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**Kenneth Gibson MSP**  
**Convener**  
**Finance and Public Administration Committee**  
**Scottish Parliament**

**22 December 2023**

**By email**

Dear Convener,

### **Finance and Public Administration Committee's Budget Scrutiny 2024-25**

Thank you for the invitation to provide evidence to your committee as you begin scrutiny of the Scottish Government's draft budget for 2024-25.

As you will know, Carnegie UK is an independent charitable foundation established with an endowment from Andrew Carnegie over 100 years ago. Our purpose is better wellbeing for people in the UK and Ireland.

For Carnegie UK, collective wellbeing is about everyone having what they need to live well now and in the future. We have identified four aspects of collective wellbeing:

- Social wellbeing: We all have the support and services we need to thrive.
- Economic wellbeing: We all have a decent minimum living standard.
- Environmental wellbeing: We all live within the planet's natural resources.
- Democratic wellbeing: We all have a voice in decisions that affect us.

The Scottish Government's budget choices have a significant and wide-ranging impact upon the collective wellbeing of the people of Scotland, now and in the future.

We recognise that Ministers face difficult tax and spending decisions. We also understand that the Scottish Government, and your committee, will have access to in-depth and wide-ranging evidence from many experts and interest groups. We have therefore focussed here on the areas in which Carnegie UK can offer distinctive insight and expertise.

### **National Performance Framework**

As your committee knows, Carnegie UK has a long-standing interest in the National Performance Framework (NPF).

The NPF articulates the Scottish Government's purpose to create "a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable

#### **Carnegie United Kingdom Trust**

**Chair**

David Emerson CBE

**Chief Executive**

Sarah Davidson

and inclusive economic growth".

As we outlined in earlier evidence to your committee, we believe that the NPF's "national indicators provide Government with a wealth of data through which to understand wellbeing and identify emerging threats and opportunities. In order to realise the potential of Scotland's wellbeing framework, Government officials should use this data more explicitly to shape policy, to guide policy appraisal and funding decisions, and to communicate these to the public."<sup>1</sup>

We agree with the conclusions of your committee's report 'National Performance Framework: Ambitions into Action'<sup>2</sup> that the NPF is not currently seen to drive financial decisions, nor as a mechanism by which organisations are held to account for spending effectively. We were also supportive of the committee's observations in that report about the need for a closer alignment between the NPF and those who advise and take funding decisions in the Scottish Government; about the relationship with local government; about the need for funding to be used to incentivise collaboration, and the importance of commissioning and procurement aligning with the drive to improve outcomes linked to the NPF.

While it is encouraging to see that Scotland's statutory national outcomes are cited throughout the budget document (though not referenced in the Deputy First Minister's statement), it may be useful for the committee to explore with Ministers whether these outcomes were considered at the outset of budget development and used to shape decision-making and resource-allocation. Furthermore, it is unclear whether the outcomes that we are currently furthest from realising have received additional resources (or have had their resources systematically protected) in this budget process.

### **Democratic engagement with budget choices**

In the foreword to the Scottish Budget, the Deputy First Minister states that "Budgets are about choices."

At Carnegie UK, we believe that people should have a voice in the decisions that affect their lives. Our MSPs play a crucial role in this regard, reflecting on the views and experiences of their constituents in all of their parliamentary work.

However, we would highlight to your committee the extremely low levels of democratic wellbeing in Scotland that we discovered in recent research.<sup>3</sup> Our Life in the UK Index, based on Ipsos polling of 1132 people from Scotland, found that the majority of people in Scotland feel that they cannot influence UK Government (79%), Scottish Government (60%) or local level

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<sup>1</sup> Written Submission from Carnegie UK to Finance Committee  
<https://www.parliament.scot/~media/committ/5552>

<sup>2</sup> National Performance Framework: Ambitions into Action <https://sp-bpr-en-prod-cdnep.azureedge.net/published/FPA/2022/10/3/a3dd32cb-f846-42db-ada6-11f7e3da9390/FPAS622R8.pdf>

<sup>3</sup> Life in the UK 2023 - Scotland report  
<https://carnegieuktrust.org.uk/publications/liuk2023scotland/#:~:text=The%20Life%20in%20the%20UK,and%20democratic%20aspects%20of%20life.>

decision makers (51%)

This research recommended that political parties, the Scottish Government and local councils should invest in fresh and sustained efforts to reverse the sense of alienation from local and national decision-making and increase opportunities for meaningful participation.

While the Community Empowerment (Scotland) Act (2015) facilitates participatory budgeting at a local level, Carnegie UK has not seen similar models adopted at a national level in Scotland.

The Finance and Public Administration Committee may therefore wish to ask Ministers to outline governmental efforts to involve citizens in the wider budget development process, or in the development of individual tax and spending decisions. We believe such models can not only help to build trust in our political systems, but also improve the quality of governmental decision-making.

### **Scottish Child Payment**

Ahead of the budget, Carnegie UK joined a range of partner organisations in writing to the First Minister urging him to increase the Scottish Child Payment to £30 per week.

We did so because we believe that this policy has the capacity to make a meaningful change to levels of child poverty in Scotland, but only if it is pegged at the right level to make a difference and accompanied with other interventions in areas such as early learning and childcare.

Carnegie UK was therefore disappointed with the announcement that the payment would only see an inflationary increase.

Work by IPPR for Save the Children and the JRF suggests child poverty is costing the Scottish economy £2.4 billion a year.<sup>4</sup> Carnegie UK's research looking at the cost of living found that rising costs have forced families to make choices that are likely to have long-term consequences for their health and wellbeing. For example, research found that 34% of people in the UK aren't eating as healthily, while 16% have cut down on regular exercise.<sup>5</sup>

While there's a clear moral argument for reducing poverty, we would also advance the case that ineffective or under-resourced policies to tackle poverty, especially child poverty, will not substantially improve outcomes. And if outcomes – such as Scotland's public health record – do not improve, then we will continue to see increased pressure on our public services, like the NHS. This of course will drive up the future costs of failure demand.

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<sup>4</sup> Child Poverty – Tipping the Scales - <https://www.savethechildren.org.uk/blogs/2023/child-poverty-tipping-the-scales-in-scotland>

<sup>5</sup> The long shadow of the cost of living emergency - <https://carnegieuktrust.org.uk/publications/the-long-shadow-of-the-cost-of-living-emergency/>

In this context, we would highlight to the committee the analysis conducted by IPPR Scotland that suggests that spending £140 million on the Scottish Child Payment as an alternative to freezing council tax would lift 10,000 children out of poverty.<sup>6</sup>

As your committee scrutinises the affordability of the Scottish Government's tax and spending plans, it may be useful to consider whether the proposed approach facilitates the preventative approach outlined in the Christie Commission over a decade ago.

We look forward to participating in the evidence session on 8 January.

Yours sincerely,

A handwritten signature in black ink that reads "Sarah Davidson". The signature is written in a cursive style with a horizontal line at the end.

Sarah Davidson

Chief Executive

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<sup>6</sup> Council tax freeze cash could have lifted 10,000 kids out of poverty - [https://www.heraldscotland.com/news/24003208.council-tax-freeze-cash-lifted-10-000-kids-poverty/?ref=rss&utm\\_source=dlvr.it&utm\\_medium=twitter](https://www.heraldscotland.com/news/24003208.council-tax-freeze-cash-lifted-10-000-kids-poverty/?ref=rss&utm_source=dlvr.it&utm_medium=twitter)