

Budget process 2013-14

Guidance to subject committees, the Equal Opportunities Committee and the European and External Relations Committee

1. This paper sets out initial guidance to subject committees, the Equal Opportunities Committee (EOC) and the European and External Relations Committee (EERC) on the budget process for 2013-14 to assist committees in developing their work programmes prior to summer recess.

Timetable

2. Scrutiny of the budget 2013-14 will take the same form and use the timetable as normal. This means the following—

- By 20 September - Scottish Government publishes its draft budget 2013-14
- Mid-November - subject committees report to the Finance Committee
- Early December – Finance Committee publishes report on draft budget
- Week prior to Christmas recess – debate on Finance Committee report
- 20 January – Scottish Government publishes budget bill
- End of January – Stage 1 debate
- Prior to February recess – Stage 2 and Stage 3

3. As in previous years, the Finance Committee's budget adviser, Professor Bell, and the Financial Scrutiny Unit (FSU) will produce analyses of the draft budget for the Finance Committee shortly after it is published. These papers will be made available to subject committees, EOC and the EERC and published on the Parliament's website after they have been considered by the Committee. Analysis of the document may suggest further areas on which committees may wish to focus their scrutiny.

4. The Finance Committee clerks will also organise two seminars shortly after the publication of the draft budget at which Professor Bell will discuss his analysis. The first of these seminars will be for Members of the subject committees, the EOC and the EERC and the second seminar will be for advisers, clerks and SPICe staff.

5. The Finance Committee clerks conducted a short internal review of the budget process for 2012-13 and sought the views of subject committees, the EOC and the EERC as part of this process. As a result of this review, while subject committee, EOC and EERC reports will still remain confidential until the publication of the Finance Committee report, subject committees will be responsible for publishing their reports on their committee websites (which will be linked to the Finance Committee report). As usual, in addition to highlighting issues and making recommendations to the Finance Committee, subject committees, the EOC and the EERC are invited to direct recommendations and findings to their respective ministers, to supply their ministers with a copy of the report on publication and to seek a formal response from their individual ministers.

General areas for scrutiny

6. 2013-14 is the second year of the current three-year spending review period, and it would, therefore, normally be expected that the draft budget for 2013-14 would not deviate significantly from the plans set out in the [Scottish Spending Review 2011 and Draft Budget 2012-13](#) (“spending review 2011”). This guidance therefore makes reference to spending commitments made in the spending review 2011 and to the draft budget 2013-14 which will be published in September.

Reports on the draft budget 2012-13

7. In their scrutiny of the draft budget 2013-14 subject committees, the EOC and the EERC are invited to follow up issues raised and recommendations made in their respective reports for the draft budget 2012-13 and spending review 2011.

Level 4 data

8. A number of committees raised concerns in their reports regarding the timing of the provision of level 4 data by the Scottish Government. The Finance Committee recommended in its report on the spending review 2011 that Level 4 figures should be released by the Scottish Government “within a timescale which allows subject committees to make good use of the information in scrutinising the budget.”¹ The Scottish Government has subsequently agreed to provide this information within ten working days at the latest following the publication of the draft budget. This change has been reflected in a revised written agreement.

9. Subject committees, the EOC and the EERC should therefore report to the Finance Committee if they do not receive level 4 data within the agreed timescale.

Preventative spending

10. A key focus of the Finance Committee’s scrutiny of the draft budget 2012-13 and spending review 2011 was on preventative spending and subject committees were invited to conduct scrutiny on this theme.

11. The Finance Committee stated in its report on the spending review 2011 that it would welcome an update from the Scottish Government on how it intends to assess the progress of the shift towards preventative spend in future budget documents.² The Scottish Government stated in its response that it “has previously agreed with the Committee to provide, in future draft budgets, assessment of the progress being made towards a more preventative approach. A more preventative approach would encompass both spend and other action, and we are at an early stage in considering how best to assess progress on both elements.” The Scottish Government also stated that work is underway to develop monitoring and evaluation frameworks for the change funds established as part of the spending review.³

¹ http://www.scottish.parliament.uk/S4_FinanceCommittee/Reports/fir-11-03-Vol1.pdf

² http://www.scottish.parliament.uk/S4_FinanceCommittee/Reports/fir-11-03-Vol1.pdf

³ http://www.scottish.parliament.uk/S4_FinanceCommittee/Reports/Response_to_Finance_Committee_report_-_18_January_2012webversion.pdf

12. The Committee invites committees to assess what progress has been made by the Scottish Government on the preventative spending agenda within their portfolio areas and, in particular, in the implementation of the change funds.

Reporting to the EOC

13. The EOC has agreed to continue its approach to the draft budget adopted last year. As a result, subject committee scrutiny of the draft budget should include the impact of budget decisions on equality groups. The steps committees take to include equalities in their draft budget scrutiny, and their findings, should be set out in their reports to the Finance Committee and drawn to the EOC's attention. The EOC will then take a cross-cutting view of the impact of budget decisions on equalities groups and report accordingly to the Finance Committee. Guidance from the EOC on this approach is attached at **Annex B**.

Reporting to the Rural Affairs, Climate Change and Environment Committee

14. The Rural Affairs, Climate Change and Environment Committee (RACCE) has agreed to adopt a similar mainstreaming approach on climate change. However, it is not collating responses from subject committees to then report to the Finance Committee. Rather subject committees should include in their reports to the Finance Committee an assessment of how spending in their particular portfolio has taken account of climate change issues and send a copy of the relevant texts from their reports to RACCE at the same time of reporting to the Finance Committee. Further guidance on its approach is attached at **Annex C**.

Focus on increasing sustainable economic growth

Finance Committee approach

15. In its *Scottish Spending Review 2011 and Draft Budget 2012-13* the Scottish Government stated that—

“The decisions taken within this Budget have been shaped by the Scottish Government's Purpose of creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. Our budget supports job creation.”⁴

16. The Finance Committee has agreed to focus its scrutiny of the draft budget 2013-14 on whether spending decisions align with the Scottish Government's overarching Purpose of increasing sustainable economic growth.

17. As part of its focus on increasing sustainable economic growth, the Committee recently held a series of oral evidence sessions on the need to improve the employability of individuals experiencing high levels of multiple deprivation. The focus of the Committee's scrutiny is how public spending is being directed to support this objective.

⁴ <http://www.scotland.gov.uk/Resource/Doc/359651/0121519.pdf>

Subject committees

18. **Subject committees, the EOC and the EERC are invited to consider in their own scrutiny of the draft budget 2013-14 whether spending decisions in their portfolios align with the Scottish Government's overarching Purpose of increasing sustainable economic growth.**

19. **In conducting scrutiny on this theme committees are invited to consider—**

Allocations

- **Whether Scottish Government spending decisions are targeted on the right areas, initiatives or programmes to achieve its Purpose and, if not, to which areas, initiatives or programmes spending should be targeted;**
- **Whether allocations to individual budget heads in the draft budget 2013-14 are consistent with the Government's Purpose;**
- **Whether the allocation of additional consequential funds for 2012-13 have been effective in supporting the Government's purpose.**

Role of the public sector

20. **The Scottish Government states in its economic strategy that "The actions of the public sector are co-ordinated to maximise their economic impact."⁵ Committees are invited to consider what progress has been made in harnessing the public sector to support sustainable economic growth and how this should be reflected in the draft budget for 2013-14.**

Long-term change

21. **The Scottish Government stated that the aim of its economic strategy "is not only to offer greater protection to the economy during periods of economic uncertainty, but to bring about a long-term, or structural, change in Scotland's sustainable growth rate".⁶ Subject committees, the EOC and EERC are invited to consider whether spending decisions support such structural change in the long term and what spending priorities should be in the draft budget 2013-14.**

Sustainable employment and employability

22. **Subject committees, the EOC and EERC may also wish to explore, as a sub-theme, whether spending decisions support improving employability and the creation of sustainable employment, as a prerequisite to increasing sustainable economic growth.**

23. **In conducting their scrutiny, committees will wish to make reference to both the spending review 2011 and the draft budget for 2013-14 which will be published by 20 September 2012. Each portfolio chapter in the spending review 2011 includes a narrative on how spending decisions in the portfolio are being directed to support the Scottish Government's Purpose. To assist subject committees, the EOC and the EERC in their scrutiny process, **Annex A** refers briefly to the information under each**

⁵ <http://www.scotland.gov.uk/Resource/Doc/357756/0120893.pdf>

⁶ <http://www.scotland.gov.uk/Resource/Doc/357756/0120893.pdf>

portfolio heading in the spending review 2011, as well as providing commentary by the FSU.

24. The following paragraphs provide further information and guidance to subject committees, the EOC and EERC on how they may wish to conduct their scrutiny on this theme. As usual, however, committees are free to agree their own approach or to decide to focus on an alternative theme.

National Performance Framework

25. **Subject committees, the EOC and the EERC are initially invited to consider what progress the Scottish Government is making in delivering its overarching Purpose through its spending decisions with reference to the [National Performance Framework \(NPF\)](#).**

26. The NPF is an outcomes-based model which measures how the Scottish Government is achieving its overarching Purpose. In December 2011 the Scottish Government published its first “refresh” of its NPF. The refreshed NPF contains five levels—

- The Purpose – sets out the direction and ambition for Scotland
- The 11 Purpose Targets – high level targets that show progress towards the Purpose
- The 5 Strategic Objectives – describe where the Scottish Government will focus its actions
- The 16 National Outcomes – describe what the Scottish Government wishes to achieve over the years to 2017; and
- The 50 National Indicators – enable the Government to track its progress towards the Purpose and the National Outcomes

27. In June 2008 the Scottish Government launched [Scotland Performs](#) website designed to present information on how Scotland is performing against the range of indicators outlined in the NPF.

28. According to Scotland Performs, the 16 National Outcomes describe what the Scottish Government wants “to achieve over the next ten years, articulating more fully this Government’s purpose”, while the 50 National Indicators “enable the Scottish Government to track progress towards the achievement of the National Outcomes, and therefore delivery of the Purpose.” The FSU has produced a detailed briefing on the NPF, which includes a full list of the 50 indicators, along with information on the Government’s progress, how each indicator is measured, and the level of data time lag for each indicator.⁷ Each National Outcome is linked to a number of indicators and various indicators are attached to multiple outcomes.

29. In its report on the spending review 2011, Finance Committee stated that it—

“finds it surprising that the spending review 2011 does not mention the NPF or the five strategic objectives which the previous Scottish Government has realigned to deliver. The Committee notes that there is some mention of the

⁷ http://www.scottish.parliament.uk/ResearchBriefingsAndFactsheets/S4/SB_12-12.pdf

national outcomes within the portfolio chapters but it is unclear how this correlates with the strategic chapters of the spending review 2011.”⁸

30. In its response to the Finance Committee the Scottish Government responded that—

“The National Performance Framework represents a common vision for the whole Scottish public sector and, as such, is fully integrated with our spending plans. With the entire public sector aligned behind a single framework, spending decisions made by the Scottish Government and our delivery partners are all aimed to deliver the common set of outcomes. This encourages a partnership approach and joint working across sectors to deliver successful outcomes. A consistent reference to the National Performance Framework is important as some outcomes will take a longer period to achieve.”⁹

31. As noted above, each portfolio chapter in the spending review 2011 includes a narrative on how spending decisions in the portfolio are being directed to support the Scottish Government’s Purpose. It also lists the relevant National Outcomes. Subject committees may wish to focus on a single National Outcome within their portfolio and the relevant indicators or consider a number of National Outcomes.

32. As part of their assessment of whether Scottish Government spending decisions are supporting the Government’s overarching Purpose with reference to the NPF, subject committees, the EERC and the EOC may wish to consider the following in relation to their own portfolios—

- **What progress has been made by the Scottish Government in achieving its National Outcomes with reference to the performance assessment of each Outcome’s associated National Indicators;**
- **Where the performance assessment against relevant National Indicators is showing as “performance worsening” (or has moved from “performance improving” to “performance maintaining”) why this is the case;**
- **What impact a worsening performance assessment against a National Indicator has on Scottish Government spending decisions;**
- **What is the extent of the direct effect of Scottish Government spending decisions on progressing the relevant National Indicators, and what other factors influence performance;**
- **To what extent spending decisions link to the National Outcomes.**

33. In its spending review 2011 the Scottish Government states that “the vision set out in the Programme for Government and the Strategic Priorities of the Government Economic Strategy have shaped our spending plans, providing firm foundations on

⁸ http://www.scottish.parliament.uk/S4_FinanceCommittee/Reports/fir-11-03-Vol1.pdf

⁹ http://www.scottish.parliament.uk/S4_FinanceCommittee/Reports/Response_to_Finance_Committee_report_-_18_January_2012webversion.pdf

which to make progress on delivering our ambitions for Scotland.”¹⁰ Therefore subject committees may also wish to consider spending decisions for 2013-14 with reference to the GES and Programme for Government.

Government Economic Strategy

34. The Scottish Government reaffirmed its commitment to its Purpose in its updated [Government Economic Strategy](#) (GES), published in September 2011, which states that the strategy—

“gives clear priority to accelerating economic recovery, with a range of measures to tackle unemployment and promote employability. We will focus our actions on six Strategic Priorities which will drive sustainable economic growth and develop a more resilient and adaptable economy.”

35. The six strategic priorities identified in the GES are a supportive business environment, transition to a low carbon economy, learning skills and well-being, infrastructure development and place, effective government and equity.

36. Subject committees, the EOC and the EERC may wish to consider whether the strategic priorities as set out in the Government Economic Strategy are supported by budget commitments for 2013-14.

Programme for Government

37. The spending review 2011 indicates that the centre of its approach to the [Government’s Programme for Scotland 2011-12](#) is a commitment that its actions “will continue to be aligned to delivering our overarching purpose.” It states that its “top priority is therefore securing economic recovery and creating jobs”.

38. Subject committees, the EOC and the EERC may wish to consider whether legislation introduced by the Scottish Government during 2011-12 demonstrated a commitment to its overarching Purpose of increasing sustainable economic growth.

Alternative spending proposals

39. As set out in the Written Agreement between the Finance Committee and the Scottish Government, the Finance Committee can propose alternative spending plans in its report on the draft budget. Whilst the Finance Committee will consider its own position and possible recommendations, it must also consider any proposals put forward by subject committees and will set out whether it agrees or disagrees with any such proposals in its report.

40. It should be borne in mind that any changes must keep within the overall spending limit set by the draft budget and therefore, any proposed increases should be offset by proposals for decreases elsewhere. The Finance Committee would expect that subject committees would propose additional spend within their remit and that they would take money from another budget line within their remit, since they will have built up an evidence base for this during their scrutiny of the draft budget.

¹⁰ <http://www.scotland.gov.uk/Resource/Doc/358356/0121130.pdf>

41. Subject committees, the EOC and the EERC are asked to consider whether they wish to make any alternative spending proposals within the appropriate portfolio.

Health, Wellbeing and Cities

Spending review 2011

42. Pages 52-53 of the spending review 2011 describe how spending decisions on health and wellbeing support increasing sustainable economic growth. It states that—

“Good mental and physical health and wellbeing is vital for individuals to participate fully in economic and social life. Investment in health improves the productivity of the individual and economic participation in general, and is also likely to support greater flexibility in the workplace and adaptability to changes at work.”

43. The spending review document indicates that the policies, activities and expenditure of the Health, Wellbeing and Cities portfolio contribute to all of the National Outcomes, but highlights six National Outcomes which are considered to be the most significant (pages 52-53).

FSU commentary

44. The portfolio narrative in the spending review argues that a healthy population is crucial for the productive capacity of an individual and his or her ability to participate effectively in society. However, spending on the health budget would not normally be considered to be a main driver of economic growth in contrast to spend, for example, on Infrastructure, or broadband. At the same time, within the health budget, there is expenditure that can be considered to contribute towards economic growth. For instance, R & D spend on medical and life science technology, and capital spend on hospitals.

Sustainable employment and employability

45. Under the specific theme of employment and employability relevant committees may wish to explore the role of the NHS as employer, its ability to create sustainable employment and initiatives to improve employability.

Finance, Employment and Sustainable Growth

Spending review 2011

46. Pages 76-81 of the spending review 2011 sets out how the spending in the finance, employment and sustainable growth portfolio supports sustainable economic growth. It states that—

“The portfolio forms a central part of the government’s refreshed economic strategy by maintaining and further development a supportive business environment and focusing on infrastructure development and place. The Government Economic Strategy sets out in detail the measures that we are taking, across all portfolios, to accelerate Scotland’s recovery and support jobs. It also has a key role to play in Effective Government and Transition to a Low Carbon Economy.”

47. It goes on to state that—

“The portfolio also contributes towards ensuring that we achieve balanced economic growth that provides the most disadvantaged in society with the opportunity to prosper. Equity, whether it be social, regional or inter-generational or a combination of these factors, is also seen as a key driver of economic growth.”

48. Pages 80-81 of the spending review lists five National Outcomes to which the policies, activities and expenditure of the Finance, Employment and Sustainable Growth portfolio contribute.

FSU commentary

49. This is a key portfolio for delivering on economic recovery in that it includes budgets for economic development and tourism agencies, as well as funding for sustainable energy projects. However in 2012-13, 87% of the portfolio budget went to the Scottish Public Pensions Agency (SPPA) to fund teacher and NHS pensions, although this was largely Annually Managed Expenditure (AME) and not part of the Scottish Government’s discretionary Departmental Expenditure Limit (DEL). Of the DEL spending within this portfolio, the largest proportion is allocated to the Enterprise and Tourism agencies.

Sustainable employment and employability

50. Under the sub-theme of employment and employability, relevant committees may wish to explore the extent to which spending decisions for 2013-14 in this portfolio support the creation of sustainable jobs and seek to improve employability.

Education and Lifelong Learning

Spending review 2011

51. Pages 100-102 of the spending review 2011 set out how spending in the education and lifelong learning portfolio supports increasing sustainable economic growth. The spending review highlights the Scottish Government’s focus on early years, the Curriculum for Excellence and Opportunities for All. It states that—

“Education and lifelong learning are key contributors to economic recovery and the long-term economic growth in which we want everyone across Scotland to share.”

52. The spending review identifies seven National Outcomes to which this portfolio especially contributes including “We realise our full economic potential with more and better employment opportunities for our people.”

FSU commentary

53. This portfolio supports the HE and FE sector which are key drivers of productivity growth, through spend on R&D and skilling the existing and future workforce. The preventative element of early intervention spending could also contribute to economic growth by reducing the need for more expensive “crisis intervention”, and releasing resources for other uses.

Sustainable employment and employability

54. Under the sub-theme of employment and employability, the spending review (pages 106-7) highlights priorities in this portfolio which include—

- Ensuring support for the unemployed, young people, making the transition into work and upskilling within the workforce, by delivering 100,000 training opportunities;
- Supporting employers and helping people find jobs to support themselves and their families by seeking the best possible outcomes for Scotland's people and the Scottish economy from the UK Government's Welfare Reform programme; and
- Refreshing its approach to employability to reflect the significant changes in both the economy and the delivery landscape. Working closely with Jobcentre Plus to create a more coherent offer of support to both jobseekers and employers.

55. Relevant committees may wish to explore how the Scottish Government's spending decisions are supporting these priorities.

Justice

Spending review

56. The spending review 2011 states at page 116 that—

“The Justice portfolio's contribution to supporting economic recovery and increasing sustainable economic growth is critical. It provides the framework through which people and businesses are protected from threats to their economic wellbeing. It helps to ensure that Scotland has resilience to respond to natural, technological or man-made crises, which can impact on a well-functioning economy.”

57. The spending review highlights a number of National Outcomes to which the activities and expenditure in the Justice portfolio contribute. These include “We live our lives safe from crime, disorder and danger” and “Our public services are high quality, continually improving, efficient and responsive to local people's needs.”

FSU commentary

58. The Justice portfolio narrative in the spending review 2011 suggests that it contributes to economic recovery by providing a system of justice that essentially protects individuals and allows the economy to function normally. The portfolio also contributes via a capital budget and the building and maintenance of a number of prisons throughout the country.

Sustainable employment and employability

59. Under the sub-theme of employment employability, relevant committees may wish to explore the extent to which spending decisions for 2013-14 in this portfolio support the creation of sustainable jobs and seek to improve employability.

Rural Affairs and the Environment

Spending review 2011

60. Pages 144-145 of the spending review states that the Scottish Government's strategy has been to prioritise economic growth in its spending decisions. It states that—

“These include more than doubling the food and drink industry budget; establishing a new Next Generation Digital Fund to enhance digital connectivity in rural areas, supporting community empowerment by creating provisions for a new land fund; maintaining and increasing resources for the Land Managers' Renewables Fund; and continuing to invest the rural economy through the Scottish Rural Development Programme (SDRP) and the European Fisheries Fund (EFF).”

61. The spending review 2011 highlights four National Outcomes to which the policies, activities and expenditure of the Rural Affairs and Environment portfolio especially contribute. It indicates that this portfolio leads on making Scotland a place where “we value and enjoy our built and natural environment and protect and enhance it for future generations.”

FSU commentary

62. The Rural Affairs and Environment portfolio narrative suggests that it prioritises economic growth in its spending allocations. Among other budget lines identified in the narrative, the spending review 2011 cites the food and drink industry budget, the Next Generation Digital Fund and the Scottish Rural Development Programme (SRDP) and the European Fisheries Fund (EFF) as evidence of a prioritisation of economic growth.

Sustainable employment and employability

63. The narrative in the spending review 2011 states that this portfolio has a particular focus on rural Scotland and “ensures that all those living and working in our rural areas contribute to a strong, cohesive Scottish economy.” Relevant committees may wish to explore how spending decisions for 2013-14 support employers and job seekers in rural communities.

Culture and External Affairs

Spending review

64. Pages 166-167 of the spending review sets out how the spending decisions in this portfolio will increase sustainable economic growth. It states that—

“The Scottish Government is developing strong relationships with a carefully selected number of countries to bring a sharp economic focus to our work and to strengthen Scotland's position in the world.”

65. The spending review makes reference to the International Framework and the Action Plan on European Engagement and to the role of the creative industries and the historic environment in supporting the economy.

66. The spending review identifies four National Outcomes to which the policies, activities and expenditure of this portfolio especially contributes, including “We value and enjoy our built and natural environment and protect it and enhance it for future generations”.

FSU commentary

67. The Culture and External affairs portfolio spending review 2011 narrative cites the importance of Scotland’s relationships with a carefully selected group of countries – “China, India, Pakistan, Canada and the USA, and a refreshed international development policy focusing on our engagement with developing countries”. The Europe and External Affairs budget is £15.9m in 2012-12, £9m of which is allocated to the International Development Fund.

Sustainable employment and employability

68. On the sub-theme of employment and employability the spending review 2011 states that both the creative industries and the historic environment support 60,000 jobs respectively. It also states that in 2012-13 the Scottish Government will increase the number of apprentices pursuing traditional building skills by at least 30.

Infrastructure and Capital Investment

69. Pages 182 to 183 of the spending review 2011 set out how spending decisions in the Infrastructure and Capital Investment portfolio will increase sustainable economic growth. It states that—

“Our investment in Scotland’s transport infrastructure therefore plays a key role in creating the best possible conditions for business success.”

70. The spending review also states that—

“Housing is key part of our physical, economic and social fabric. Whilst housing quality is a key factor in the quality of individual and family life, it has important economic impacts as well. In the shorter term, government funded house construction can be extremely valuable to industry in times of economic downturn and typically around two jobs are supported for each house constructed.”

71. It also highlights—

- Improving connectivity
- European structural funds
- Scottish Water
- Public sector procurement

72. The spending review 2011 indicates that the portfolio contributes to all National Outcomes, but identifies seven National Outcomes to which it particularly contributes, including “We live in a Scotland that is the most attractive place for doing business in Europe” and “We realise our full economic potential with more and better employment opportunities for our people.”

FSU commentary

73. The Infrastructure and Capital investment portfolio is possibly the most important for supporting recovery and increasing sustainable economic growth. The Scottish Government has called for the UK Government to allocate additional capital spend to “shovel ready” projects. Within the infrastructure portfolio, however, there will be some projects that generate a greater economic impact. For example, cutting journey times via a better transport network, is widely regarded as being a productivity enhancing government intervention.

Employment and employability

74. Under the sub-theme of employment employability, subject committees may wish to explore the extent to which spending decisions for 2013-14 under this portfolio support the creation of sustainable jobs and seek to improve employability. For example, the spending review 2011 states that “the availability and affordability of housing is a key factor in the existence of flexible and deep labour markets”. The spending review also states that: “European Structural Funds provide significant support for improving business infrastructure and creating new employment and higher skills in Scotland.”

Local Government

75. Pages 225 of the spending review 2011 states that in 2012-13 the Scottish Government will provide a total baseline package of resource and capital funding of £11.478 billion in support of local authorities’ services. It states that “this package will be focused on delivery of our Joint Priorities: growing the Scottish economy and protecting front-line services and the most vulnerable in our society, including through a greater focus on prevention.”

76. Under the heading “National Outcomes” (page 226), the spending review 2011 states that—

“Local government remains committed to and contributes directly to the delivery of all 15 national outcomes which embody our Joint Priorities.”

FSU commentary

77. Local Government was allocated nearly £11.5bn in 2012-13 and has an important role to play in the Scottish economy as an employer and delivery agent for local services and infrastructure, like roads and schools. Local authorities are also responsible for support to businesses through the Business Gateway network. New businesses and small businesses are often considered to be an important stimulant of economic growth.

Employment and employability

78. Under the sub-theme of employment employability, relevant committees may wish to explore the extent to which spending decisions for 2013-14 support local authorities in the creation of sustainable jobs and seek to improve employability.

EQUALITIES MAINSTREAMING GUIDANCE TO OTHER COMMITTEES

1. Committees' scrutiny of the budget should include the impact of budget decisions on equality groups. The steps committees take to include equalities in their draft budget scrutiny, and their findings, should be set out in their reports to the Finance Committee and drawn to the Equal Opportunities Committee's attention. The Equal Opportunities Committee will then take a cross-cutting view of the impact of budget decisions on equalities groups and report accordingly to the Finance Committee. This undertaking will also help to raise awareness of committees' equalities work generally and assist the Equal Opportunities Committee in fulfilling its wider responsibility to report to the Parliament on the observance of equal opportunities in the Parliament.

2. Committees are asked to bear the following questions in mind when planning and undertaking draft budget scrutiny and to use them as a structure for a specific section on equalities in their reports—

- What budget decisions (to increase, maintain, decrease or refocus funding) will have the most significant impact on equality groups? On what evidence is this finding based?
- To what extent are these budget decisions also identified in the Scottish Government's accompanying Equality Statement?
- Overall, which equalities groups/strands are most likely to be adversely affected (and/or best protected) by budget decisions? What led the Committee to reach this conclusion?

3. For background, the Equality Act 2010 places a general duty on public authorities to—

- Eliminate discrimination, harassment and victimisation;
- Advance equality of opportunity between different groups;
- Foster good relations between different groups.

4. The new general equality duty requires public authorities (including the Scottish Ministers), and any organisation carrying out functions of a public nature, to consider the needs of protected groups, for example, when delivering services. The general equality duty has been in force since 5 April 2011 and replaces the previous equality duties on race, gender and disability. In addition, the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 came into force on 27 May 2012. The specific duties aim to assist public authorities in meeting the general duty – for example, by requiring authorities to set and publish equality outcomes, to conduct equality impact assessments on new or revised policies, and to gather information on the composition of employees.

5. Given the characteristics protected under the Equality Act 2010 and the definition of equal opportunities contained in the Scotland Act 1998, it may be helpful to consider the impact of budget decisions in terms of the following—

- Age;
- Disability;
- Sex (including gender reassignment and pregnancy/maternity);
- Race and religion/belief;
- Sexual orientation;
- Socio-economic status.

Dear Convener,

Mainstreaming climate change scrutiny of the Scottish Government's draft budget

During its scrutiny of the Scottish Government's Draft budget 2012-13 and Spending Review 2011, the Rural Affairs, Climate Change and Environment (RACCE) Committee noted the inherent difficulties of one committee attempting to scrutinise actual spend on achieving the Scottish Government's climate change targets as set out in the [Climate Change \(Scotland\) Act 2009](#) ("the Act") due to policies crossing all subject committees' remits and Cabinet Secretaries' portfolios.

In its subsequent report to the Finance Committee, the RACCE Committee recommended that, in future, all committees should be required to consider climate change issues when scrutinising their own relevant Scottish Government portfolios, a recommendation which was endorsed by the Finance Committee in its report to Parliament.

This letter therefore sets out the details of this mainstreaming, which will begin for the first time with this year's draft budget for 2013-14, which will be published later in the year.

During your budget scrutiny this year, we would like all committees to include in their reports to the Finance Committee, an assessment of how spending in the particular portfolio has taken account of climate change issues, and will help the Scottish Government meet the targets set out in the Act.

The RACCE Committee would be grateful if all committees could send us a copy of the relevant texts from your report, and the same time you report to the Finance Committee.

Guidance on mainstreaming climate change issues will be provided to subject committees as part of the Finance Committee's guidance on budget scrutiny and will be issued prior to the budget documents being laid.

The RACCE Committee plans to undertake a piece of work once the budget process has been completed, which will examine how successful the mainstreaming of climate change process was and what, if any, lessons could be learned for future years.

The remainder of this letter sets out further background information on how climate change affects all subject committees and highlights the duty on all public bodies to contribute and report on the delivery of the climate change targets set out in the Act.

Duties on public bodies

Part 4 of the Act places duties on public bodies relating to climate change. The duties on the face of the Act (section 44) require that a public body must, in exercising its functions, act:

- in the way best calculated to contribute to delivery of the Act's emissions reduction targets;
- in the way best calculated to deliver any statutory adaptation programme; and
- in a way that it considers most sustainable.

The duties came into force on 1 January 2011 and apply to all public bodies.

The Act also allows Ministers, by Order, to impose other climate change duties, to require reports on compliance with climate change duties, and to designate one or more bodies or persons to monitor compliance and to carry out investigations.

The Scottish Government has also entered into Single Outcome Agreements with each local authority and community planning partners, which include measures to tackle climate at the local level.

Finally, the Committee is aware that the Minister for Environment and Climate Change has written to all senior accountable officers of public bodies in Scotland highlighting the advisory guidance on the production of Sustainability Reports alongside Annual Reports and Accounts.

I hope that this is clear, but should you have any questions, please contact the Clerks to the RACCE Committee.