

Equal Opportunities Committee

Budget Review Paper/Session 4

Introduction

1. This report looks at how the Equal Opportunities Committee has scrutinised the Scottish Government's draft budgets this parliamentary session, and the challenges it has faced. The report makes recommendations to improve the scrutiny process for successor committees to pursue and for the Finance Committee to consider as part of its legacy report.

Background

2. The UK Comprehensive Spending Review was published on 25 November 2015. Following this the Scottish Government published its own draft budget on 16 December 2015.

3. This gave a much shortened period of time for budget scrutiny to take place. With this in mind, and with the end of the Parliamentary session in sight, the Committee agreed to undertake a general budget review of work it has carried out on budget scrutiny and to review the role of the Equality Budget Statement that has accompanied each of the Scottish Government's draft budgets in recent years.

4. It is hoped that this report will be of use to successor committees and the Finance Committee, and can inform a dialogue with the Scottish Government in relation to the information and analysis that will be most useful in scrutinising future draft budgets from an equalities angle.

5. This report will be provided to the Finance Committee to feed into its own legacy considerations.

Recommended future approaches to Budget Scrutiny

6. The Committee considers that the limits placed on its scrutiny by the level of delegated spending, makes it very difficult to conduct adequate budget scrutiny from an equalities perspective. Its analysis of budget work this session leads the Committee to consider that improvements should be made to assist scrutiny and it recommends that a successor committee considers the following approaches when scrutinising the budget:

- **Inquiry Remits** – The Committee's previous approach of focusing on separate equality strands each year had mixed results. Instead a future committee may wish to consider examining a particular cross-cutting area of spending or focusing on a specific agency or public body, for example a Scottish college. In requesting evidence from other committees it is likely that a focused request will receive a better response
- **Advance requests** – Previous budget scrutiny has spent a significant amount of time and resource gathering evidence and information. Shining a light on the budget is useful in itself. However an inquiry might get off to a quicker start and be more effective if it could request financial data up front before the evidence sessions begin. For example, the Committee

could request data on spending on a specific area across the public sector, how this has changed over recent years and what the money has bought. Having such a briefing available at the start of an inquiry could help considerably.

- **Assessing the impact of the budget process** – As well as looking at the draft budget document the Committee may wish to examine the equalities impacts of changes made as the budget has progressed through Parliament. and how this might be examined each year.
- **Following up requests for information and updates** – The Annex identifies a range of areas where the Equal Opportunities Committee had requested updates and further information. In a number of cases the Scottish Government highlighted that information is being developed, and it may be that the Committee would wish to see some of these outcomes. As one example during the scrutiny of the 2013/14 draft budget, Scottish Enterprise indicated it was in the process of developing an outcome for the number of women-led account-managed businesses it supports and stated that any adverse trends would be reviewed. This could be the type of indicator that the Committee might wish to follow up on a systematic basis.
- **Scrutinising public finance outwith budget period** – as the Committee conducts other inquiries it may wish to incorporate an element of financial scrutiny. This may help to build up a more complete picture as part of the inquiry and inform the Committee's budget scrutiny.

The Committee's previous approach to budget scrutiny

7. At the beginning of the current parliamentary session the Committee agreed its approach to scrutinising the budget. In the light of its wide ranging remit, and the limited time and resources available, the Committee agreed to focus budget consideration on one equality strand each year, and to select an adviser, witnesses and lines of enquiry in line with this approach:

- 2012/13 draft budget – race and religion
- 2013/14 – gender (particularly women and employment)
- 2014/14 – disability
- 2015/16 – age (particularly transitions for younger and older people)

8. The Committee has reviewed this approach to budget scrutiny and a summary of the review is included in the Annex to this report. It includes a selection of the Committee's recommendations and particular aspects of the Scottish Government's responses, to give a flavour of the Committee's work and its impact.

The Committee has also sought evidence on the Equality Budget Statement from a range of stakeholders that had been involved in budget scrutiny this session.

9. The following stakeholders provided a response:

- [Engender](#)
- [Equality and Human Rights Commission \(EHRC\)](#)

- [Scottish Women's Convention](#)
- [University of Glasgow](#)
- [Scottish Women's Budget Group](#)

10. In addition, the Committee flagged up its review to subject committees and received correspondence from the Rural Affairs, Climate Change and Environment Committee (RACCE), (highlighting pages 9 to 11 of its report to the Finance Committee) and the Infrastructure and Capital Investment Committee.

The Equality Budget Statement (EBS)

11. In its evidence the Equality and Human Rights Commission (Scotland), stated that Scotland now has—

“one of the most advanced and sophisticated means of making assessments about the equality implications of its budget, certainly in the UK and with few peers internationally”.

12. However, the EHRC went on to identify a number of shortcomings with the statement. Whilst also welcoming the EBS, Engender suggested that the current process “falls far short”.

13. Glasgow University told us that the EBS appears to draw attention to the benefits of government initiatives for equalities groups, rather than exploring the trade-offs and tensions in setting budgets. They identified very few references to the impact of budget reductions. Similarly EHRC said that the EBS “tends to focus on the positive impacts of the budget”. Engender stated that the EBS requires substantive and substantial development “to ensure it does not simply become a list of spending commitments that are gender inflected, or inflected by another protected characteristic”. Engender specifically called for a detailed “gender budget analysis” as part of the process – an aspect which it considers will be even more significant with a new approach to social security envisaged next year.

14. The EHRC felt that the EBS has in the past included too many assertions, not backed up with evidence, though it did indicate this had improved in recent years

The Committee considers that for the Equality Budget Statement to be credible and more widely used it needs to take a more balanced approach in assessing the positive effects and identifying potential negative effects of changes to the draft budget:

15. The RACCE Committee had a number of specific recommendations for the Equality Budget Statement and we commend the work that it has taken forward and would encourage other committees to take forward similar work.

The evidence base for equalities

16. The EHRC suggested that equalities data was often available for gender and age, but that it should be improved for other equalities characteristics, a point backed up in their recent report [Is Scotland Fairer?](#) The EHRC recommended significant improvement in the availability and use of equalities evidence. It also proposed a

'state of the nation' summary of equalities data – positive and negative – appended to the EBS.

17. There are a number of specific types of analysis that could help improve equalities budget scrutiny:

18. Whilst it is a difficult task it is important to assess the impact of spending (or saving) decisions across the socio-economic spectrum. The [Social Impact Tool](#) developed for the Joseph Rowntree Foundation is one example of the type of approach that could be taken – this allows councils to readily identify the distributional impact of saving strategies. This type of tool does not of course replace the need to make difficult decisions, but it has the potential to contribute to better informed, more transparent decision making.

19. Equalities budget analysis should not simply be a data gathering exercise. The analysis should help tell a realistic story of what has happened and could happen. Specifically there is a need to focus more attention on:

- The impact of budget changes on people with multiple protected characteristics who potentially could experience particularly extreme impacts (for example refugee and asylum seeking women, children with disabilities etc.)
- The cross cutting and cumulative impact of related policies being implemented by different government directorates and public bodies.

The Committee considers that work should be taken forward to improve the evidence base that underpins the Equality Budget Statement and recommends that a successor Committee examines this issue.

New Tax and Welfare Powers

20. Changes to the tax and benefits systems have a huge potential to affect different groups of people in different ways. The Committee considers that the Scottish Government will have an increasingly important role in modelling tax and benefit changes, and it is important that it does so in an open and transparent manner. **It is hoped that the Scottish Government will work closely with the Parliament and stakeholders as it develops capacity in this area.**

21. SPICe currently has access to the [Euromod](#) tax-benefit micro simulation model for countries across the European Union (including Scotland). Euromod enables users to model changes to taxes or benefits (even add new or remove taxes or benefits) and to see the effect that this has on a range of variables (e.g. disposable income by income decile group, age and gender). SPICe can respond to specific requests, but is also looking to develop and publish further online interactive tools on the Parliament's website (based on Euromod) to enable anyone with internet access to explore the implications of tax and possibly benefit changes. A future equal opportunities committee may wish to make use of this resource and all subject committees should also be made aware of this facility.

In looking at the effect of the new tax and welfare powers the Committee considers that a new and sharper level of distributional analysis is needed, and recommends that its successor committee examines how this might be taken forward.

2012/13 DRAFT BUDGET ([SCRUTINY IN 2011](#))

Focus of scrutiny and adviser

The Committee agreed to focus on the key equality themes, with an emphasis on **race and religion**. The Committee appointed Colin Lee of CEMVO Scotland as its budget adviser.

Evidence received

The Committee received nine submissions, and held a round table including 11 people from voluntary and public sector organisations and academia. The Cabinet Secretary was invited to give evidence and the Committee agreed its report over two private meetings.

The Committee wrote to other committees in July 2011. Eight committees provided written submissions to the Equal Opportunities Committee (in mid-November). Amongst the topics raised by committees were:

- fuel poverty and the impact on people in lower socio-economic groups
- provision of college places for people with disabilities and for women
- international development expenditure
- preventative spend and broader issue of health inequalities
- safer streets, concessionary travel, housing adaptations and impact of welfare reform
- Next Generation digital spending, rural cohesion and fuel poverty,
- Requirement for formal modelling to be completed
- prison overcrowding, use of community penalties, legal aid changes, and female offenders
- equal pay claims, impact of welfare reform, and of reductions to local authority budgets

Selected Committee Recommendations and Government Response

The Committee published a full report and a summary report. The table below summarises a selection of the Committee's recommendations and key aspects of the Scottish Government's response:

Selected Committee Recommendations	Key aspects of Scottish Government response
Requested EqIA on resource to capital shift (under representation of equality groups in construction)	Scottish Government will consider what further analysis of decisions about infrastructure investment will help... we are not convinced that considering this at a broad generic level will be very informative.

Selected Committee Recommendations	Key aspects of Scottish Government response
<p>Recommends increased accountability of ethnic-minority reporting by NHS boards to the Scottish Government [and specifically] all NHS boards should record a valid ethnic group code on acute in-patient day-case records and out-patient appointment records in at least 75% of cases.</p>	<p>We will continue to work with Health Boards to achieve high completion rates and to consider if and when setting of specific targets would be helpful.</p>
<p>We believe, therefore, that it would be reassuring for the Draft Budget to demonstrate how it reflects equality considerations with firm examples in each portfolio section. Further, the Government should ensure, nationally and locally, more stringent monitoring and reporting...</p>	<p>We will certainly reflect further with EBAG on how the consideration given to equality within the Budget process and within Portfolios can be better presented in advance of the next Budget process</p>
<p>Recommends mechanism for monitoring the impact of job reductions and no-compulsory redundancy policies on equality groups in the third sector [given scope for indirect unintended negative consequences for third sector]</p>	<p>To this end we set up a longitudinal study in 2009 to capture over a long time period the way in which third sector organisations in Scotland are affected by the economy and other factors. Whilst the Scottish Government is responsible for assessing the impact of its policies and practices with regard to its workforce, it is for individual public authorities to assess the impact of their decisions in relation to workforce issues</p>
<p>Recommends the Scottish Government take account specifically of the race and gender issues raised with us in relation to Modern Apprenticeships in its Making Training Work Better review.</p>	<p>We will forward a copy to the Committee when it is published</p>
<p>We remain concerned that local authorities' performance in relation to equalities should improve.</p>	<p>While we are clear that we do not have a role in monitoring the equality performance of local authorities, we are committed to providing leadership on equality.</p>
<p>Recommends that the Government explore an ethnic-minority workforce target for the public sector for the next 5 years.</p>	<p>The Scottish Government... has had in place a target for minority ethnic staff for some years. Currently, our target is 2% across all grades. Our performance against target varies by grade from under 1% to 2.1%. We plan to review our target following the release of data from Census</p>

2013/14 DRAFT BUDGET ([SCRUTINY IN 2012](#))

Focus of scrutiny and adviser

In 2012 the Committee had an emphasis on **gender** (which informed its subsequent 'women and work' inquiry). It also took an overarching perspective across the whole budget, it surveyed other organisations to ask how they were handling equality issues in the budget (including responses from 27 local authorities and 15 NHS Boards), and as in previous years it asked for input from other committees. Professor Ailsa McKay of Glasgow Caledonian University was appointed as adviser.

Evidence received

Only one external submission was received (from the STUC), though supplementary written evidence was received from committee witnesses and one submission (from the Scottish Women's Convention) came after the committee report was finalised. The Committee took evidence from five witnesses and from the Cabinet Secretary at a subsequent meeting.

Survey results

The survey of external organisations (mostly local authorities and health boards) identified a few key issues (below):

- **Approach to budgeting** - The widely used incremental budgeting approach [as opposed to zero based budgeting for example] could result in equalities issues being considered only where changes to budgets are proposed. More fundamental questions about equalities issues relating to the budget as a whole or particular services within the budget could therefore be overlooked.
- **Cumulative impact** - EIAs tend to involve assessment of an individual service, an approach that carries the risk of missing the interactions between services and the effects that changes to one service could have on other budget lines.
- **Timing of EIA** - Some organisations undertook EIAs at the very outset of a budget or service proposal, allowing for equalities issues to be taken into account throughout the development of the proposal. For others, the EIA took place later in the process, which could mean that it is too late to redesign services.
- **Equalities and the capital budget** - Most respondents focused on the equalities impact of their resource budgets and it is therefore unclear to what extent equalities issues are taken into account when making decisions regarding capital investment.

Views of committees

Other committees highlighted a number of issues including the following:

- impact of court closures on older and younger age groups
- lower broadband take up amongst older people and those on lower incomes
- impact of housing budgets on vulnerable people, e.g. housing adaptations
- college reform
- fuel poverty
- youth unemployment and gender inequality in the labour market

Selected Committee Recommendations and Government Response

Selected Committee Recommendations	Key aspects of Scottish Government response
<p>With respect to budget scrutiny, we would welcome reassurance that the Equality Budget Statement is now considered an integral feature of the budget process.</p>	<p>[The Government] assure[s] the Committee that the Equality Budget Statement is an integral part of the Scottish Government’s budget process and we will continue the work to develop and improve it</p>
<p>We would like to see further evidence of spending plans and associated policies aimed at mitigating these impacts (on women in the workforce)</p>	<p>We will explore with the Equality Budget Advisory Group (EBAG) how to strengthen these considerations in our spending plans in future.</p>
<p>[The Committee is] concerned about the impact of certain spending decisions, in particular, access and retention issues for women in employment and persistent patterns of occupational segregation in the labour market [and] the longer-term costs to the economy of:</p> <ul style="list-style-type: none"> • funding for computer clubs for girls; • Skills Development Scotland, limiting careers advice in “STEM” areas; • the ‘leaky pipeline’ in STEM[and] a lack of opportunities for business start-ups for women in STEM industries • limited good quality work experience within Scottish education • Modern Apprenticeship programme and what is traditionally perceived to be ‘women’s work’; • Focus on women in Business Gateway • Lack of accessible childcare 	<p>SG provided information on a number of initiatives including:</p> <ul style="list-style-type: none"> • Scottish Women’s Employment Summit • Work to tackle occupational segregation • The Computer Clubs for Girls project (run by e-skills UK) • Work on STEM subjects • Work to assist schools and local authorities offer good quality work experience • The modern apprenticeships programme and • the Business Gateway
<p>Concern at lack of any robust gender-disaggregated data from ONS will hinder the effective targeting of business development and support funding.</p>	<p>The Scottish Government has recently purchased a boost to the Small Business Survey for 2012 [and] will be looking to publish a report on the data in spring of this year.</p>
<p>It would appear that various agencies involved in promoting economic development across Scotland, including the main enterprise bodies, are not collecting the robust and rigorous data that would allow for evaluation over the long term. We ask the Scottish Government and other public bodies to improve this situation and report an action plan to us.</p>	<p>Scottish Enterprise (SE) has carried out an equality impact assessment (EIA) on its account management function. One of the main outcomes of the assessment was to source improved data on ownership against some of the protected characteristics</p> <p>SE is in the process of developing an outcome for the number of women-led account-managed businesses it supports and any adverse trends will be reviewed.</p>

2014/15 DRAFT BUDGET ([SCRUTINY IN 2013](#))

Focus of scrutiny and adviser

The Committee decided to place an emphasis on **disability**, and appointed Professor Nicholas Watson of the Strathclyde Centre for Disability Studies at the University of Glasgow as adviser.

Evidence received

The Committee issued a call for evidence, highlighting some key themes

- funding for personal support and independent living
- access to services
- children with disabilities

In its consultation the Committee also highlighted specific budget streams which were considered relevant. The Committee received 19 submissions, and held an evidence session with seven witnesses, followed by a session with the Cabinet Secretary.

Submissions, from other committees cover a wide range of areas, including:

- youth employability;
- older, disadvantaged and female learners;
- business start-ups;
- supporting immigrants;
- housing need;
- domestic abuse;
- women offenders;
- discretionary payments;
- equal pay; and,
- the Climate Challenge Fund

The Committee concluded that the “Modern Apprenticeships Programme has provided many people with valuable opportunities; however equalities have been a cause for concern in not only our own work, but in that of other committees. It is clear that this is an area for further work.”

The Committee also reported a positive response from other committees; “It is encouraging to see that the mainstreaming of equalities issues within the process of Draft Budget scrutiny has led to consideration of such a wide range of issues”

Selected Committee Recommendations and Government Response

Selected Committee Recommendations	Key aspects of Scottish Government response
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Selected Committee Recommendations	Key aspects of Scottish Government response
We would, appreciate further information on how the Scottish Government involves disabled people in the budget planning process.	The Scottish Government is committed to dialogue and engagement with disabled people so that our work is informed of the issues and responsive to people’s needs. We provide funding to disabled people’s organisations to facilitate this.
[in relation to the third sector] we would appreciate clarity on which funding streams the Scottish Government directly controls, and how this support has changed over time.	We are in the final stages of the process of accurately tracking direct payments made to third sector organisations by the Scottish Government, and plan to publish this information.
We are concerned not just about the impact of care charges on individual disabled people and the fairness of the levels they are levied at, but also about the geographical inequalities they are causing.	Scottish Government continues to support the aim of the COSLA guidance to achieve consistency. The guidance is not intended to produce uniformity but to provide discretion to councils to establish their own charging policies in order to align with local priorities and local needs.
We recommend that the Scottish Government carries out research looking at how the pressure of managing and controlling SDS packages is impacting on disabled people’s ability to be included in society	Under the national strategy on SDS the Scottish Government continues to work with key partners, including the organisations who represent disabled people, to develop a monitoring and evaluation framework.
The Committee recommends serious consideration of what additional measures can be taken, where it is reasonable, to minimise the multiple impacts on disabled people.	We continue to develop our analysis of the reforms and will consider what additional measures we can take to mitigate the impacts where we are able to do so. These will be set out in future plans and we will also continue to report on the impacts, including where possible the financial impacts, within our Annual Report to the Scottish Parliament.
We recommend that the Scottish Government investigates further why the Modern Apprenticeship Programme performs poorly for disabled people and other protected groups, and puts in place future spending plans that will promote equality of outcomes in respect to the promotion of, the recruitment to, and the performance of Modern Apprenticeships. Given that this is the third year in which concerns over the Modern Apprenticeships Programme have been raised during our budget scrutiny, we ask that the Scottish Government report back to us on progress against this recommendation.	We will use the findings from this work [the Wood Commission] to develop a way forward for the Modern Apprenticeship programme which will better meet our aims and ambitions for Scotland, taking account of the need to take further action to address under-represented groups within the programme This work is already part of Skills Development Scotland’s Equality and Mainstreaming Report and we recently agreed with the Equal Opportunities Committee’s recommendation to launch an awareness campaign to better promote inclusion throughout all levels of the programme.

2015/16 DRAFT BUDGET ([SCRUTINY IN 2014](#))

Focus of scrutiny and adviser

The Committee agreed to focus its scrutiny of the draft budget on **age**. In particular, the spending associated with key 'transitions' in life for younger and older people. Mr Barrie Levine, lecturer in social work at Glasgow Caledonian University was appointed as Adviser to the Committee.

Evidence received

Six submissions were received by the Committee, and three evidence sessions held (one looking at young people, one at older people and one with evidence from the Cabinet Secretary for Finance, Employment and Sustainable Growth and the Cabinet Secretary for Commonwealth Games, Sport, Equalities and Pensioners' Rights). The Scottish Women's Convention, which has responded to the Scottish Government equalities statement for a number of years, also provided a briefing.

Other committees raised issues such as:

- reduction in non-teaching staff and impact on children with additional support needs
- prioritisation of spending within the Integration Fund
- the impact of rurality on young people and women accessing employment
- support to develop accessible tourism
- modern apprenticeships
- the National Performance Framework and how that links to equalities

Overall however the Committee concluded:

"We are concerned that in comparison to previous years the range of equalities issues highlighted [by committees] this year is limited."

Selected Committee Recommendations and Government Response

Selected Committee Recommendations	Key aspects of Scottish Government response
<p>We are concerned that there should be equality of opportunity for young people with additional support needs and that sufficient funding is available to support them through post-school transitions. We therefore ask the Government to consider whether the budget allocation is sufficient...</p> <p>We further recommend that the Scottish Government should consider how to publish budget information in this area to enable in-depth scrutiny. We request that the Scottish Government responds to the Committee on this issue with specific proposals.</p>	<p>Scottish Ministers are required to report to Parliament each year on the implementation of additional support for learning and in 2014 the report focussed on the issue of transitions. The report also included an analysis of the qualifications and positive destinations achieved by pupils with additional support needs [and] indicated that broadly the picture for pupils with additional support needs is an improving picture overtime.</p> <p>A cross-policy meeting will be convened to discuss the challenges of delivery of post-school transitions [which] will also explore the matter of pooling budget information</p>
<p>In relation to funding for the Third Sector, we reiterate our view that subject to contract monitoring and value for money, further efforts are made to move beyond annual budget allocation to longer term funding approaches.</p>	<p>In respect to longer term funding approaches, the Scottish Government have been working jointly with COSLA and SCVO. The work has evolved significantly, to a position where there is now a shared picture and an agreed approach.</p>
<p>[Recommended SG] considers a review of the Employability Fund and associated budget allocations to enable a greater level of support for those young people with higher needs.</p>	<p>Since its inception, Skills Development Scotland (SDS) has reviewed the contracting processes for the Employability Fund on an annual basis.</p>
<p>We therefore recommend that the Scottish Government reviews measures in place to ensure that young people from protected groups are positively encouraged to take up modern apprenticeships and develop an action plan to this effect.</p> <p>We ask the Scottish Government to provide statistical information on an annual basis on all of the protected groups</p>	<p>The report from the Commission for Developing Scotland's Young Workforce contained [a number of] specific Modern Apprenticeship equality recommendations.</p> <p>SOS already publish annual statistics for Modern Apprenticeships which includes information on protected groups</p>

Selected Committee Recommendations	Key aspects of Scottish Government response
<p>Equity is needed in the provision of employment services across Scotland and [we] are of the view that additional supports are required by providers in rural and island settings to achieve this aim. We welcome the response from Government and note that the issue is under review. We recommend that the Government review the relevant budget allocation and contracting arrangements through SDS to ensure that the balance between rural and urban funding is equitable.</p>	<p>Following a formal review of Modern Apprenticeship contribution rates in 2013, SDS began the implementation of revised rates in April 2014.</p> <p>A formative evaluation of the Employability Fund is underway and will be used for the continuous improvement of the programme.</p>
<p>We recognise the challenges involved in shifting the balance of care (for older people), [and recommend the Government] develops a mechanism within future budgets which provides financial information on progress towards this objective.</p>	<p>Strategic commissioning and annual performance reporting, together, will provide the mechanism to measure progress against our objective to shift the balance of care.</p>
<p>We would ask the Scottish Government to consider how funding for primary care can be developed to shift the balance of care, as well as meeting higher needs in particular areas.</p>	<p>We are working with a range of professional organisations, including the RCGP and SMA, to ensure that locality arrangements within the new integrated partnerships for health and social care provide a meaningful and worthwhile forum through which professional leadership can help improve outcomes</p>