

Consultation Response: Mental Health Spending

15/08/25

Introduction

We welcome the recent commitment from the Scottish Government in various publications to prioritise prevention in the delivery of mental health services, as well as the explicit recognition of the third sector as a vital partner. However, it is clear from consultation with our members that current spend on mental health services is insufficient, inefficient and overly-complex. This has led to a disconnect between national policy and spending decisions at both a local and national level.

This response explores the important role of the third sector as both a provider of mental health services and as a valuable source of data on where spend should be allocated. We also detail the fiscal challenges experienced by third sector organisations in recent years, and the perception from many in the sector that they are not viewed as an equal partner when spending decisions are being made.

In our response, we have answered questions 1, 2, 3, 4, and 6.

About Us

Voluntary Health Scotland (VHS) exists to create a healthier, fairer Scotland served by a thriving voluntary health sector. We are a membership organisation, with our members comprising third sector organisations working across Scotland to support people's health and wellbeing, tackle inequalities, and research and advocate for better health systems and policies. We also facilitate the Scottish Community Link Worker Network, the national network for primary care community link working in Scotland.

Through our policy work, VHS seeks to ensure that the experiences, knowledge, and interests of our members and stakeholders are reflected in national decision-making about health inequalities and health creation. We regularly consult with our members to ensure that our policy voice and priorities are reflective of their views and interests. We also ensure that our members are informed about relevant policy developments through accessible

communications and events, and that they are aware of opportunities to influence decision-makers individually and collectively.

We hosted a workshop with our members and stakeholders to inform this response in July 2025, which was attended by ten representatives from a range of organisations. We also engaged with several VHS members regarding this response on a one-to-one basis.

Question Responses

1. Is the level of spending on mental health services appropriate?

Given the sharp rise in the percentage of people reporting a mental health condition in Scotland, from 4.4% in 2011 to 11.3% in 2022 according to [Scotland's Census 2022](#), we do not believe it is appropriate or sufficient that mental health spend accounts for nine percent of total NHS expenditure. Indeed, a [briefing from the Royal College of Psychiatrists in January 2025](#) found that NHS frontline spending on mental health as a proportion of NHS spend has actually decreased in the past decade, from 9.12% in 2011/12 to 8.53% in 2022/23.

However, this is a difficult question to answer definitively due to the complexity of mental health spending. NHS spend on mental health is only one part of the picture, with direct Government funding as well as local resource allocation also important considerations. For example, the Scottish Government launched the [Communities Mental Health and Wellbeing Fund](#) for adults in 2021 which has a strong focus on prevention and early intervention. This fund is administered and distributed by Third Sector Interfaces, many of which are VHS members, to community and grassroots organisations. To date, the Scottish Government has provided £81 million through this fund, and more than 4700 awards have been made since 2021.

The mental health funding landscape is complex and can also be opaque. Indeed, a [2022 Audit Scotland report](#) on Adult Mental Health services identified that *'long-standing issues with the availability, consistency and quality of data make it difficult to track spending on adult mental health'*. This is further explored in our answer to question six.

It is also important to reflect that the quality of spend is a more important consideration than the total amount spent. We will discuss the importance of preventative spend in more detail in our answer to question three, but we believe that a greater shift in the balance of spend towards preventative mental health services is vital. This is reflected in several recent frameworks and strategies, most notably the [Population Health Framework](#), the [Health and Social Care Service Renewal Framework](#) and the [Public Service Reform Strategy](#) which were all published in June. All also reflect on the important role of the third sector in delivering

preventative services. This is further reinforced in the Population Health Framework [Sector Summary](#) for the community and voluntary sector, published separately, which recognises that voluntary organisations are *‘uniquely placed to address prevention, positively promote health and wellbeing and to tackle health inequalities’*.

Despite this commitment to prevention and early intervention in national policy, and the recognition of the third sector as a key partner, our members are often seeing a different story in spending decisions at a local level. The lack of accountability and transparency in local decision-making, coupled with a challenging fiscal environment, is leading to decisions that are odds with national policy. One attendee of our workshop to inform this response stated that:

“At the moment we have a quite traditional, overly medicalised focus on what mental health support is, and there’s a real imbalance of power in that. And it means that we have an NHS who hold most of the power in terms of money and most of the resources.”

She believes that this has led to an ecosystem where the third sector are *“treated as the poorer cousin or the fluffy stuff on the side”*.

The ‘overly medicalised’ focus on spending decisions perhaps reflects the way that demand for mental health services is measured. Jamie Grant, Policy and Public Affairs Officer at Change Mental Health, highlighted in our consultation event that measuring demand by looking at waiting list numbers is a *‘limited metric’* as it only counts those individuals have been able to access a diagnosis and subsequently been referred to a specialist service. This is not the reality for many people experiencing poor mental health and is particularly unhelpful when shifting the balance of spend to services which focus on prevention and early intervention.

Such medicalised measures can also be distorted. There are reports from our members that waiting lists for mental health treatment are, in some instances, being closed when they reach a certain level. This practice denies access to treatment for people with mental health issues, as well as skewing the actual need for acute mental health support.

Introducing measures of need/demand which focus on known determinants of poor mental health and utilising datasets which measure general mental wellbeing would be a positive step.

2. What information can help support assessment and evaluation of the allocation of the mental health budget?

As stated in our answer to question one, it is vital to ensure that spending decisions are not based solely on medical data sources such as waiting list times. The addition of national data sources which focus on the prevalence of known determinants of mental health and wellbeing, as well as general population-level mental wellbeing levels, would support greater diversity in the allocation of resource.

It is also important to consider alternative sources of data to assess the allocation of resources for mental health. As stated by one attendee at our consultation event, we need to ‘think differently’ and ‘be courageous’ about where support is, how people access it, and how we reach decisions on where we spend money. Third sector organisations generate considerable evidence on the efficacy of different types of intervention and are a source of considerable innovation and collaboration. Most third sector organisations generate reports for their funders on an annual basis detailing the impact of their services. However, such data is often not utilised beyond assessing compliance with conditions of funding.

Our members also highlighted a lack of parity in how data originating from the third sector is valued. It is often discounted because it does not meet academic standards or is not based on representative sample sizes. However, when making decisions about resource allocation, particularly regarding preventative spend, the specificity and intersectionality of third sector data would be invaluable. Much third sector evidence is based on qualitative feedback from beneficiaries as well as established quantitative data analysis methods, providing valuable insight into what works and what does not. Volunteer Scotland, another member of VHS, recently published a [report](#) showing that participation in weekly volunteering with a group or organisation can create wellbeing uplifts worth £1000 per volunteer per year. Such evidence regarding activities which could prevent or alleviate poor mental health is valuable when deciding resource allocation.

One important way to ‘think differently’ is to bring the voice of lived experience into decision-making and leadership. Christine Muir from the Scottish Recovery Network stated in our consultation event that:

“Lived experience leadership provides the spaces for those needing and accessing support to meaningfully inform planning, design and delivery of mental health services and supports.”

VOX Scotland, a member of VHS, are a membership organisation run for and by their members, who all have living or lived experience of mental ill health. They are an important source of information regarding the experiences and preferences of people with mental health difficulties. Such organisations should have a central role in assessing and evaluating

the allocation of mental health spending. This important perspective is reflected in their own response to this consultation.

In another relevant example from the third sector, [the Communities Mental Health and Wellbeing Fund in Edinburgh](#), administered by the Third Sector Interface in the city, adopted a ‘community commissioning process’ which actively involves the community in decision-making. Organisations applying for funding must demonstrate how they have involved people with lived experience in the design and planning of their projects.

We need a shift in what is deemed to be suitable information for supporting the assessment and evaluation of resource allocation, with a range of data sources utilised. [Workstream 6 of the Public Service Reform Strategy](#) on preventative budgeting details commitments to re-design approaches for identifying, tracking and monitoring preventative spend, including ‘identifying where financial support is required to support the cost of change’. This presents a considerable opportunity to redesign the approach to mental health budgeting, and make better use of alternative data sources, including from within the third sector.

3. Do you consider there to be evidence of preventative spending activities in relation to mental health (and if so, can you provide examples)?

The third sector provides numerous examples of preventative spending activities which improve mental health, often in the primary and secondary prevention space. Indeed, investment in community-based services is usually preventative in nature.

In June 2025, the Scottish Government published the [Year 3 monitoring and reporting summary](#) for the Communities Mental Health and Wellbeing Fund which found that 1430 community projects were awarded funding in 2023/24. Many funded projects offered social activities to address social isolation and loneliness, whilst others offered creative workshops, physical health programmes, or specialist support like advocacy, advice or peer support.

In an example of preventative spending, Volunteer Edinburgh’s health and wellbeing service, currently funded through the Edinburgh Integrated Joint Board, has a measurable impact on improving mental health outcomes and reducing reliance on clinical or emergent interventions. For over 40 years, this service has supported people in Edinburgh living with mental illness, disabilities, and other barriers to recovery and inclusion. Every year, 620 individuals benefit from expert, personalised support that enables them to volunteer, improve their mental and physical health, and re-engage meaningfully with their communities. The impact of this service is considerable, with 84% reporting improved health and wellbeing and 33% reporting a reduced reliance on medication, crisis services or A&E.

Another example of preventative spend can be seen in the Scottish Community Link Worker Network. VHS receives funding from the Scottish Government to support community link workers in primary care settings in Scotland, many of whom are funded through local Health and Social Care Partnerships. In November 2023, we published the [Essential Connections report](#) exploring the range and scope of community link worker programmes across Scotland. This report found that:

‘Improvement in subjective wellbeing was consistently identified as the primary long-term positive outcome for patients who had successfully engaged with [Community Link Workers]. Interviewees cited both improved wellbeing scores and positive patient feedback as indicators of effectiveness in this context.’

These are just a few examples of the impact of preventative spend in the third sector. However, we are increasingly hearing from our members that spend on preventative services, particularly in the third sector, is under considerable strain. In many instances, the third sector are viewed as an important referral pathway from public services despite reductions in public sector funding.

In our consultation event, Helene van der Ploeg from the Grassmarket Community Project reflected on the fact that 60% of their referrals come from the NHS, despite receiving “*minimal public sector funding*”. The Grassmarket Community Project rely on income from their social enterprise arm to support people with mental health issues, “*bringing them back from the brink so that we’re preventing them going back into the system*”. However, she asks “*What happens when we’re not here? ...What if we can’t get the funding because it is so competitive?*”

The most recent [SCVO Third Sector Tracker report for Spring 2025](#) found that 93% of organisations had faced challenges since Autumn 2024, and 37% of organisations reported that they are operating with a budget deficit. In addition, the [Social Justice and Social Security Committee inquiry into third sector funding principles](#) last year found that some Third Sector Infrastructure bodies have faced real-time cuts to their funding of 25-30% in the past ten years. This level of insecurity places these services at considerable threat.

Many third sector organisations in Edinburgh are at risk of considerable funding shortfalls due to [IJB cost savings](#). Similarly, Community Link Workers often report that they experience insecure or short-term funding which is unsustainable in the long term. As stated in the Essential Connections report, many community link workers reported that their programmes appeared to be ‘*low on the list of priorities*’ of the Health and Social Care Partnerships that fund them. One participant described a ‘*gut feeling*’ that, as their service was delivered by a third sector organisation, they were not afforded the same treatment as other primary care workstreams.

There is a clear commitment to prevention from the Scottish government in recent policy publications which has been received with cautious optimism from many of our members. The recognition of the important role of the third sector in the same publications has also been welcomed. However, we need to see this commitment reflected in the Scottish Budget, including a clear commitment to increase funding to the third sector as an equal partner in the delivery of preventative health services.

4. Do you consider these to be the right priorities for mental health investment?

We broadly agree that these are appropriate priorities for mental health investment, but this cannot be to the detriment of other important areas that appear to have been deprioritised in recent years.

A renewed focus on tackling social isolation and loneliness is vital. In 2018, the government published [A Connected Scotland](#) - a strategy for tackling social isolation and loneliness in Scotland. In 2023, this was followed by [Recovering our Connections](#), a plan to take forward the strategic ambitions of A Connected Scotland. Despite this, we have heard from our members involved in this work that progress has stalled in recent years.

We have also heard from the Scottish Independent Advocacy Alliance, a VHS member, that many people with mental health issues are unable to access independent advocacy, despite the right to access independent advocacy being enshrined in the [Mental Health \(Scotland\) Act 2015](#). As such, we believe that enforcing the right to independent advocacy should also be a priority for mental health investment.

VHS members have also highlighted the importance of prioritising the mental health of people living with long term conditions. This was highlighted in our [response](#) to the recent Scottish Government consultation on a Long Term Conditions Framework, where we reflected on the important role of third sector organisations in providing emotional support to people with long term conditions. For example, Kidney Care UK, in their response to this consultation, have highlighted the need for wider psychosocial support for people with kidney disease in Scotland, after their [‘Left to get on with it’ report](#) revealed inadequate levels of support available to individuals with kidney disease.

We would also support continued investment into a dedicated national programme to end mental health stigma and discrimination in Scotland at all levels, as a key social determinant of poor mental health. Fiona Brown, Programme Manager (External Affairs) at See Me, stated that dedicated investment *‘should provide leadership, facilitation and support for targeted,*

measurable action to tackle stigma and discrimination at structural, institutional, cultural, and personal levels.'

It is also vital that social prescribing models, such as Community Link Workers, are afforded sustainable and long-term investment to reflect their considerable impact on mental health. The [Population Health Framework](#) commits to develop a national Social Prescribing Framework for Scotland which is welcome. However, as reported in our answer to question 3, community link workers often feel that they are not seen as equal partners by Health and Social care Partnerships, and often don't have sustainable, long term funding arrangements. This commitment to a national Framework needs to be reflected in increased sustainable investment for proven social prescribing models.

Finally, as stated in our answer to question two, we believe that lived experience should be at the centre of decision-making on mental health spending priorities. As previously discussed, the third sector provides clear access to voices of lived experience and has considerable experience in lived experience leadership.

6. How could transparency in relation to decisions around mental health spending in Scotland be improved?

Firstly, it is not currently possible to trace the total amount of government spend on mental health which is received by the third sector. This reflects a wider issue around spending transparency which has been raised by colleagues at SCVO through their work on [Fair Funding](#), leading them to state that:

'Funding Transparency is essential for understanding funding flows to the voluntary sector and supporting voluntary organisations and others to assess the impact of spending decisions on both the sector and the people and communities our sector works with.'

Increased transparency around national spending would greatly support better recognition of the role of the third sector in the provision of mental health services, as well as improved accountability around fair funding for the third sector.

It is also clear from our members that accountability and decision-making around mental health is particularly opaque at a local level, with one member referring to it as '*murky*' in our consultation event. As stated in our answer to question one, a [2022 Audit Scotland](#) report into adult mental health that:

'Long-standing issues with the availability, consistency and quality of data make it difficult to track spending on adult mental health.'

This report further states that:

‘...there is variation in the way that mental health spending is reported, and detailed spending data has not been available since 2019/20 because of pressures caused by the Covid-19 pandemic. These issues need to be addressed’

Similarly, in a [publication in May 2025](#), Audit Scotland found that:

‘The planning and governance of healthcare in Scotland is becoming more complex. It involves a mix of local, regional and national partners, making lines of accountability and decision-making difficult.’

Many of our members report that this complexity and opacity in decision-making, particularly at a local level, coupled with significant fiscal pressures, can result in vital activity which aligns with national priorities being defunded. One of our members reflected that current infrastructure is set up to fund ‘*more of the same*’, with decisions made to protect public sector services and workers rather than invest in proven or innovative solutions in the third sector. As such, we believe that action is required to address the complexity of decision-making at a local level, thus ensuring that lines of accountability are more transparent.

Conclusion

Whilst we welcome recent government commitments to prioritise prevention and maximise the potential of the third sector, we have several recommendations for ensuring these commitments are reflected in spending decisions related to mental health. Our recommendations are:

- Introduce measures of mental health need which focus on known determinants of poor mental health and utilise datasets which measure general mental wellbeing.
- Make better use of alternative sources of data to assess the allocation of mental health spend, including evidence generated by the third sector. Workstream 6 of the Public Service Reform Strategy details commitments to redesign approaches to ‘support the cost of change’.
- Centre lived-experience in leadership and decision-making about mental health spending.
- Make a clear commitment to increase funding for the third sector as an equal partner in the delivery of preventative mental health services.
- Along with the current priorities for mental health investment, prioritise the following:
 - A renewed focus on tackling social isolation and loneliness

- Investment to reinforce access to independent advocacy
- Commitment to social prescribing, including sustainable investment in Community Link Workers
- Increase transparency around mental health spend at a national level to improve recognition of the vital role of the third sector, and ensure the sector receives fair funding.
- Simplify decision-making and clarify accountability regarding mental health spend at a local level.

Further Information

If you require additional information about any of the points made in this response or if you would like to discuss them further, you can contact our Policy and Public Affairs Lead, Sarah Latto, by emailing sarah.latto@vhscotland.org.uk.