Consultation Response by Change Mental Health

Public Service Reform Committee: '***Public Service Reform: Pre-budget scrutiny 2027-28'***

August 2026

About Change Mental Health

For over 50 years, Change Mental Health has provided transformational support to people across Scotland, ensuring they can access the support they need, when they need it and in a way that works for them. We seek to change society by changing attitudes, fighting stigma and influencing policy to ensure a better quality of life for those affected by mental illness.

Change Mental Health employs more than 160 staff who support over 11,000 people with mental illness each year in Scotland across a variety of local, regional and national services, including: Community Link Workers, Hearing Voices, Distress Brief Intervention, Suicide Bereavement Support Service, National Advice Service, employability services, resource centres, peer-support and talking therapies.

Because many of our services are commissioned through Scottish Government, NHS boards, integration joint boards and local-authority funding arrangements, we have first-hand experience of Scotland's approach to mental health services and welcome the opportunity to share our insights with the Committee.

Response to three questions

Our submission will respond to three of the questions posed by the Committee: Q6, Q7b and Q7c.

Question 6: Beyond the financial benefits that the Public Sector Reform Strategy aims to achieve, what are the key outcomes that reform should be aiming for?

Change Mental Health believes the central measure of successful public service reform should be whether it improves outcomes for people.

For mental health, this means ensuring people can access appropriate support earlier, in their communities and before their needs escalate to crisis. Public sector reform should reduce avoidable demand on acute and crisis services by strengthening accessible community-based and preventative provision, including services delivered by the third sector.

Public sector reform should also result in better coordination between services. People experiencing mental illness often interact with health and social care, housing, employability, social security and other public services. Reform should reduce fragmentation between these systems rather than simply move demand or costs from one budget or organisation to another.

Financial efficiency is important, but reducing expenditure, staffing or access should not in itself be regarded as successful reform. The test should be whether services become more

accessible and effective, inequalities in outcomes are reduced, people receive support earlier and public services are better able to prevent problems from escalating.

Ultimately, reform should improve quality of life while creating a public service system which is more preventative, joined-up and sustainable.

Reform should also be accompanied by a broader approach to measuring success. Waiting times are an important indicator of access, but they do not tell us whether someone received the right support, whether their mental health improved, whether that improvement was sustained or whether more intensive intervention was avoided. Mental health services should therefore be assessed against a wider set of outcomes, including improvements in wellbeing and quality of life, continuity of care, service-user experience, reductions in crisis and acute service use, sustained recovery and inequalities in access and outcomes. A more balanced approach to performance measurement would help ensure that public service reform focuses on how quickly people enter services and whether those services genuinely improve their lives.

Question 7b: What progress has been made to date with preventative budgeting?

Change Mental Health firmly supports the principles of early intervention and prevention established by the Christie Commission. There has been considerable political commitment to these principles over the past fifteen years, including preventative funds, public service reform programmes and outcomes frameworks.

However, progress in translating this commitment into the way public money is allocated and accounted for has been considerably slower.

Until recently, there has been no consistent method for identifying how much the Scottish Government spends on preventative activity, where that expenditure is directed or whether resources are genuinely shifting from reactive services towards prevention. The Scottish Government's recent work to develop and pilot a Preventative Budgeting Tool is therefore a welcome and necessary step.

A common approach to categorising expenditure as preventative, enabling, acute or responsive activity should provide a stronger baseline from which progress can be assessed. However, classification alone will not demonstrate whether preventative investment is effective or whether resources are shifting upstream.

The current approach principally identifies planned expenditure and necessarily involves a degree of judgement. Further development is therefore required to connect preventative budgeting with actual expenditure, final outturn, outcomes, the quality of supporting evidence and the timescale over which benefits are expected to emerge.

We therefore see the Preventative Budgeting Tool as an important foundation rather than the completion of preventative budgeting. Fifteen years after Christie, Scotland needs to move from supporting prevention in principle towards being able to consistently identify, track and evaluate preventative investment across successive Budgets and across the wider public sector.

Question 7c: How should the forthcoming Budget support greater progress towards preventative budgeting across the devolved public sector? Please set out any barriers and how these can be addressed.

Change Mental Health believes the forthcoming Budget should begin translating the principle of prevention into practical funding arrangements across the public sector.

From our experience delivering national programmes, working through regional initiatives and providing locally commissioned support, there is no shortage of commitment to prevention as a principle. The Scottish Government has repeatedly demonstrated its support for the approach established by the Christie Commission: intervening earlier, reducing inequalities, integrating services and preventing demand from escalating into more costly crisis responses.

The difficulty is that these ambitions are often challenged at the point of local delivery. Local commissioners and public bodies are generally required to balance budgets over relatively short financial cycles while responding to immediate and often statutory demand. A preventative intervention may require expenditure today while producing benefits several years later, making it difficult for individual budget holders to justify preventative investment when they are simultaneously required to address immediate financial pressures.

There is also a fundamental challenge in evidencing the financial return from prevention. Success can mean that something does not happen: a person does not reach crisis, require hospital treatment, lose their employment or need more intensive statutory support. These outcomes are important both to individuals and to the sustainability of public services, but the savings associated with them can be difficult to quantify and may not appear as an immediate reduction in expenditure.

The costs of a community mental health service, for example, are clear and visible within a commissioning budget. The financial consequences of withdrawing that service may instead be dispersed across emergency departments, primary care, specialist mental health services, social care, housing, social security, policing, employers, families and unpaid carers. The organisation making the preventative investment may therefore receive little or none of the resulting financial benefit.

This creates a substantial misalignment of incentives. Individual budget holders can be acting rationally within the financial and accountability framework imposed upon them while collectively producing an outcome which runs contrary to the Scottish Government's wider objective of shifting resources towards prevention.

There is also a significant transition problem. Commissioners cannot responsibly withdraw acute or statutory capacity on the assumption that preventative services will subsequently reduce demand. Effective alternatives must first be established, referral pathways developed and evidence gathered that demand has genuinely changed. Moving resources upstream may therefore require a period in which existing and preventative services operate simultaneously.

Without transitional or invest-to-save funding, local budget holders are effectively asked to fund prevention from budgets already under pressure and to realise savings before the preventative intervention has had sufficient time to work. In these circumstances, short-term

reductions can become more financially attractive than longer-term reform, even where they are likely to increase costs elsewhere.

Change Mental Health has seen these pressures through different forms of service delivery. National programmes can benefit from clearer strategic direction and direct alignment with national policy priorities, while regional initiatives depend upon effective cooperation between multiple organisations and budgets. At local level, commissioned third-sector services can be particularly exposed to annual budget pressures, short commissioning cycles and decisions focused on balancing immediate expenditure.

Community and third-sector provision can consequently become vulnerable precisely because it sits outside core statutory provision, despite often providing the early intervention which prevents people requiring more intensive support. Short-term commissioning, delayed funding decisions and uncertainty about future contracts also make it harder for providers to retain skilled staff, invest in service development and collect the longer-term evidence required to demonstrate preventative impact.

The forthcoming Budget should therefore seek to change the financial and accountability arrangements within which prevention is delivered. The Scottish Government's Preventative Budgeting Tool can provide an important part of this infrastructure by improving understanding of where preventative expenditure sits, but classification alone will not resolve the underlying barriers.

Fifteen years after Christie, the central challenge is not whether Scotland supports prevention in principle, but whether its budgeting and accountability arrangements allow those responsible for delivering public services to act upon it. The objective should be a system in which a local budget holder is not financially penalised for making an investment that produces better outcomes and lower costs for Scotland as a whole.

Change Mental Health would welcome action to:

- establish and publish a consistent baseline for preventative expenditure across Scottish Government portfolios and the wider devolved public sector
- report actual expenditure and final outturn as well as planned preventative allocations, allowing Parliament to determine whether resources genuinely remain committed to prevention throughout the financial year
- protect important preventative provision from being routinely used to resolve immediate in-year financial pressures
- provide dedicated transitional and invest-to-save funding where preventative capacity must be established before existing statutory provision can safely be reduced
- expand multi-year funding and commissioning arrangements, particularly for community and third-sector services, so preventative provision can be planned and evaluated over an appropriate period
- develop better methods for evidencing cost avoidance and longer-term outcomes, recognising that successful prevention will not always generate an immediately cashable saving

- develop mechanisms which recognise where the costs and benefits of preventative investment fall across different organisations, portfolios and sectors, and allow these to be shared where appropriate
- ensure budget holders are assessed against longer-term outcomes and reductions in demand, rather than solely against their ability to achieve balance within individual annual budgets.

Change Mental Health's View

Change Mental Health supports the ambition to reform Scotland's public services, but believes success must ultimately be judged by whether reform improves outcomes for people, reduces inequalities and enables support to be delivered earlier and more effectively. Financial sustainability matters, but reform should not simply reduce expenditure or transfer demand between organisations. A sustainable system should prevent problems from escalating, strengthen community-based support and reduce avoidable reliance on acute and crisis services.

Scotland has made important progress in recognising the value of prevention, and the Scottish Government's development of a Preventative Budgeting Tool is a welcome step towards understanding where preventative investment sits within public spending. However, identifying expenditure is only part of the challenge. Preventative budgeting must also demonstrate whether resources are genuinely shifting towards prevention, what outcomes are being achieved, how long benefits take to emerge and where those benefits are ultimately realised.

Our experience delivering national programmes, regional initiatives and locally commissioned services suggests that the greatest barrier is often not a lack of commitment to the principles established by the Christie Commission, but the financial and accountability arrangements within which those principles must be delivered. Local budget holders face immediate pressures, annual balancing requirements and statutory responsibilities, while the benefits of preventative investment may take years to emerge and may accrue to another organisation, another budget or even another sector entirely. These incentives can make short-term reductions rational for individual organisations even where they increase costs and worsen outcomes across the wider system.

The forthcoming Budget therefore provides an opportunity to bring national ambitions and local incentives into closer alignment. Greater use of multi-year funding, transitional and invest-to-save resources, stronger measurement of cost avoidance and outcomes, and mechanisms for recognising benefits across organisational boundaries would give commissioners greater ability to invest for the longer term.

Fifteen years after Christie, the challenge is no longer primarily to establish that prevention is desirable. It is to create a budgeting, commissioning and accountability system that allows those responsible for delivering public services to put prevention into practice. Change Mental Health believes reform should ultimately create a system in which doing what produces the best long-term outcome for people is also the rational financial choice for those making decisions today.

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