

ANNEX B

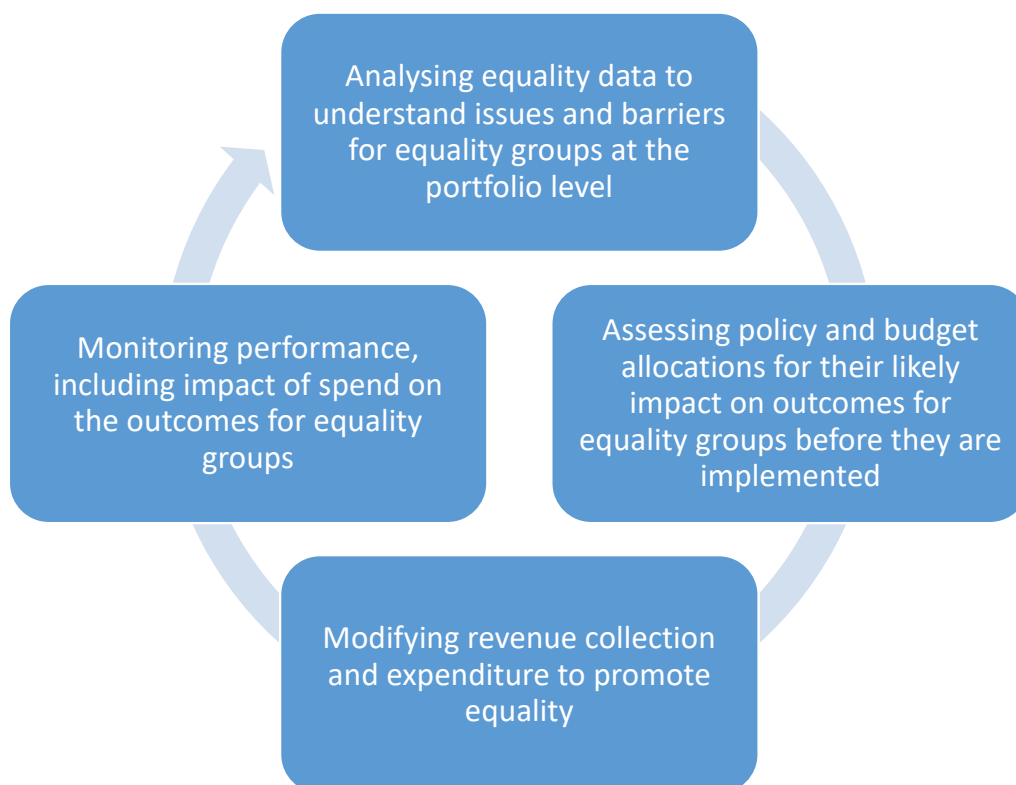
DEVELOPING THE APPROACH TO EQUALITY AND HUMAN RIGHTS BUDGETING

This annex describes the process undertaken in this year's Equality and Fairer Scotland Budget Statement (EFSBS). Work in this area is complex and challenging and there is an element of trial and error as we seek to identify and roll out tools and approaches within the limits of technical feasibility and resource capacity.

ASSESSING THE IMPACT OF THE BUDGET

The publication of the EFSBS is an important milestone in the budgeting year, but as Figure 1 illustrates, it is not the only time when analysis of public budgets and spend in terms of equality impacts is relevant. We are continuing to improve our understanding of inequality in outcomes and their relationship to budgets and spend throughout the budget cycle.¹ During 2020, resource capacity has been constrained by the pandemic. There have been some clear developments in data and understanding but we acknowledge that progress remains patchy.

Figure 1: Assessing the impact of budgets throughout the policy cycle



¹ [Tackling inequality: guidance on making budget decisions – gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/tackling-inequality-guidance-on-making-budget-decisions/pages/11.aspx)

The Scottish Government published informal guidance to help policymakers answer [6 key questions](#) for their policy areas when thinking about policy development and their corresponding budgets.²

1. What outcome is the policy and associated budget decision aiming to achieve?
2. What do you know about existing inequalities of outcome in relation to the budget area?
3. How will your budget decisions impact upon different people and places?
4. How will your budget decisions contribute to the realisation of human rights?
5. Could the budget be used differently to better address existing inequalities of outcome and advance human rights?
6. How will the impact of the budget decisions be evaluated?

This chapter describes developments in equality and human rights budgeting this year. Like last year, it is structured under the 6-step process which remains core to our approach.

STEP 1. Identifying the Outcomes that a Policy Aims to Achieve

The National Performance Framework and its 11 national outcomes remains the guiding star for policy direction. National outcomes are cross-sectoral with portfolios contributing to many outcomes, either as a primary or secondary focus of their work. The templates in Annex A show which outcomes are key primary and secondary outcomes for each portfolio's area of policy delivery.

The [Coronavirus \(COVID-19\): Framework for Decision-Making](#)³ and [Scotland's Route Map through and out of the crisis](#) make clear that COVID-19 is first and foremost a public health crisis and the measures to combat it have been necessary to save lives, but that understanding the varied and unequal impacts of decisions was vitally important.⁴ The Framework for Decision-Making identified four main categories of harm: direct health impacts; non-COVID-19 health harms; societal impacts; and economic impacts. These harms are deeply inter-related: health harms impact on society and the economy, just as the societal and economic effects impact on people's physical and mental health and wellbeing. The Route Map set out the range and phasing of measures proposed for Scotland as it moves in and out of lockdown and reinforces that navigating the right course involves taking difficult decisions that seek to balance inter-related harms and risks.

In December 2020, the Scottish Government published an assessment⁵ of the impact of COVID-19 on Scotland's wellbeing and on progress towards the national outcomes – both impacts to date and potential future impacts. This contributes to a growing range of evidence that shows the varied but unequal impacts of COVID-19, which layer on top of existing and increasingly visible structural inequalities in society and economy. As shown in the 10 key risks section in the main document this evidence and understanding of inequality has been and will continue to drive policy response.

2 [Tackling inequality: guidance on making budget decisions – gov.scot \(www.gov.scot\)](#)

3 [Coronavirus \(COVID-19\): Scotland's route map – gov.scot \(www.gov.scot\)](#)

4 [Coronavirus \(COVID-19\): evidence gathered for Scotland's route map – equality and Fairer Scotland impact assessment – gov.scot \(www.gov.scot\)](#)

5 [Scotland's Wellbeing: The Impact of COVID-19 | National Performance Framework](#)

STEP 2. Describing Existing Inequalities of Outcome in Relation to the Budget Area

The portfolio templates in Annex A set out key inequalities in outcomes that the portfolios are seeking to address through their policy direction and budgets.

The impact of the pandemic has pivoted many policy and analytical resources away from traditional areas of work. However, a range of products have been developed during 2020 which have continued to drive understanding both of the impacts of the pandemic and underlying problems such as:

- The [Tackling Child Poverty: Second Year Progress Report \(2019-20\)](#) sets out progress on the Tackling Child Poverty Delivery Plan, 'Every Child Every Chance'. It includes a child poverty measurement framework (Annex A), a comparison of child poverty in Scotland and the UK (Annex B) and an evidence review on child poverty within lone parent households (Annex C).
- A range of reports considered the impact of COVID-19 on equality in terms of health, social and economic impacts, including: [Coronavirus \(COVID-19\): Impact on Equality](#); [Coronavirus \(COVID-19\): Health and Social Impacts Assessment](#); [Coronavirus \(COVID-19\): Economic Impact of Labour Market Effects](#).
- An independent report [Brexit: Social and Equality Impacts](#) was commissioned to help us understand the potential social and equality impacts of Brexit.
- Continued publication of [labour market statistics](#)⁶ and a report on labour market insights by Skills Development Scotland.⁷
- A report on the impact of COVID-19 on children, young people and their families.⁸
- The [Gender Equality Index for Scotland](#)⁹ sets a baseline against which Scotland will be able to measure its future progress towards gender equality.

Gaps in evidence remain and have driven further efforts to work collaboratively with stakeholders and across the public sector to improve the range of equality data collected and reported. In 2020, a new expert reference group was established to consider COVID-19 and ethnicity. The groups reported in autumn 2020¹⁰ and a separate group has been established to look at improving race and justice data.

Independent work was also commissioned to examine the barriers to equality data collection in the public sector. This report is due to be available in spring 2021 and will be the launching point for a broader data improvement programme.

6 [Labour market statistics – gov.scot \(www.gov.scot\)](#)

7 [covid-19-labour-market-insights-16062020-v2.pdf \(skillsdevelopmentscotland.co.uk\)](#)

8 [Coronavirus \(COVID-19\): impact on children, young people and families – evidence summary October 2020 – gov.scot \(www.gov.scot\)](#)

9 [Scotland's Gender Equality Index 2020 \(data.gov.scot\)](#)

10 [Expert Reference Group on COVID-19 and Ethnicity – gov.scot \(www.gov.scot\)](#)

STEP 3. Understanding How Budget Decisions Will Impact Upon Different People and Places

Understanding of budget decisions primarily builds on a raft of different impact assessments required for new policies in Scotland. In 2020, work was commissioned to examine international practice in impact assessments to see if there was good practice that could be utilised in the Scottish approach, including considering the Welsh integrated approach. The findings of this work will be published in the coming weeks and will help to inform future reforms.

In terms of protected characteristics and socio-economic disadvantage, equality impact assessments (EQIAs) are legally required for new or revised policies and Fairer Scotland Duty assessments are required for strategic decisions.

Equality Impact Assessment

Equality Impact Assessment (EQIA) documents should show the anticipated impact of applying a proposed new or revised policy or practice on people who share one or more of the protected characteristics set out in the Equality Act 2010. They should test the likely or expected impact against the three needs of the Public Sector Equality Duty, i.e. the need for public bodies to advance equality, eliminate discrimination, and foster good community relations. Some EQIAs do this well, however we know that there remains substantial variation in the quality of impact assessment processes, and a range of improvement activity is ongoing, including capacity building workshops.

Refreshed guidance on EQIAs is available including an animated resource (Mountains for All) and further updates to the guidance are planned.

Fairer Scotland Assessment

Over the last year the Scottish Government has published a range of Fairer Scotland Duty Assessments (FSDAs). Assessments for two major areas of new government spend exemplify how the Scottish Government has actively considered approaches to reducing inequalities of outcome when making budgetary decisions.

The **Scottish Child Payment** aims to reduce both relative poverty and the depth of poverty, whilst ensuring reductions are sustainable. An FSDA for the policy draws together evidence on child poverty in Scotland and how the pandemic is expected to have impacted on that picture. It identifies maximising incomes from social security and benefits in kind as a key driver in child poverty reduction. Broad stakeholder engagement with disadvantaged groups, including those with lived experience of the benefit system and those representing them, indicated wide support for this additional financial support for low income families. The assessment highlights options considered and adopted to maximise the policy's impact, focusing on the early introduction of the payment to under sixes. This early introduction recognises that, of all children in poverty, almost 60 per cent live in a household where the youngest child is aged under six, and the early years are key to improving long-term outcomes. Other positive steps identified include no cap being placed on the number of children who can be claimed for and measures to target priority groups identified as being at the greatest risk of poverty.

Shaping Scotland's Economy, Scotland's Inward Investment Plan (IIP), sets out our ambition for Scotland as a leading destination for inward investment aligned with our values as a nation around fair work, net zero and sustainable and inclusive economic growth. The FSDA published¹¹ highlights evidence that inward investors tend to create jobs that bring higher wage benefits at both a regional and national level, but also identifies strong potential for inward investment to additionally create accessible lower-skilled jobs. A case study demonstrates the positive impact on a local economy of long-term inward investment in a company, for instance through their accreditation as a living wage employer, and nurturing local talent through partnership with schools and a training academy. Key actions within the IIP include the decision to place our values at the heart of interactions with investors; actions to focus resources and policies on nine key opportunity areas which typically yield greater "spillover" benefits to the wider Scottish economy; actions to ensure that all of Scotland attracts and benefits from inward investment; and a commitment to develop a new appraisal, performance measurement and evaluation framework to capture the direct benefits and wider impacts of inward investment across Scotland.

The Fairer Scotland Duty is subject to a three-year implementation period which will conclude in April 2021. It is now just over two and a half years since the Fairer Scotland Duty was introduced. As the implementation period progresses, the Duty is increasingly being linked into core parts of Scottish Government business such as the Programme for Government and legislation. It is also encouraging to see the wider level of interest in the Duty, most notably in relation to the Welsh Government's decision to introduce a socio-economic duty.

EFSBS Tools

Last year, two new tools were utilised for the budget process. They were offered to help portfolio equality leads to develop their analysis if they wished to use them. We noted in last year's EFSBS that in practice, the tools and underlying process had varying success. After last year's budget we reviewed portfolios' use of the tools by speaking to the various analytical and policy leads involved in portfolio equality budgeting.

The first tool was an Excel spreadsheet which aimed to help budget leads to look at the impact of a spend line across a range of key inequalities by sex, race, disability and socio-economic disadvantage, and to categorise the impact of spend lines as positive, negative or neutral. This tool was not very successful. It was rarely used, and where it was used analysts found it very difficult to complete because of the strategic nature of budget lines and the nuances around spend and impact. For example, many budget lines provide funding for other organisations such as local authorities, Scottish Police, Scottish Enterprise, and Scottish Natural Heritage. For these lines it was very difficult to say this was positive, negative or neutral for a specific protected characteristic. Although this tool could clearly be part of a future approach to equality budgeting, it would require significant efforts to work with portfolios to identify which budget lines would make sense to analyse in this way and then to appropriately train staff. This has not been possible during the COVID pandemic but is an option open for future budget assessment.

¹¹ [Shaping Scotland's Economy - inward investment plan: Fairer Scotland Duty Assessment - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/shaping-scotland/economy-inward-investment-plan/fairer-scotland-duty-assessment/pages/11.aspx)

The second tool was a template which it was suggested could be completed for spend lines over £100 million to help portfolios think through the objectives of a specific large spend line, the inequalities they needed to address, and how they were tailoring policy and budgets. This tool was more useful. The template's less rigid structure allowed for more explanation and some portfolios found them very useful as a building block for understanding the impact of spend, specifically in helping policy colleagues to articulate their thinking and approach in a consistent way so that leads could condense this into the portfolio chapter. This approach has now been adapted and utilised at various points throughout the year. Every new policy proposal for this year's Programme for Government was required to complete a similar template to set out what it was intending to achieve and to identify positive and negative impacts. The template was also used as a way to collate evidence around the COVID-19 Route Map measures for Phase 1 and 2¹² and Phase 3¹³ and is subsequently being used for consideration of measures needed to cope with the withdrawal from the European Union. However, the template was less useful in setting out how spend responded to specific inequalities in outcome.

Given capacity issues across the Scottish Government this year and the need to provide a sharpened assessment linked to the risks and detrimental impacts of COVID-19, a new approach has been tested. Annex A presents the impacts of portfolio budgets. For each portfolio, it identifies a small number of specific key inequalities of impact and links this to policy response and spend. We think this approach provides a clearer and more transparent analysis of how budget spend helps tackle inequality. However, we are aware that there are also some disadvantages to this approach:

1. The selection of inequality is key. For this year's version, portfolios have been asked to restrict themselves to two inequalities per protected characteristic, which in some cases may mean they cannot cover all issues they would like to cover. However, our hope is that this transparency allows scrutiny, consideration and discussion of portfolio priorities and can open a targeted conversation for future years.
2. Not all spend lines will be examined and the analysis may miss cross-portfolio issues. The focus may be more on spend lines that can be seen to tackle selected inequality rather than the cumulative impact across the portfolio. However, as noted below, we have been testing other tools to identify cumulative impact.

Distributional analysis

Following a request from the Scottish Parliament's Budget Process Review Group, we committed to explore cumulative distributional analysis of the budget: adding up direct and indirect taxes, social security and spending on public services and then examining how this spend was distributed across different groups within the population. An expert seminar held in October 2018 and hosted by the Chair of the Equality Budget Advisory Group (EBAG) concluded that despite technical challenges in capturing the entire social contract, there were steps that could be taken to extend and improve the

12 [Coronavirus \(COVID-19\): evidence gathered for Scotland's route map – equality and Fairer Scotland impact assessment – gov.scot \(www.gov.scot\)](https://www.gov.scot/equality-and-fairer-scotland-impact-assessment)

13 [COVID-19: Equality and Fairer Scotland Impact Assessment \(www.gov.scot\)](https://www.gov.scot/equality-and-fairer-scotland-impact-assessment)

analysis currently performed by the Scottish Government. This work started in 2019 with results originally due for release in 2020. However, the work was stalled due to the COVID pandemic. It restarted in October 2020 and results of the feasibility study will be available during spring 2021.

STEP 4. Understanding How Budget decisions Will Contribute to the Realisation of Human Rights

There has been significant movement in the last year in understanding the relationship between policy development and human rights. The National Performance Framework now explicitly recognises the obligation to protect, respect and fulfil human rights as a National Outcome, and this has helped to further underline the importance of existing international and domestic human rights obligations.

The formation of a new Directorate for Equality, Inclusion and Human Rights, with a new Director and the commitment that has been made to develop a mainstreaming strategy in 2021, will all seek to raise the profile of ensuring that human rights become central to policy development.

The Scottish Human Rights Commission (SHRC) explains the importance of [human rights budget work](#) on their website and has undertaken specific research to assess the [Scottish budget process](#) which shows that there was considerable room for improvement in budget documentation. SHRC are represented on EBAG and advice on ways to improve human rights budgeting as part of the Scottish Budget process is likely to figure as part of the recommendations from EBAG to ministers and Scottish Parliament later this year (see below).

At its simplest, human rights budgeting entails the systematic assessment of current performance against the requirements of the international human rights framework. That assessment enables the development of policies and actions which address any identified weaknesses and which, in turn, enable Scotland to progressively realise human rights obligations in a way that delivers consistent and continuing improvement over time. The budget process plays a critical part in this process by ensuring that available resources are mobilised and deployed in a manner that actively supports the achievement of internationally-recognised human rights outcomes.

STEP 5. Whether the Budget Could Be Used Differently to Better Address Existing Inequalities of Outcome and Advance Human Rights

The published budget is the result of considerations within the Scottish Cabinet to produce a balanced budget which meets its key priorities. Drafts of the EFSBS have been used alongside drafts of the budget chapters for ministers to compile their portfolio budgets and understand the impact of change in their budget lines.

The budget will now be subject to Parliamentary scrutiny. The EFSBS, along with a range of other reports and data sources (including individual policy impact assessments), can be used to help the Parliament and its committees consider whether the budget could be used differently to better address inequalities of outcome in Scotland and to re-set progress towards national outcomes in light of COVID-19, whilst allowing for a balanced budget.

STEP 6. How the Impact of Budget Decisions Will Be Evaluated

A key element of budget analysis is understanding ‘what difference spend made’. In reality, seeking causation between spend on policies and their resultant outcomes is immensely challenging. Impacts happen within complex societal structures with incomplete data at national, local and community level which means that inferring any causality between policy, action and outcome is fraught with difficulties. At all stages, there is a chance of unintended outcomes and for the most well-intentioned policy to misfire for certain segments of the population. However, understanding ‘what works’ is key to knowing how best to get the optimum result with the best value from public money.

Evaluation is ongoing within the Scottish Government and the portfolio templates point you to relevant documents.¹⁴ There have been some changes during the COVID pandemic:

1. Some key programmes such as [social security](#);¹⁵ The [National Monitoring and Evaluation Strategy for Primary Care](#);¹⁶ [Fair Start Scotland](#);¹⁷ the Scottish Study of Early Learning and Childcare that will evaluate the [expansion of early learning and childcare](#);¹⁸ the [attainment challenge](#)¹⁹ and [child poverty](#)²⁰ have ongoing long-term programme evaluations in place. These evaluations have continued, although there have been some forced changes around approaches to data collection given that face-to-face methods were no longer available, and some elements have had to be postponed.
2. During the pandemic, funding was urgently given to front line services to meet the crisis response. Although in an ideal world it would have been good to have comprehensive monitoring information of who received the benefits of funding, when and why, this has not always been possible. This was due first to the scale and speed of the roll-out but primarily due to a reluctance to put additional data gathering requests onto struggling front line agents and members of the public who are seeking help in a period of crisis. Minimum accountability data collection has been established with and through local authorities.
3. Some programmes established through the pandemic, especially those seen as a pilot for new practice, do have an evaluation component now underway. For example, the Connecting Scotland programme which provided digital devices, data and training to people is currently being evaluated.
4. There have also been a huge raft of new data collections and reporting commitments which provide analysis of the impact of the pandemic and explain evidence for our responses to it. These are generally available on Scottish Government websites.²¹

14 New [guidance on evaluation](#) available from Government Social Research and Economics services.

15 [Devolved benefits: evaluating the policy impact - gov.scot \(www.gov.scot\)](#)

16 [Primary care: national monitoring and evaluation strategy - gov.scot \(www.gov.scot\)](#)

17 [Fair Start Scotland evaluation report 2: overview of year one - November 2019 - gov.scot \(www.gov.scot\)](#)

18 [Scottish study of early learning and childcare: phase 1 report - gov.scot \(www.gov.scot\)](#)

19 [Attainment Scotland Fund evaluation: headteacher survey 2018 - gov.scot \(www.gov.scot\)](#)

20 [Child poverty strategy documents - gov.scot \(www.gov.scot\)](#)

21 [Equality evidence - gov.scot \(www.gov.scot\)](#); [Coronavirus \(COVID-19\): daily data for Scotland - gov.scot \(www.gov.scot\)](#); [Coronavirus \(COVID-19\): Scotland's route map - gov.scot \(www.gov.scot\)](#)

THE EQUALITY BUDGET ADVISORY GROUP

The Equality Budget Advisory Group (EBAG) has supported the Scottish Government's efforts to bring equality considerations into budget preparations since the early years of devolution. They are tasked with working with the Scottish Government to improve equality assessment and to help identify the range of products that could be utilised to improve articulation of the budget over time.

The work of EBAG remains extremely helpful to the Scottish Government in developing its equality assessment, and we remain grateful to its members for their challenge, time and insight. During 2020 the group continued to meet every two months although the focus of meetings pivoted to concentrate on COVID-19 response and budget processes. External EBAG members were also consulted by Scottish Government in other COVID-19 workstreams and played key roles in the Economic Recovery Advisory Board and the Social Renewal Advisory Board.

EBAG are currently developing a series of recommendations that they aim to send to ministers in spring 2021, to drive forward equality and human rights budgeting to a new level in the next Parliamentary term.

We very much welcome feedback on this new format and approach for the EFSBS.

To influence EBAG recommendations, views would be needed before 15 March. You can contact Liz Hawkins (liz.hawkins@gov.scot) or the Chair of EBAG (Dr Angela O' Hagan) via EBAG's secretariat, Gillian Achurch (gillian.achurch@gov.scot).