been informed by pre-budget scrutiny correspondence from Scottish Parliament committees. Following the publication of the Scottish Budget, each Cabinet Secretary or relevant Minister will provide a more detailed, written response to each committee on their pre-budget scrutiny reports. This will be provided within five parliamentary sitting days of the publication of this Budget.

The Scottish Government is grateful to all committees and witnesses for the time taken to provide the detailed pre-budget scrutiny letters and reports.

This information is being provided online to accompany the 2024-25 Scottish Budget.

Constitution, Europe, External Affairs and Culture Committee

The Constitution, Europe, External Affairs and Culture Committee focused its pre-budget report on culture budgets. The Cabinet Secretary for Constitution, External Affairs and Culture agreed with the Committee when he gave evidence in October 2023 that the challenges for the culture sector with rising costs of living and operating costs remain. The Cabinet Secretary appreciated the Committee's recognition that the Government's ability to help is limited by the tough fiscal challenges it faces. Despite this, the Government has sought to protect and support the culture sector in this Budget by providing £15.8 million in additional funding for culture and we are exploring the potential for additional and parallel funding streams for the culture and creative sectors, including industry-led proposals.

Criminal Justice Committee

The Criminal Justice Committee focused its pre-budget scrutiny on the financial challenges that face the organisations working in the criminal justice sector and the adequacy of budgets that may be proposed when the Scottish Government publishes the 2024-25 Scottish Budget. The Committee had a particular interest in the pressures on capital spending and investment.

The Committee concluded that the funding situation facing the criminal justice sector is unsustainable and that a new approach must be adopted, which should encompass a vision for the sector based on long-term wholesale reform, rather than the current approach of small uplifts each year. The Committee has proposed that a spend-to-save model should be implemented to ensure the justice sector can continue to deliver services effectively to meet the demands placed upon it and provide long-term viability. The Committee also highlighted its concerns around the pressures on capital spending budgets, highlighting delays and uncertainties in relation to a number of critical projects.

The 2024-25 Justice & Home Affairs budget will deliver increased funding to frontline justice organisations. This additional funding provides a stable basis from which to improve the delivery of justice public services and allows justice organisations to further improve service delivery and to deliver greater efficiencies across the justice system. The budget will also deliver additional capital investment to the portfolio to ensure we continue to invest in the prison estate, including the replacements for HMP Inverness and HMP Barlinnie, as well as ensuring the justice organisations can invest in their capital assets.

This Budget will also ensure that key reform and transformation projects continue to be taken forward. These include continued operation of the court recovery programme, an increased investment in community justice services which will contribute to shifting the balance away from custodial sentences, continued investment in the implementation and roll-out of digital evidence sharing through the Digital Evidence Sharing Capability (DESC) programme with investment in body-worn video cameras for Police Scotland, and considering further options for efficiencies in the police and fire services through the blue light collaboration programme. This Budget will also ensure continued support for victim's organisations who play a key role in supporting individuals through the justice system.

This will contribute to the delivery of our Vision for Justice, to ensure that the justice system is person-centred and trauma informed for all.

Economy and Fair Work Committee

The Committee highlighted when the Medium-Term Financial Strategy was published, the Deputy First Minister informed Parliament that certain areas of spend would be 'deprioritised' and emphasised that three areas of expenditure would be maintained: support for business, including the Small Business Bonus Scheme (SBBS), support for women's enterprise, and skills development.

In terms of support for business, the Committee focused its attention on a £100 million commitment to help businesses improve digital skills, capacity and capability. £39 million has been provided to date, however, due to pressure on public finances and the emergence of new priorities, these programmes are currently paused. This is one part of Scottish Government's support for businesses to improve their digital capability. Others include DataLab, CENSIS, the National Manufacturing Institute Scotland, Techscaler, Business Gateway, the Smart Things Accelerator, Next Zero Technology Centre and the Scotland 5G Centre. Once these broader commitments are included, we are confident that the Scottish Government will meet its commitment to invest at least £100 million in the digital capabilities of Scottish businesses by the end of the Parliament.

The Committee raised what impact the reforms to the SBBS have had on businesses. From 1 April 2023, the SBBS has been reformed and expanded, ensuring that it remains the most generous scheme of its kind in the UK. We estimate that SBBS relief will ensure that around half of properties in the retail, hospitality and leisure sectors in Scotland can pay no rates in 2023-24, with the Non-Domestic Rates Relief statistics 2023 due to be published in early 2024. This will provide statistics on the numbers of recipients and values of Non-Domestic Rates reliefs in Scotland.

The Committee's interest on support for women's enterprise is appreciated. Following requests from stakeholders to examine the barriers impacting the ability of women to start and scale businesses, Ana Stewart was commissioned to conduct a review and produced the 'Pathways' report. The report revealed little demand for a women's business centre or evidence of a gap in business support provision that would be most effectively addressed by a single institution or programme. Instead, the report provides

a systematic, evidence-based analysis of the interventions required to transform the participation of women in entrepreneurship, spanning ideation, incubation, financial support, caring responsibilities, investment, and skills. In addition, many of the aims of the proposed women's business centre would be met by Ms Stewart's alternative recommendation for a national network of 'Pre-Start Centres'.

The Scottish Government's view is that the quality and ambition of the 'Pathways' report is such that its recommendations should supersede the earlier commitment to a Women's Business Centre. The Cabinet Secretary for Wellbeing Economy, Fair Work and Energy committed the Scottish Government to implementing the report immediately prior to summer recess. The 2024-25 Scottish Budget provides the resources necessary to make early progress on delivery.

The Committee sought an update on the skills landscape following the Withers Review and asked when the updated Climate Emergency Skills Action plan will be published and how the 2024-25 Scottish Budget will support the development of the required skills pipeline. Our Education and Skills system is already adapting to the transition to net zero and institutions like colleges and universities are key anchors for this, including in the renewables sector. The Climate Emergency Skills Action Plan (CESAP) published in 2020 provided an important springboard for net zero skills planning and we have made good progress since its publication. The CESAP Implementation Steering Group, chaired by the Minister for Green Skills, will continue to play a critical role in informing our net zero transition, sending strong signals to the education and skills system on the need for urgent action and supporting the development of relevant strategies, including the Just Transition Plans, Green Industrial Strategy and Rural Delivery Plan.

Education, Children and Young People Committee

Further Education

The Scottish Government has just embarked on a period of significant reform which acknowledges both the challenges and opportunities within the college sector. While colleges are responsible for their own operational decisions, the Scottish Government will continue to work closely with them and the Scottish Funding Council to improve resilience and sustainability against the backdrop of an extremely challenging financial climate.

Local Government

In alignment with the Verity House Agreement, the Scottish Government is reducing the amount of funding that is ring-fenced so that local authorities are empowered to target funding where it is needed the most and will have the greatest impact. This includes £564.1 million from education-related budgets. We are also retaining provision for funding to support teacher numbers, as well as providing additional resource and capital funding in 2024-25 to expand Free School Meals to P6 and P7 pupils in receipt of the Scottish Child Payment.

Scottish Attainment Challenge (SAC)

In this Budget we continue with our commitment to provide £1 billion in targeted funding over the course of this parliament to tackle the poverty-related attainment gap, with up to £200 million to be distributed in 2024-25. This includes continued investment in Pupil Equity Funding, alongside funding to all 32 local authorities for strategic local plans to support care experienced children and young people.

The Scottish Government is committed to the SAC programme in its current form until the end of this parliamentary term. Early work has commenced to consider what may follow, including the potential data sources for distribution of any funding, noting that this would be into the next parliamentary term and a decision for the next government.

Equalities, Human Rights and Civil Justice Committee

The Committee agreed that its approach to pre-budget scrutiny for 2024-25 to 2026-27 would comprise a three-year plan; looking at each of the three principles of human rights budgeting in turn: Participation, Transparency and Accountability.

The Committee focused on Participation and explored the impact of the Budget from a lived experience perspective. A Citizen's Panel was formed which included members of the public and their views directly fed into the Committee questions that were asked of the Scottish Government this year at the pre-budget scrutiny session in October. The Panel's recommendations to the Scottish Government related to participation within the Budget process itself, demonstrating human rights obligations and increasing the public's knowledge of their rights.

The Scottish Government agrees that participation, alongside the other human rights budgeting principles of transparency and accountability, is critical for effective human rights budgeting. We are committed to continuing to advance our approach to equality and human rights budgeting.

We continue to build on the Equality and Fairer Scotland Budget Statement, published alongside this Budget. This year we have made changes with the aim to create a document that is more useful to the Committee and other stakeholders. These changes include:

- making improvements to our internal processes, such as closer alignment with the development of the Programme for Government;
- bringing Ministers together to participate in a pre-budget workshop dedicated to looking at the Equality and Fairer Scotland impacts of potential budget decisions; and
- commissioning longer-term work with the Organisation for Economic Co-operation and Development (OECD) on gender-budgeting pilots.

The Scottish Government published [its response](#) to the Equality and Human Rights Budget Advisory Group's recommendations in September 2023. Many of the Equality and Human Rights Budget Advisory Group's recommendations correspond with the Committee's own recommendations.

Finance and Public Administration Committee

The Committee recognised the challenging fiscal context facing the Scottish Government in advance of the 2024-25 Scottish Budget. Their report focused on the sustainability of Scotland's finances and drew upon their recent inquiry into the Scottish Government's public service reform programme. The Committee also commented on other areas of interest such as National Outcomes, fiscal transparency and the Fiscal Framework Review.

The Committee explored the Scottish Government's approach to tax in depth during its evidence sessions and in their report. The Tax Advisory Group, established this year, will support the development of our strategic approach to tax, which will be published in 2024.

We have made strides towards delivering a fair and green growing economy through the implementation of our National Strategy for Economic Transformation, which contains a range of bold and ambitious actions making our economy more sustainable and resilient in the longer term.

The Committee provided detailed recommendations in relation to Public Service Reform, and we have agreed with the Committee to produce biannual progress updates on our Public Service Reform programme, which will detail the steps we are taking to deliver this.

We accept that the agreement on the updated Fiscal Framework arrived faster than expected, however, we felt it necessary to use the opportunity to make improvements to the process and note that the expert panel called to provide evidence by the Committee were broadly satisfied with the updated agreement.

We support the Committee's long-held commitment to improving transparency and will continue to work with the Committee to advance this.

Health, Social Care and Sport Committee

The Committee recognises the financial and operational pressures across health and social care and highlights the importance of whole system working and preventative spend in addressing these challenges, noting the integral role of long-term planning and data in effective decision making, improved outcomes and sustainability.

The 2024-25 Scottish Budget balances the requirement to address immediate pressures and recovery of the system whilst driving forward our long-term reform and prevention agendas, providing increased investment for NHS Boards, alongside continued focus to improve population health and outcomes through investment in quality community services, vaccination and screening. This investment continues to be coupled with wider action, such as legislation (for example, minimum unit pricing) to support and encourage positive health behaviours and maximise the impact of preventative spend.

Reform remains a central component of our investment strategy towards sustainable public services. We are bringing together our key reforms within a single portfolio to accelerate progress on our efforts to improve population health and wellbeing, reduce inequalities, and create a more sustainable health and social care system. A Care and Wellbeing dashboard is being developed in collaboration with Public Health Scotland to provide access to a range of evidence, which looks at the wider social determinants of health, the conditions in which people are born, grow, live, work and age which can lead to health inequalities. The dashboard uses existing indicators from the National Performance Framework and other Scottish Government frameworks, such as the Children, Young People and Families Outcomes Framework, to ensure alignment and drive progress across a common set of long-term outcomes.

The refreshed Health and Social Care Medium Term Financial Framework will be published in 2024 and provide a clear financial context to our programme of reform.

Local Government, Housing and Planning Committee

The Committee's pre-budget scrutiny focused on the ability of local government to adequately forward plan and continue to provide sustainable public services. The Committee focused specifically on the impact of annual budget settlements, workforce challenges, and the context of the Verity House Agreement.

The Committee noted recent increases in local government workforce were largely driven by specific policies such as the expansion of Early Learning and Childcare. However, in other areas there have been difficulties for councils in recruiting and retaining staff. The Scottish Government notes that whilst workforce planning is rightly a matter for each individual local authority, we recognise that workforce shortages in particular areas, such as environmental health and planning, continue to have a significant impact across Scotland. We are therefore committed to working in partnership with local government to ensure councils can tackle workforce challenges in ways that work for them.

The Committee noted that there is a growing skills gap in local authorities and cited the Withers Report as a framework for addressing these gaps. The Scottish Government is committed to reforming our education and skills system and has already accepted the basis of many of the recommendations made by James Withers and will work with stakeholders on the practicalities of implementing reform before we commit to a set of actions.

The Committee noted the commitment in the New Deal with local government to developing an effective fiscal framework, and the importance of the default position being no ringfencing or directed spend. The Committee noted that flexibility is an essential enabler for local government. The Scottish Government is committed to working in partnership with local government to achieve our three shared priorities as set out in the Verity House Agreement and has undertaken a first review of existing ringfencing ahead of 2024-25 to take steps towards increasing that flexibility. The Scottish Government remains committed to working in partnership with local government to deliver a fiscal framework.

Net Zero, Energy and Transport Committee

The Committee's pre-budget scrutiny report continues consideration of key themes including the Fair Fares review, bus services, electric vehicle charging, aspects of the Scottish Government's response to the Committee's report on energy price rises and the publication of the final Hydrogen Action Plan and the anticipated Energy and Just Transition Strategy. The Committee has raised several questions around funding across climate, transport and environment sectors and sought assurance that spending commitments will be maintained. As set out in the Medium-Term Financial Strategy, available funding is not keeping pace with our spending commitments due to the ongoing impact of inflation and continued austerity measures imposed by the UK Government. Therefore, the Scottish Government's strategy for the 2024-25 Scottish Budget is to align the funding available to deliver on its three missions of Equality, Opportunity and Community.

The Committee has a continuing interest in the recovery of the bus sector following the COVID pandemic and raised a number of questions on the Government's support for buses including through the Network Support Grant, Bus Partnership Fund and Community Bus Fund which we will address in our full response. The Committee also had an interest in the Fair Fares review. This is due to report shortly and will provide recommendations to improve the affordability, accessibility, and availability of public transport, prioritising a more targeted approach in line with the three missions.

The Committee remains interested in the development of Scotland's electric vehicle charging infrastructure and sought detail on the funding and longer-term plans for this programme. The Scottish Government is on track to meet or exceed the target of 6,000 public charge points and is now focused on ensuring the expansion is well-coordinated and builds on its success to date.

The Committee asked a number of questions in relation to the broad topic of energy and energy efficiency. We are committed to tackling fuel poverty – not least by delivering on our Heat in Buildings Strategy, which will help make homes warmer, greener and cheaper to run. Our funding is used to deliver installations of clean heating and energy efficiency measures and the development of heat networks. We report on outcomes in our annual monitoring report and we have recently published a proposed Heat in Buildings monitoring and evaluation framework which will incorporate this reporting in future. The Committee also had questions on funding for hydrogen and carbon capture and storage which we will address in our detailed response.

The Committee asked for further information in relation to the implementation of the Joint Budget Review publication. The dedicated climate annex of the Scottish Budget, first published for the 2023-24 Scottish Budget, provided increased scrutiny and transparency on how capital spending decisions are supporting the journey to net zero. For the 2024-25 Scottish Budget, the annex will outline the revised taxonomy, and will cover both resource and capital spend.

The Committee also sought assurance that our environmental regulators NatureScot and the Scottish Environment Protection Agency have sufficient resources to carry out their core functions effectively. The Scottish Government will continue to provide funding to support our regulators in delivering their objectives for the people of Scotland.

Rural Affairs, Islands and Natural Environment Committee

The Committee's pre-budget scrutiny had a specific focus on the funding commitments associated with the implementation of the National Islands Plan and the islands programme budget. The Committee took a range of evidence from stakeholders including the Scottish Futures Trust and local authorities on various aspects of the Plan including: expected reduction in funding in 2024-25; the application process; investment panel; competitive approach to allocating funding; cost of living and fuel poverty; depopulation; skills and workforce development; carbon neutral islands; and housing. The Committee recognised several examples of how government portfolios are interconnected in relation to issues facing island communities and that funding needs to be delivered in a way that takes account of those specific circumstances, for example, decoupling from the overall house building commitment. The Committee encouraged the Scottish Government to engage openly with stakeholders and advised it will follow up the themes arising from the pre-budget scrutiny when it next considers the National Islands Plan.

The Committee sought clarification of agriculture funding that had been ring-fenced and recommended that the Scottish Budget make clear how the ring-fenced money is being spent.

The Committee requested further information about the Scottish Government's position regarding its funding for agri-environment and other schemes intended to tackle the climate and nature crises, noting the allocation is small compared with that for direct payments under Pillar 1.

Finally, the Committee considered fisheries and aquaculture, how this interacts with the commitment in the Programme for Government to produce a 'Science and Innovation Strategy' for marine and freshwater environments, whether the strategy would have budgetary implications and again recommended that the Scottish Budget makes clear how much investment is planned for developing science and technology. The Committee requested clarification on marine funding following exit from the EU, specifically on the reduction in resources with reference to the current funding in the EU that would have been received if the United Kingdom had remained a Member State.

The Scottish Government welcomes the Committee's considerations and recommendations and will continue to work closely with stakeholders to ensure that the process for funding is as streamlined as possible.

Social Justice and Social Security Committee

The Committee's report focuses on the need for the Scottish Government to prioritise spending in the 2024-25 Scottish Budget, as well as reprioritising existing funding, to create maximum benefit. It stresses the need to meet people's essential needs and is keen to understand how the Scottish Government will balance targeted support and making long term structural changes to support low-income households.

Tackling poverty and protecting people from harm is one of the First Minister's three critical missions for the Scottish Government and we are prioritising these missions during the budget process across all portfolios. As a government, we have spent over a billion pounds mitigating the impacts of 13 years of UK Government policy such as the bedroom tax and benefit cap. The Scottish Government has allocated almost £3 billion this year to support policies which tackle poverty and to protect people as far as possible during the cost of living crisis. In relation to targeted support, we are investing £6.3 billion in Social Security benefits and payments which will reach around 1.2 million people in 2024-25, including our unique Scottish Child Payment, Discretionary Housing Payments and £24 million investment in Winter Heating Payment. We also recognise the importance of longer-term transformation.

The Committee notes its concern that economic challenges are hampering the Scottish Government's mission to tackle child poverty. They are keen to understand what consideration has been given to the balancing of universal and targeted policies to tackle child poverty. As set out in the Medium-Term Financial Strategy, published in May 2023, universal provision can improve take-up of benefits and services amongst those who most need support, and offer greater security and certainty for people, but these demand-led services come with limited opportunities to control costs once introduced. We will continue to evaluate policies to assess their impact over time and ensure we retain an appropriate balance between universal and targeted provision.

The Committee is keen to understand how the Scottish Government will ensure local services have the resources required to deliver on housing rights. Housing need and demand is assessed at a local level; however, the Scottish Government has established a temporary accommodation task and finish group to identify options to support local authorities manage housing pressures. In response to its recommendations, we have established a £60 million National Acquisition Scheme to enable partners to buy existing properties to let.

The Committee also raises concerns about the funding relationship between the Scottish Government and the voluntary sector and recommends a fair funding framework is developed and agreed as a matter of urgency. The Scottish Government recognises the unprecedented financial pressures on the Third Sector at this time and is committed to progressing an agenda of Fairer Funding, as outlined in the Programme for Government. This was also reflected within the First Minister's commitment to expand the number of two-year grant agreements, which he made at the Gathering event on 8 November 2023.