

Scottish Budget 2025-26 – Pre-Budget Scrutiny by Parliamentary Committees

This document provides detail on how the 2025-26 Scottish Budget has been informed by pre-budget scrutiny correspondence from Scottish Parliament committees.

Following the publication of the Scottish Budget, the appropriate Cabinet Secretary or 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 extends its gratitude to all committees and witnesses for their contributions and for the time taken to provide comprehensive and detailed pre-budget scrutiny correspondence.

This information is provided online as a supporting document to the 2025-26 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 and heard concerns from the culture sector regarding the lack of clarity over future funding from the Scottish Government. The Cabinet Secretary appreciates the need amongst the culture sector for clarity over the commitment to an additional £100 million for culture by 2028-2029 and the need for this funding to be frontloaded. Following a £15.8 million increase in 2024-2025 the Cabinet Secretary is pleased to confirm a further £34.2 million in 2025-2026, taking the additional funding to £50 million, meaning the Scottish Government is halfway towards £100 million in the first two years of the commitment. This additional funding includes £20 million to Creative Scotland for their multi year funding programme meaning that Creative Scotland will be able to award multi year funding to a significantly larger cohort of diverse and inspiring organisations across Scotland.

Criminal Justice Committee

The pre-budget scrutiny work undertaken by the Criminal Justice Committee was focused on the financial pressures facing organisations in the criminal justice sector, and their main priorities for 2025-26. Of particular interest to the Committee was the pressure on capital budgets and investment in frontline justice services. The Committee was also focused on evidence that relatively small sums of money invested on a “spend to save” basis in different parts of the justice system could make a real difference.

Having taken evidence from frontline justice organisations, the Committee has concluded that there is a compelling case for additional money to be provided to the criminal justice system, and to the Scottish Fire and Rescue Service. The Committee also highlighted concerns that it had heard similar evidence last year, when it had noted that a revamped and joined up sector-wide vision for the justice system was required. The Committee recommends that the Scottish Government proactively leads further work to make sustained progress to reduce inefficiencies across the justice system, while supporting reforms required for the longer term.

The 2025-26 Justice & Home Affairs budget will deliver increased funding to frontline justice organisations. This will support the delivery of frontline services and will also ensure that the justice organisations can invest in further improvements and efficiencies. The budget will also deliver additional capital investment to the portfolio to support investment in the prison estate, including the replacements for HMP Inverness and HMP Barlinnie, as well as increasing the police, fire and courts capital budgets, to support investment across their asset bases. We are continuing to increase investment in Community Justice to improve confidence in alternatives to custody and support for throughcare for those leaving custody. We have also recognised the importance of legal aid in enabling access to justice through increased investment. The budget will also support portfolio Programme for Government commitments.

The portfolio's strong track record of successful public service reform will continue. It will ensure that key reform and transformation projects can be taken forward to support a range of initiatives targeted at delivering improvements and more efficient public services, as well as reducing the demand on the justice system. This includes the court recovery programme, revising the model of policy to support the mental health demands placed on policing in the community, shifting the balance between custody and community sentences, and driving efficiencies through the roll out of the digital evidence sharing capability (DESC). The Committee is also aware of the judicially led summary case management project, which is demonstrating significant early success in reducing unnecessary citation of witnesses.

Justice & Home Affairs will continue support for victims' organisations who play a key role in supporting individuals through the justice system, and will ensure that the justice system is person centred, and trauma informed, for all who come into contact with it.

Economy and Fair Work Committee

The Economy and Fair Work Committee focused its pre-budget scrutiny on the Enterprise Agencies, Scottish National Investment Bank (SNIB) and VisitScotland, citing their role in supporting economic and business growth, and the importance of 'sufficient and effectively deployed capital spend' to meet the Government's ambitions for economic growth, net zero and public service delivery.

The Deputy First Minister and Cabinet Secretary for Economy and Gaelic recognises and agrees with the committee that these organisations are key to supporting capital investment in Scotland's places and industries of the future. As well as investing in growing the economy more widely, this year we have increased the capital and financial transaction budgets of the three Enterprise Agencies and the Scottish National Investment Bank, to facilitate the work they do, including to increase the value of Scottish exports and attract new international investment to Scotland. We are also maintaining VisitScotland's resource budget, recognising the committees' representations and expanding the Rural Tourism Infrastructure Fund to £4 million. Tourism creates jobs, sustains communities, is a key part of our National Strategy for Economic Transformation, and is critical to this Budget's focus on delivering economic growth that provides prosperity across the country.

The committee's continued support for women's enterprise is welcomed by the Deputy First Minister and is reflected in this year's Budget via funding for the Enterprise Package, which will drive delivery of the next phase of our plan to establish Scotland as a rapidly growing start-up economy and include the implementation of Ana Stewart's key recommendations to expand the number of women starting and scaling businesses through pre-start centres and related pop-up networks.

In line with the committee's recommendation, this year's Budget is protecting funding for Employability, recognising the significant role these services play in contributing towards ending child poverty and halving the disability employment gap.

Building on last year's missions, our National Strategy for Economic Transformation, and 2024 Programme for Government priorities, spending in this year's Budget will deliver investment and economic growth that provides prosperity right across the country.

Education, Children and Young People Committee

The Education, Children and Young People Committee has engaged with the Scottish Government over the past year over its financial support for further and higher education institutions, and the impact this will have for the wellbeing of staff and students. Within this, they put particular focus on: the need for clarity of expectations to be communicated to colleges about how they prioritise their resource; the long-term sustainability of the Scottish Government's funding for universities impacted by the increases to employer contributions to the Scottish Teachers Superannuation Scheme, and reductions to the budget allocation for the student mental health and wellbeing budget.

During this period the Scottish Government will continue to maintain their strong commitment to funding and supporting colleges, and students. Despite continuing financial challenges, the 2025-26 Scottish Budget invests over £2 billion in post school education, supporting the delivery of high-quality education, training, and research. This includes important increases in resource funding to both the university and college sectors.

Equalities, Human Rights and Civil Justice Committee

For the Scottish Government's 2025-26 Scottish Budget, the Committee focused its scrutiny and recommendations on transparency in the context of human rights budgeting and the role of National Outcomes in supporting transparent and data-driven decision-making, and the mainstreaming of equalities.

The Scottish Government agrees that transparency, alongside the other human rights budgeting principles of participation 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 have, alongside this budget, published the [Equality and Fairer Scotland Budget Statement \(EFSBS\)](#) as well as an [evaluation of our gender budgeting pilot](#) with the Organisation for Economic Cooperation and Development (OECD). This year, we have made changes to the EFSBS with the aim of better integrating equality evidence into the budget process and drawing out the key decisions, and their impact on vulnerable groups, more clearly. We have also published new [analysis on the distributional impact of public spending](#).

We are making good progress with our actions to deliver the recommendations made by the Equality and Human Rights Budget Advisory Group, which align with many of the recommendations made by the Committee. We have also recently published the [thematic gender review](#) of the National Performance Framework in October 2024.

The Scottish Government welcomed the findings of The Open Budget Survey, published by the Scottish Human Rights Commission in July 2024, which highlighted that Scotland has made progress across all three areas of Open Budgeting, at a time where many countries have stalled or slipped backwards.

The Scottish Government welcomes the further recommendations from the Committee to continue to make improvements in the Scottish Budget process.

Finance and Public Administration Committee –

The Finance and Public Administration Committee focused their report on strategic financial planning and fiscal sustainability. They recognised the challenging medium to long-term position in light of pressures facing the public finances. The Committee explored in depth the sustainability of Scotland's finances and public service reform.

A more strategic and transparent approach to funding by the UK Government is welcomed and the improved working relationship will also help – we look forward to the forthcoming UK spending review to provide much needed clarity on funding levels.

On the Medium-Term Financial Strategy (MTFS), the Committee acknowledged that the need to appoint a new First Minister and the UK pre-election period were reasons for the initial delay but expressed their disappointment in the decision not to publish an MTFS this year. Had the Government published an MTFS ahead of the UK Autumn Budget, it would have been based on funding projections set by the previous UK Government and would have quickly become out of date. It is the Government's intention to publish an MTFS after the conclusion of the UK Government's Spending Review which is expected in late Spring 2025. The Scottish Government is currently reviewing its options for a Scottish Spending Review (SRRs), including the timing and rhythm for SRRs.

The Committee raised a number of issues around Public Sector Pay and strongly urged the Scottish Government to produce an annual Public Sector Pay Policy alongside the Scottish Budget, to promote scrutiny. It was also suggested that the Pay Policy should include scenario planning on how the Scottish Government would potentially fund higher than expected pay deals.

The Scottish Government remains committed to the development of an annual pay policy that is fair, affordable and sustainable. A public sector pay policy has been published alongside the new 2025-26 Scottish Budget and this sets out a multi-year framework from 2025-26 to 2027-28 and includes pay metrics above forecast levels of inflation.

On Tax, the Committee focused on a range of areas including Income Tax, tax behaviour, and the government's Tax Strategy. The Committee considered that the Scottish Government's upcoming Tax Strategy would have provided more transparency if it was first published in draft form. The government's view is that further consultation would have risked the Tax Strategy not being published alongside the 2025-26 Scottish Budget and tax officials have undertaken a wide programme of consultative engagements to broaden views and contributions to the strategy.

The Committee also focused on growing the tax base, welcoming confirmation that the Cabinet Secretary for Finance and Local Government was working together with the Deputy First Minister to make sure the Tax Strategy is 'joined up' with the National Strategy for Economic Transformation (NSET).

In turning to Local Government, the Committee looked at the sustainability of local government finances. This is an important area for the government and significant progress has been made on the delivery of a Fiscal Framework and how the foundations of the framework are being practically applied.

On Council Tax Reform, the Committee recognised the frustration on the lack of progress in this area and asked how cross-party consensus could be achieved. The Scottish Government acknowledges that, in its current state, Council Tax is not as fair as Ministers would like it to be. The Joint Working Group is at looking at processes to build consensus around meaningful changes to Council Tax. Given the competing views on the nature of reform, the Joint Working Group agrees that consensus is necessary to enable progress.

More widely, the Scottish Government continues to improve budget transparency and remains committed to working with the Committee on this.

Health, Social Care and Sport Committee

The Health, Social Care and Sport Committee focused its budget scrutiny for 2025-26 on the financial position of Integration Joint Boards (IJBs) with a key focus on the findings of the Accounts Commission Finance and Performance report on Integration Joint Boards published on 25 July 2024. The Committee sought evidence around seven key questions including financial performance of IJBs, challenges that arise from the current financial arrangements and effective use of workforce, resources and reserves.

Of further interest to the Committee was the impact that the lack of certainty over funding has on the ability of IJBs to plan longer term. Whilst it is the responsibility of the local partners to set the budgets for IJBs the government does recognise the difficulties caused by uncertainties around funding. In 2024-25, a number of steps have been taken to improve funding certainty for IJBs from the Scottish Government. Notably, the Scottish Government achieved the aim of issuing 80% of budget allocations within

quarter 1, providing increased clarity for Health Boards and IJBs. Work is ongoing to baseline other allocations to provide greater certainty over funding for key deliverables such as the Mental Health Outcomes Framework and Multi-Disciplinary Teams to support the efficiency of the hospital discharge process.

A number of recommendations were raised by the Committee around prevention. Whilst the government is unable to have prevention identified as a separate budget category, as part of the Population Health Framework that is being developed, we will be actively considering approaches to prioritisation and resource allocation (both nationally and locally), to support better preventative and upstream investment.

The Scottish Government has also worked with partners including Public Health Scotland to ensure that there is a clear, consistent understanding across health and social care, and the whole public sector, of the different types of prevention.

The Committee also highlighted their interest in the integration of budgets for IJBs. It is recognised that while some progress has been made in integration of budgets, some issues remain. Much progress has been made in this area, but this has not been uniform and there is still some way to go to fully integrate budgets. The Scottish Government fully endorses the Committee's recommendation that good availability of data and data sharing arrangements are fundamental to good budget decision-making and are vital to improve transparency of the budget and the outcomes it seeks to deliver. The Scottish Government recognises that strengthened collaboration, and required reform, such as the National Care Service, that focuses on delivery of integrated services, will provide the necessary framework, accountability, and opportunities for collaboration that support longer term reform and workforce planning.

Local Government, Housing and Planning Committee

The Committee's pre-budget scrutiny focused on the sustainability of local government finance, including capital investment, borrowing and reserves. Recognising that these components of local government finance cannot be viewed in isolation, the Committee broadened their considerations to a range of factors influencing the sustainability of local government finance including revenue raising powers, public service reform, and the Verity House Agreement (VHA). The Committee also provided their conclusions on the Scottish Local Authorities Remuneration Committee's (SLARC) recommendations on councillor pay.

The VHA's commitment to a shift away from ring-fencing was noted by the Committee and it acknowledged the progress made in the 2024-25 Scottish Budget through the baselining of almost £1 billion of funding across Health, Education, Justice, Net Zero and Social Justice. The principle that Scottish and Local Government should be held jointly accountable for the delivery of shared priorities was supported by the Committee, with the ongoing work to develop an assurance and accountability framework welcomed.

The need to transform how services are delivered to allow for long-term sustainability of local government finance was highlighted by the Committee. The Scottish Government recognises the need for a renewed focus on Public Sector Reform (PSR), as illustrated

through our 10-year programme for PSR published in December 2023. We are committed to working in partnership with Local Government, public bodies, third sector and others to realise the ambition of reform.

The complexities surrounding the development of a Fiscal Framework with Local Government were recognised by the Committee, along with the importance of getting it right. We welcome the positive comments by the Committee on the substantial progress made, not only on the development of the Framework itself, but also on the implementation of the Framework's objectives, including more frequent and meaningful budget engagement with Local Government.

Net Zero, Energy and Transport Committee

The Committee's pre-budget scrutiny report focuses on the prioritisation of net zero policy making and delivery, following the Climate Change Committee's (CCC) 2023 Progress Report for Scotland, which noted that a 75% reduction in emissions by 2030 was beyond what is credible. As part of its response to the 2023 report, the Scottish Government introduced legislation to amend the Climate Change (Scotland) Act 2009, including moving from linear annual emissions reduction targets to adopt a five-year Carbon Budget approach. The Climate Change (Emissions Reduction Targets) (Scotland) Act has now passed Stage 3 and is currently awaiting Royal Assent. We remain steadfastly committed to our ultimate target of net zero emissions by 2045 – one of the most ambitious in the world – and to publishing a new Climate Change Plan.

Beyond the top line, the Committee's report raises an interest in funding of carbon reducing actions. While there are clearly significant challenges to the Scottish Government's capital budget, we are working to maximise this funding towards the priorities which include tackling climate change as part of our ambition to achieve net zero. This includes prioritising spend areas such as Active and Sustainable Travel and Concessionary Travel Schemes, to support decarbonisation of the transport sector.

The Scottish Government is also currently piloting the Net Zero Assessment (NZA) which will provide insight into the emissions impact of major policies and interventions. On completion of the pilot the intention is to roll this out across government early in 2025. The NZA will be applied to all significant new expenditure decisions.

The Committee also highlighted that its scrutiny would concentrate on sectors highlighted by the CCC where progress is lagging and where more targeted action is needed. This includes areas such as Agriculture, where through the Agricultural Reform Route Map, we have provided a clear set of programme dates to explain when current schemes will transition or end and when more guidance, support and information will be available. In forestry, the Scottish Government remains fully committed to maximising the important contribution that forestry makes towards our climate change targets and has created 75% of all new UK woodland since 2019.

The scrutiny report specifically highlighted questions on how portfolios within Government work together to achieve emissions reduction, along with collaboration with local Government. The Climate Change Programme and its governance group the

Global Climate Emergency Programme Board ensures that portfolios are aligned and contributing to climate change outcomes. This structure supports cross-collaboration and surfacing and resolution of issues across portfolios whilst providing a clear understanding of the progress being made across government. Work is already underway to address local authorities' needs for simplified, longer-term and non-competitive funding streams to support their net-zero efforts.

Rural Affairs and Islands Committee

The Rural Affairs and Islands (RAI) Committee's pre-budget scrutiny considered the overall RAI budget and focused on the impact of last year's budget on meeting the national outcomes and supporting service delivery, with particular attention to the Marine Directorate's budget allocation for fisheries management. The Committee issued a call for stakeholders' views, undertook a fact-finding visit to the Marine Directorate science laboratories and took evidence from stakeholders.

The Committee made a range of detailed comments relating to funding for fisheries, including restoration and modernisation of Marine Directorate research facilities. It noted concerns among marine and coastal stakeholders that there has been insufficient funding made available to achieve the national outcomes relating to the marine environment. The Committee also noted the potential for technological solutions to assist compliance and enforcement and sought the Government's response to proposals that funding could be moved from the compliance budget to be moved to the science budget.

The Committee called on both the Scottish and UK governments to give clarity on the overall budget allocation for rural support payments from 2026 and indicated it would continue its scrutiny of the wider implications of the roll out of new payment schemes during the transition period. The Committee also highlighted the contribution of the Agricultural Transformation Fund to achieving climate and biodiversity goals and concern that sufficient funding is allocated to it to meet demand in 2025-26.

The Scottish Government welcomes the Committee's scrutiny and recommendations and will continue to work closely with stakeholders on the areas identified by the Committee.

Social Justice and Social Security Committee

The Committee's report focuses on funding for the third sector in Scotland and examines the progress made since the report by the Equalities and Human Rights Committee in session 5, Looking ahead to the Scottish Government's Draft Budget 2020-21: Valuing the Third Sector. The report looks at the challenges of increasing demand for third sector services and constrained budgets, with a focus on how the Scottish Government's approach to fair funding can contribute to the continued effectiveness of the sector.

The third sector in Scotland is hugely diverse and works alongside the public and private sectors across all services and industries, often providing lifeline services in our most vulnerable communities. It faces many of the same cost pressures as the public sector, and the Scottish Government recognises that there are challenges given fixed grants and falling donations.

Multi-year funding, funding flexibility, sustainability and cost pressures experienced by the sector were covered in the Committee report, and inefficiencies with current grant processes were identified. The breadth of evidence underlines the complex nature of the funding landscape and the varied needs of organisations in receipt of grant funding. We recognise many of the challenges discussed on multi-year funding, annualised budgets and rising costs. The Scottish Government remains committed to delivering Fairer Funding and work is underway to improve the clarity and consistency of the grant-making practices across government, as set out in this year's Programme for Government.