

Poverty and Inequality Commission response to the Scottish Government Resource Spending Review Framework consultation

[Investing in Scotland's Future: resource spending review framework - gov.scot \(www.gov.scot\)](http://www.gov.scot)

Q1. In Chapter 1 we have identified three priorities to guide the Resource Spending Review process:

- **To support progress towards meeting our child poverty targets**
- **To address climate change**
- **To secure a stronger, fairer, greener economy**

Setting these as priorities helps us consider where spend should be targeted and redirected. Do you agree that our resource spending should focus on these?

We welcome your views on these three priorities for this Resource Spending Review.

The Poverty and Inequality Commission agrees with the approach of setting priorities to guide the Resource Spending Review process and welcomes the identification of child poverty as one of the three priorities. It is vital that addressing child poverty is at the heart of spending decisions if the child poverty targets are to be met. The Scottish Government should be thinking about how each pound it spends contributes towards meeting the targets. The Commission also welcomes the focus on addressing climate change as a priority.

While we agree that securing a stronger, fairer, greener economy should be a priority, we would strongly suggest that this should not be seen in isolation but should be joined up with meeting the child poverty targets (and indeed addressing climate change). Meeting the child poverty targets will require Scotland to address the structural inequalities in our economy that lead to poverty. It will require Scottish Government to think about who benefits from its economic investment. Meeting the child poverty targets will require investment that drives Fair Work, delivers the transport and childcare infrastructure needed, addresses occupational segregation, and the barriers to work and discrimination faced by many disabled people, women and people from minority ethnic groups. Identifying the economy as a separate priority risks creating an approach to the economy that treats poverty as a side issue, to be dealt with separately from the main economic strategy.

Q2. In Chapter 2 we have identified the primary drivers of public spending over the Resource Spending Review period including:

- **Changing demographics**
- **Demand on the health service**
- **Public sector workforce**
- **Inflation**

We welcome your views on these and any other public spending drivers you think we should consider.

The Commission recognises that these will all be drivers of public spending over the Resource Spending Review period. We would highlight that the current rapid rise in the cost of living, and particularly rising energy costs, means that the inflation driver is likely to become even more significant than might have been anticipated. Without action from the UK Government to support those on low incomes, families in Scotland will come under increasing pressure and struggle to afford food and heating. While we recognise that the main levers to address this sit with the UK Government, the Scottish Government is likely to need to take action to mitigate some of the worst impacts of this. Where reserved benefits don't keep pace with inflation and wage rises, this will make it more challenging for the Scottish Government to meet its child poverty targets.

Q3. In Chapter 2 we have identified the growth of the public sector workforce as a key driver of public spending. How can we use policy interventions to maximise the value achieved from the public sector workforce in the effective delivery of public services, while ensuring the sector is an attractive, rewarding place to work?

We welcome your views on this.

The Scottish Government can maximise the value achieved from the public sector workforce by being guided by the principles set out later in chapter 3, of being outcomes focused, evidence informed and consultative/participative.

Public sector employment and procurement has an important role to play in creating a fairer economy and meeting the child poverty targets. Nearly four out of ten children in single parent households (the vast majority headed by women) are living in poverty. As the consultation paper notes, 65% of the public sector workforce are women and therefore the public sector has a crucial role to play in providing fair work that offers fair pay, consistent hours and flexibility.

Q4. In Chapter 3 we have identified a number of ways in which we will be exploring how to get best value out of Scotland's public spending, including:

- **Improving cross-government collaboration**
- **Public service reform**
- **Prevention and invest to save initiatives**
- **The public sector workforce**
- **Better targeting**
- **Targeted revenue raising**

We welcome your views on these, and other ways to maximise the positive impact of public spending.

The Poverty and Inequality Commission believes that improving cross-government collaboration can help deliver better outcomes as well as making more efficient use

of resources. The Commission has previously commented that the only way to meet the child poverty targets will be with a more joined-up approach across government that aligns policies to reduce child poverty. Where policies are aligned around the needs of families, this can reduce duplication of services and spending.

On revenue raising, the Commission considers that meeting the child poverty targets may require additional revenue to be raised through tax. The Scottish Government should be ready to explore this, including going beyond targeted revenue raising to look at how devolved and local tax powers could be used.

The Commission supports the *Outcomes focused* and *Evidence informed* principles set out in the consultation paper. The Commission has previously commented in its advice to the Scottish Government on child poverty, that there has not been enough evidence of how the Scottish Government's child poverty actions are expected to impact on the targets. The Commission has advised that, before funding is committed, it should be clear what the impact of the action is expected to be and that there must be a commitment to collecting robust monitoring data and evidence to understand what is working and to expand, stop, or change actions depending on what the data shows.

We would go a step further than Consultative for the third principle and say that the Scottish Government should be working towards a participative approach, where those impacted by spending and policy decisions can be part of the decision-making and evaluation process.

Q5. In Chapter 3 we have shared that we will be conducting an equality assessment of the Resource Spending Review's findings.

We welcome your views on any particular equality and human rights impacts which we should consider in the context of the priorities (question 1) and primary drivers of public spending (question 2) we have set out.

It is important that equality impact assessments should be done alongside the Resource Spending Review process and should inform the findings, rather than being carried out late in the process when it has a limited ability to influence the approach and decisions that are made. The equality impact assessment should take an intersectional approach, wherever the data allows.