# Consultation Response:

# Finance and Public Administration Committee Pre-Budget Scrutiny

**August 2026**

## Introduction

This Voluntary Health Scotland (VHS) response to the Finance and Public Administration Committee's pre-budget scrutiny consultation explores Scotland's indicative spending priorities through a health lens. Health spending has equated to over 30 per cent of the Scottish budget in recent years and, without implementing considerable reforms, this is expected to rise significantly in the years to come.

Our response, informed by insights and evidence from our membership of third sector health organisations, finds that planned efficiency savings in the health system are unrealistic and risk undermining ambitions to make the system more sustainable in the longer term.

On prevention specifically, the response reflects on the success so far of preventative budgeting and suggests a more bottom-up approach to tagging that focuses more on the impact of actual spend. This would help to ensure that quality prevention activity is prioritised when decisions are made. It further reflects on the potential role of the renewed National Performance Framework and the promised Human Rights Bill in supporting preventative spending that prioritises wellbeing and human rights.

In this response, we provide answers to questions 6 and 8.

## About Voluntary Health Scotland

Voluntary Health Scotland (VHS) is a movement for health creation working to reduce health inequalities and enable the people of Scotland to live well. We believe that health is more than the absence of illness. We work with our membership of over 320 third sector health organisations, along with wider partners, to address health inequalities and champion preventative approaches.

VHS also hosts the Scottish Community Link Worker Network, which is a network and community of practice for Scotland's 350+ primary care community link workers. A Community Link Worker is a non-clinical practitioner based in or aligned to a GP practice or cluster who works directly with individuals to support them to engage with wider services in their local community.

To inform this response, Voluntary Health Scotland hosted a consultation event with 27 members exploring the role of the third sector in prioritising prevention. The findings from that event, plus desk-based research, form the basis of the insights and recommendations provided.

## Questions

**6. Are the planned efficiencies realistic and deliverable at a scale sufficient to make public services sustainable?**

We cannot comment in detail on the achievability of the proposed savings across all portfolio areas. However, we can provide some contextual commentary regarding health spending specifically, and some of the potential challenges in bringing about savings whilst also implementing the scale of reform required.

Health is the largest single area of Scottish Government spending. In the 2025-26 Scottish Budget, £21.7 billion was allocated to health and social care, equating to approximately 34% of the total budget. Indeed, resource allocated to health and social care in recent years has sat at approximately 32-34% of the total budget.

Despite this considerable level of total resource allocation on health and social care, health outcomes in Scotland are not improving. The most recent figures on healthy life expectancy for 2022-2024 show that, on average, both men and women can expect to be in ill health before their 60th birthday. When compared to average life expectancy rates for 2022-2024, this equates to about 17-21 years in ill health for the average Scottish adult.

Because of this growing burden of disease in Scotland's population, we believe it is unrealistic to expect significant financial savings to be achieved, even with proposed measures such as sub-national planning and digital transformation. In particular, the requirement for NHS boards to return 3% savings, despite increasing demand, is unlikely to be successful and could undermine ambitions regarding the shift to prevention.

Audit Scotland, in their 2025 NHS in Scotland Report, found that health funding is now 24.9% higher in real terms than it was ten years ago, and that health and care spending could rise to 55% of Scottish Government spending in 2074/75, leading to an 'overall unsustainable fiscal position'. They further state that 'improving population health is critical to the long-term sustainability of Scotland's public finances', and that 'reform and renewal of the health and care system are essential if both health outcomes and service delivery are to improve.'

The Scottish Government have acknowledged that a shift to prevention is necessary to protect the future of Scotland's health system, and indeed for the long-term sustainability of Scotland's finances. Both the Population Health Framework and the Health and Social Care Service Renewal Framework centre prevention as core principles, with the latter stating that 'with growing demand for services, increasing health challenges, and financial pressures across the system, investing in prevention and early support has never been more important.'

The policy infrastructure to drive reform in health and social care, including a shift to prevention, is strong. However, we believe it is overly ambitious to expect such a seismic shift in the delivery of health and care services whilst still meeting rising levels of demand for acute services on reduced resource. We believe that such an ambitious – and necessary – programme of reform requires additional investment in the short to medium term to bring about meaningful change. As such, delivering £0.5 billion in savings seems unrealistic, despite planned measures to increase efficiency in the wider health infrastructure.

**8. Preventative spend has been a goal for several years, but the intended outcomes have not been fully achieved. Why do you think this is the case and how might a Preventative Budgeting Tool help track progress with achieving outcomes?**

One of the key reasons that preventative spend has not been achieved to the desired level thus far is the lack of a clear and consistent cross-sector policy narrative around prevention. It feels that there has been a significant shift in this regard in recent years, with the publication of the Public Service Reform Strategy and, from a health perspective, the Health and Social Care Renewal Strategy and the Population Health Framework. Whilst it is positive that we have reached this stage now, it does mean that we are embarking on a shift to prevention at a time when the public purse is under unprecedented strain.

Despite the positive policy narrative in recent years, there are still considerable systemic barriers to embedding prevention. Perhaps the greatest barrier related to health and social care spending is the complexity of governance structures at a

local level. Audit Scotland's NHS in Scotland: Spotlight on governance report from May 2025 found that 'the complexity of planning arrangements can make lines of accountability unclear and decision-making difficult.' It further highlights that the operation of Integration Joint Boards (IJBs) 'has proved difficult in practice', and that 'challenges with information sharing and complicated governance and approval processes' in the planning of mental health services 'made it more difficult to develop and provide person-centred services.'

These governance challenges appear to have an impact on the extent to which prevention is prioritised at a local level, despite national policy commitments. Indeed, there is strong recognition in national policy that the third sector has a vital role to play in providing financially sustainable solutions for creating good health. The Population Health Framework Sector Summary for the Community and Voluntary Sector states that 'The community and voluntary sector is well placed to help establish and sustain communities that create good health and support people to lead heathier and more connected lives.'

However, our members report numerous examples of high impact preventative activity in the third sector being defunding by local IJBs, Health and Social Care Partnerships or Local Authorities because of the drive for financial savings in the short-term. In recent years, the funding for Community Link Worker programmes in Orkney and Glasgow has been placed at risk by the local IJB or HSCP respectively, with the latter requiring emergency funding from the Scottish Government to secure its future.

Similarly, in 2024 the Edinburgh IJB made the decision to close their third sector grants programme, despite the important contribution of the funded organisations in supporting health and wellbeing in the city. This decision left 64 third sector organisations in Edinburgh at risk of significant funding shortfalls. In response, the City of Edinburgh Council established a resilience fund to mitigate the impact, with Council Leader Jane Meagher stating that "Many of these local charities are at the forefront of helping those in our city with the greatest need." These examples are indicative of local health infrastructures that are not well integrated or in a financial position to meaningfully prioritise prevention.

In addition, the tendency towards short-termism in spending decisions is a barrier to embedding prevention. The limiting of much public sector spending to annual cycles creates challenges with workforce sustainability and meaningful collaboration, as well as creating a considerable amount of unnecessary administration and bureaucracy. This is perhaps most keenly felt in the third sector where annual funding cycles create workforce uncertainty and a culture of competition over collaboration, undermining the development of meaningful and

trusted relationships in local communities. SCVO have long called for Fair Funding for the Third Sector, and in a recent publication stated that:

'Across Scotland, third sector health organisations deliver the kind of preventative, community-based support that keeps people well, prevents ill health, and reduces demand on statutory services. But this work depends on organisations being able to operate from a position of stability and security, something that the current funding landscape simply does not provide.'

They also quote a representative from a third sector mental health organisation who stated that "the short-term funding means we can't plan, we can't invest, and we can't offer our staff any security. We spend so much time chasing the next pot of funding that it takes away from the work we're actually here to do."

Given these systemic challenges, we welcome the Scottish Government pilot around preventative budget tagging, and the commitment to further roll out and develop this approach, which will help to ensure that increased resource is earmarked for preventative activity.

However, engagement with VHS members suggests that there are some questions around the preventative budgeting approach that need to be addressed. Firstly, members reflected on the various definitions of primary, secondary, and tertiary prevention that exist and questioned how definitions are utilised to facilitate budget tagging. From a health perspective, the definitions on the different levels of prevention differ between the Population Health Framework and the recent definitions published by the Prevention Unit.

In particular, the Prevention Unit definition of primary prevention – 'population-level action, or action which targets a large subset of the population, to build resilience and stop known risks from developing into problems' – fails to acknowledge the targeted, community-based primary prevention activity that is delivered by third sector organisations across the country. This includes the delivery of activity to improve health literacy and accessibility of communities at risk of health inequalities, including through community kitchens, health walks and specialist services like the Lanarkshire Deaf Hub's Wellbeing Hub which facilitates access to health services for deaf people. It also includes community development activity to support community decision-making and connection, such as that funded by the Community Renewal Trust in communities like Bingham in Edinburgh. As such, this definition of primary prevention needs to be urgently reviewed to ensure that it reflects the totality of primary prevention activity taking place.

VHS members also felt that the approach to preventative budget tagging is perhaps too simplistic and doesn't reflect the complexity of frontline prevention work. The evaluation report for the preventative budgeting pilot stated that 'while every attempt has been made to systematise the prevention definition, prevention is inherently a subjective concept, and all subjectivity cannot be entirely removed from the process.' Adding to this, one of our member organisations reflected that they provide primary, secondary, and tertiary prevention activity depending on the needs of the individuals they are working with, making it difficult to 'tag' as one form of prevention.

This raised a further question regarding who is most appropriate to undertake budget tagging, and how they are qualified to do so. The Preventative Budgeting Pilot Report shared that the tagging process was undertaken by finance and policy teams within the Scottish Government, who reported a 'reasonable level of confidence' in how budget lines should be tagged utilising the preventative budgeting tool and guidance. However, it was noted in the report that 'using existing data structures and deploying a "top down" approach means that some activities cannot be broken down and therefore some estimates are less precise.'

VHS Members have suggested that preventative budget-tagging should adopt a more 'bottom-up' approach, whereby those organisations and services delivering preventative interventions facilitate the identification of the level, or levels, of prevention that they support. As well as making the tagging more accurate, this would further support the suggested areas for future development identified in the evaluation report to expand reporting on the impact of preventative activity, and to support integration with local finance systems. To facilitate this, VHS members would like the Preventative Budgeting Tool to be further adapted for third sector audiences, based on feedback from the third sector, and greater upskilling of the sector around preventative budgeting.

We agree with the reflections in the pilot report that closer examination of budgeted vs actual spend, as well as the expansion of the impact element of the framework, are required as the approach develops. These will greatly increase understanding of the quality of actual preventative spend, and the extent to which it has achieved its intended outcomes. This is vital for ensuring greater transparency and accountability over spend on prevention, particularly given the challenging fiscal environment.

As preventative budgeting is more fully embedded, we would also like to see the introduction of clear targets for primary, secondary and tertiary preventative budgeting, and actual spend, to further ensure accountability. This must also be reinforced with clear evidence on the outcomes and impact of the preventative

spend in question.

There is a clear opportunity with the renewed National Performance Framework (NPF) to increase accountability around the shift to prevention and ensure efforts are driven by wellbeing. Whilst the new NPF has yet to be confirmed, the most recent proposals detailed in a letter to the Finance and Public Administration Committee in February 2026 from then Deputy First Minister, Kate Forbes, detail the clear link between the NPF and Public Service Reform. In particular, we welcome the suggestion that shared 'Ways of Working' could help to address the 'implementation gap' and support the delivery of effective outcomes that make a real difference to peoples' lives. If the NPF is positioned, as suggested, at the 'apex of decision-making', it should have a clear role in ensuring that the shift to prevention is focused on improving the wellbeing of Scotland's people.

Finally, there is a unique opportunity with the Human Rights Bill, detailed in the SNP Manifesto prior to the election, to embed a rights-based approach to decision-making. The SNP Manifesto acknowledges the legal constraints of the devolved Scottish Government to incorporate human rights. However, there is an opportunity to ensure that human rights form the basis of spending decisions, particularly around prevention.

## Summary Conclusion

In our response to the Finance and Public Administration Committee's consultation to inform their pre-budget scrutiny, we have identified the following recommendations:

- That the ambitious – and necessary – programme of reform detailed in the Public Service Reform Strategy requires additional investment in the short to medium term to bring about meaningful change.
- That decision-making related to health and social care spending at a local level is overly complex and should be simplified.
- Review the definition of primary prevention developed by the Prevention Unit to ensure that it reflects the totality of primary prevention activity taking place.
- That preventative budget-tagging should adopt a more 'bottom-up' approach, whereby those organisations and services delivering preventative interventions support the identification of the level, or levels, of prevention that they support.
- That closer examination of budgeted vs actual spend, as well as the expansion of the impact element of the framework, are required as the approach to preventative budget tagging develops.

- The introduction of clear targets for primary, secondary and tertiary preventative budgeting, and actual spend, to further ensure accountability.
- That the National Performance Framework should have a clear role in ensuring that the shift to prevention is focused on improving the wellbeing of Scotland's people.
- That the Human Rights Bill should ensure that human rights form the basis of spending decisions, particularly around prevention.