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Karen Adam (MSP)  
Equalities, Human Rights and Civil Justice  
Committee Scottish Parliament

4 December 2024

Dear Convenor,

1. Thank you for your correspondence of 20 November setting out the pre-budget scrutiny views of the Equality, Human Rights and Civil Justice Committee for the 2025/26 Scottish Budget. I was pleased to attend the Committee's pre-budget scrutiny session this year on behalf of the Cabinet Secretary for Finance and Local Government. I am committed to improving our processes and to ensuring that the budget delivers for the people of Scotland.
2. I note the Committee's interest in National Outcomes, and have ensured that relevant officials have had sight of this letter. Although I have not been directly involved in the National Performance Framework Review to date, I am assured that the Review was used to better understand the interests of equality groups, and that these have been reflected in the proposals for the new National Outcomes.

### TRANSPARENCY

3. The Scottish Government is committed to continual improvement in the transparency of our public finances.
4. Through successive Open Government National Action Plans, we have welcomed working with the Parliament, its committees and wider stakeholders to improve the understanding of our public finances. We are pleased to see some indications of success with the Open Budget Survey, published this year by the Scottish Human Rights Commission. On the 2021-22 Scottish Budget, the Survey outlined significant improvements in transparency and public participation, and continued strong scores for oversight.
5. We recognise, however, that there remains more to do. The Scottish Government is committed to continual improvement, including reviewing the information that is published alongside the Scottish Budget.

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**Committee Recommendation: We recommend that the Scottish Government set out how it will ensure improvements are made to embedding the principles of human rights budgeting into emergency or mid-year budget processes.**

The Scottish Government takes the principles of participation, accountability and transparency very seriously when it comes to considering the budget, and how human rights are impacted by budget decisions. Our approach to impact assessments is guided by meeting our statutory duties whilst also ensuring our approach is proportionate, noting that a full analysis will continue to be provided annually as part of the Scottish Budget.

We remain committed to protecting the most vulnerable in society and, in September's Fiscal Statement, we sought to mitigate the impact on people as much as possible through identifying underspends and pausing or slowing activity.

[Audit Scotland](#) recently highlighted that "An example of good practice in relation to equalities impacts in recent years can be seen in the approach the Scottish Government took in its Emergency Budget Review in November 2022". The Scottish Government has built on this by, for example, publishing an [in-year assessment in 2023](#). We also published the details of the [Equality and Fairer Scotland impact assessments](#) for September's Fiscal Statement.

The Scottish Government aims to publish these assessments as quickly as possible following policy decisions. For example, we will often lay impact assessments at the point at which regulations are laid and when legislation is amended.

**Committee Recommendation: The Committee would expect, should mid-year budget revisions be made again, that full and detailed equality impact assessments are used in a clear and transparent manner to inform decision-making. The Committee would welcome further clarity from the Scottish Government on the EQIA process which can specifically demonstrate where the evidence has been used to inform a decision rather than being used retrospectively and how it is used across all budget decision making.**

The Committee's interest in this is understood. The Fiscal Statement in September was produced at pace, as it reflected the new Chancellor's July Statement setting out the funding shortfall the UK Government faced.

Each of the measures within the statement were assessed for their impact by portfolios. Following this, an overall assessment was undertaken of the complete package of measures taken based on this information.

Advice was provided to Ministers, setting out the impacts of decisions across protected characteristics, Fairer Scotland Duty, Children's Rights and Wellbeing, Consumer, and Island Communities before decisions were finalised and all statutory obligations with regard to this were met.

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We believe it is important for more complex and cross-cutting decisions, such as the Fiscal Statement, that the information provided to the public is quality assured, accurate and is easily understandable. The small delay in publication with regard to the implications for equalities and fairness – less than a month - allowed for further quality assurance to be undertaken prior to publication.

**Committee Recommendation: The Committee would welcome an update on the gender budgeting pilot.**

The [findings of the OECD gender budget pilot](#) were published today alongside the Budget. The Scottish Government commissioned the OECD to conduct a review of Scottish Government's approach to gender budgeting, and to recommend and support a new approach through two pilot projects.

The OECD review identified a number of existing strengths in Scotland to support gender budgeting, including strong political commitment to addressing inequalities, the role of the Equality and Human Rights Budget Advisory Group (EHRBAG), the use of Equality Impact Assessments (EQIA) and the Equality Evidence Finder. However, it also noted that a lack of overarching strategic goals for gender equality was inhibiting the Scottish Government's ability to focus policy development and budget decisions towards closing persistent gender gaps.

The pilot exercise then built on the OECD findings, with the aim of testing an approach that centred on incorporating and responding to strategic gender goals. The report provides an overview of the findings of the feasibility evaluation of the pilot activity.

The pilot identified two current impediments to rolling out the gender budgeting approach more widely in the near future:

- the lack of strategic over-arching gender goals; and,
- the need to move away from the current portfolio based budget model and towards a more performance-orientated approach. This would require a more comprehensive and longer term reform programme.

The report also cautions, however, that it is important to note that few OECD countries implement the OECD's recommended approach in full, as adaptations are necessary in order to ensure the suitability of any new approach to the country-specific context.

## DATA

6. Data plays a crucial role in understanding the needs and circumstances of different groups of people. That is why the Scottish Government is committed to ensuring that policy development draws on a wide range of evidence, including quantitative and qualitative data from internal and external sources.

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7. Through the Equality Data Improvement Programme (EDIP), we worked closely with partner organisations to undertake a range of actions to share good practice and make improvements to priority datasets.
8. The Equality Evidence Strategy 2023-2025 builds upon the EDIP. It aims to deliver better equality evidence that will, in turn, enable policymakers to develop sound and inclusive policies to improve service delivery and improve outcomes across Scotland. Good quality equality evidence is essential to informing our understanding of what is happening in the lives of all of Scotland's people and in implementing effective solutions to tackle structural inequality, helping the people who need it most.

**Committee Recommendation: The Committee would welcome clarity on the use by the Scottish Government of the qualitative data collected by other bodies, such as third sector and research organisations, and their role in providing the Scottish Government with this data.**

It would be expected that qualitative research undertaken by other bodies would be captured through researchers' usual literature and evidence searches, when commencing a piece of research. Policy officials continue to meet with stakeholders, and meetings often include discussions regarding evidence gathered by organisations. Furthermore, should a body wish to alert us to a piece of research regarding equalities they can email a copy to [social-justice-analysis@gov.scot](mailto:social-justice-analysis@gov.scot).

## PARTICIPATION

9. This Scottish Government is committed to embedding the three key principles of human rights budgeting. Publishing information is the baseline for participation and transparency, and the Scottish Government continues to improve the information that it produces for the Scottish Budget each year, both to support analysis and wider understanding. We are also giving careful consideration as to how we can improve public participation with future Scottish Budgets.

**Committee Recommendation: The Committee is of the view that there needs to be better mechanisms for those with lived experience to feed into the budget process. This would enable the Scottish Government to be fully cognisant of all potential equalities impacts and avoid viewing protected characteristics in isolation. The Minister referenced new analytical resource in her opening statement. The Committee would welcome further detail on this from the Scottish Government, particularly on how it is supporting analysts and decision-makers to use and apply both quantitative and qualitative equalities and intersectional data.**

Published distributional analysis provides a better general understanding of the implications of different policy decisions across incomes and for different groups. It forms part of the consideration of Ministers when they are making decisions about what to take forward as part of the budget process. The new analytical capability that I referenced in my opening statement to Committee on the 5 November refers to the ability to model the distribution of public spending for the first time across several areas.

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This has been published in part 3 of the distributional analysis accompanying the Scottish Budget and further work will be undertaken to extend the work to other areas. As the modelling is dependent on population surveys, small sample sizes remain an issue when trying to consider the intersection of different characteristics.

**Committee Recommendation: The Committee recommends that the Scottish Government explores how it can provide documents, including Your Scotland, Your Finances and those covering the data used to inform decision making, in advance of the Budget to support participation and scrutiny.**

We have recently updated the Scottish Government publication, “*Your Scotland, Your Finances*” to be published as a Citizen’s Budget. This online publication was reviewed to improve accessibility, and this publication is now produced four times a year, alongside the new draft Scottish Budget and the final Budget approved by Parliament, and it is updated in-year to reflect Autumn and Spring Budget revisions.

Further to this, additional information is shared with the Parliament’s Finance and Public Administration Committee to explain in-year budget revisions and there is also a growing wealth of information published alongside the Scottish Budget: for example 23 supporting documents were published by the Scottish Government to give further information on the 2024-25 Scottish Budget. The [Equalities and Fairer Scotland Budget Statement](#) has been published, with new impact assessments on the 2025-26 Scottish Budget, including a Children’s Rights and Wellbeing assessment, and a Consumer Duty assessment also due to be published soon.

Data used to inform decision making in advance of the budget is widespread and extensive. The Scottish Government routinely and pro-actively publishes data and analysis, for example through the [publication of National Statistics](#), reporting on the [National Performance Framework](#), using tools such as the [Equality Evidence Finder](#), whilst our [Evaluation Action Plan](#) for example includes a commitment to openness and transparency.

Over the longer-term, we are also giving careful consideration to how we can improve public participation with the Scottish Budget.

**Committee Recommendation: The Committee has noted from evidence that it would be helpful to see more clearly where inequality and lived experience has been the starting point for policy development and spending decisions, with policy build from the ground up rather than using individuals purely as consultees. We ask that the Scottish Government provide examples of where this approach has been used.**

The Scottish Government is committed to ensuring that the people of Scotland can see, understand and be involved in the decisions that affect them. Recent work where inequality and lived experience was the starting for policy development includes the new Dementia Strategy for Scotland, ‘Everyone’s Story’. This was developed by working alongside people living with dementia and their care partners. This collaborative work led to the Rethink Dementia campaign, which was co-designed by people with dementia. It challenges longstanding perceptions of dementia and asks everyone to help people with dementia stay socially active.

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In 2023 the government also launched the Hate Crime Strategy for Scotland, and its delivery plan. A central part of developing the strategy was including the voices of those with lived experience. We supported third sector organisations to design and lead human rights-based, trauma-informed engagement with the communities they represent. This enabled more than 250 people to provide their input to the strategy's development.

This work builds on longer term approaches to inequality and lived experience that Scottish Government has undertaken, in particular the development of The Promise – our commitment to care experienced children and young people that they will grow up loved, safe, and respected – and Social Security Scotland's Client and Experience Panels. The Social Security Experience Panels were established in 2017. Over the six years of the programme, more than 2,400 people who had lived experience of the previous UK benefits system joined the panels and input into the design of our new social security system.

## ACCOUNTABILITY

10. We remain committed to breaking down barriers across government to ensure that the impacts of decisions are seen – and their impacts, individual and cumulative, are captured.
11. That is why we have put in place measures such as the cross-government Ministerial Budget Workshop on Equalities, where ministers from each portfolio outline their key concerns from an equalities, fairness and children's rights perspective. This workshop, whilst an optional part of our assurance, marks a step change in how this Government embeds equality and human rights in budget decision-making and the level of importance the Scottish Government places on it. This year, the workshop also took place much earlier in the process, and thus provided Ministers with an opportunity to come together to collectively consider the budget measures under consideration and their potential cumulative impact on marginalised groups.
12. We are also assessing impacts of budget decisions from a range of perspectives across government.

**Committee Recommendation: The Committee heard that there is a lack of policy coherence between documents and asks the Scottish Government to demonstrate where there is coherence. Reference to individual examples would be helpful.**

The Scottish Government recognises the importance of coherence across its policies, but I acknowledge that we must develop our approaches further to ensure better alignment of policy. This is why we are currently consulting on the Equality and Human Rights Mainstreaming Strategy, which will establish a framework to support consistent integration of equality and human rights in all that we do.

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In the Equality and Fairer Scotland Budget Statement for 2025-26, we have set out the impacts of policies across the organisation against each of the protected characteristics, and socio-economic disadvantage, to highlight areas of concern. The different sections present this evidence for each characteristic across five areas of life: living standards including poverty, labour market, health, crime and justice, and education. These areas broadly mirror indicators in the National Performance Framework (NPF); the Scottish Government's equality outcomes (March 2021) and frameworks used by Equality and Human Rights Commission (EHRC) and others.

**Committee Recommendation: The Committee notes the Ministers commitment to working with ministerial colleagues to embed Equalities and Human Rights and would welcome further clarity on how this process is being taken forward and how any evidence will be used. The Committee would like to see from the Scottish Government's response where this new approach has had an impact.**

Cross portfolio policy development is essential to deliver on the First Minister's four priorities – as well as furthering our understanding of the cumulative impact of our policy decisions on disenfranchised groups. This involves identifying new ways of working and one example is the cross Ministerial Budget workshop on Equalities which was held for the second time this year, following its successful launch last year. Another is the way in which portfolios from across the Scottish Government have assessed their impacts, too.

In my Ministerial role, I took an active role in this workshop which provided an opportunity for all Cabinet Secretaries to come together and consider collectively our fiscal challenges, and the impact of our decisions on marginalised groups.

The Cabinet Secretary for Finance and Local Government and I met early in this year's budget process to discuss where we can work together to make improvements. We will continue to explore ambitious changes to budget process for future years, including how we might take on the recommendations of the OECD to improve gender budgeting.

I will continue to use my position as Minister for Equalities to provide visible leadership, support and challenge to my colleagues across portfolios to ensure that we are doing all that we can across the government as a whole to tackle inequality in Scotland. Shortly after assuming this ministerial role, I wrote to my Ministerial colleagues, reminding them of their legal duties under the PSED and urging them to consider what actions can be taken within their portfolios to actively make an impact in terms of improving equality and human rights. I am actively engaging with Ministers across the Scottish Government to encourage them to better consider equality and human rights earlier in policy creation and decision making. It is clear we are operating in fiscally challenging times, so it is more important than ever to work creatively and innovatively to make the biggest positive impact we can.

**Committee Recommendation: It would be helpful for the Committee to understand how this change in the Minister's role has arisen and if this was informed by her work as Convener of the EHRCJ Committee.**

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My approach to this role has been informed by learning, and experience, gained throughout my career and that includes, but is not limited to, my time as Convener of the EHRCJ Committee. Since coming into this role, with the support and encouragement of the Cabinet Secretary for Social Justice, I have been committed to using all the levers available to me to ensure equality and human rights are embedded into everything the Scottish Government and the wider public sector does. It was, and remains, evident to me that this includes my personal leadership, and listening to the views of others as well as providing direct support and challenge. This leadership is not limited to engagement with Ministerial colleagues as I have also been deliberately increasing my direct engagement with duty bearers throughout the public sector.

**Committee Recommendation: The Committee notes that Scotland's open budget score has improved but that there are areas in which its score has fallen, and where recommendations from have not been acted upon. The Committee is keen to ensure the Scottish Government makes certain Scotland keeps pace with international standards and does not backslide further on those areas.**

The Scottish Government welcomes the findings of the Open Budget Survey (OBS) report published in July this year on the 2021-22 Scottish Budget. We gave it careful consideration as we planned for the 2025-26 Scottish Budget. The Report's findings and recommendations are important to consider in our work to benchmark and develop our approach to fiscal transparency in Scotland.

We note that Scotland is doing more than keeping pace. The report highlighted "Scotland has made progress across all three areas of Open Budgeting, at a time where many countries with more established better practice have stalled or slipped backwards". It is encouraging to see improvement in all over-arching measures, especially in transparency, which has improved by 19 points since 2019. We have also achieved significant increases of 23 points in participation and a strong score of 91 points in oversight.

The Scottish Government recognises that there is more to do however, and since the review of the 2021-22 Scottish Budget through this survey, we have already put in place measures which can make an impact on improving transparency as detailed in paragraphs above.

Continued progress against the delivery of the EHRBAG recommendations is also key to making sure we keep pace with international standards. To ensure that we keep momentum behind the actions, we have developed an action plan and established a monitoring process. The action plan has already been formally reviewed by EHRBAG twice over the past year with relevant Scottish Government Directors attending the Group's meeting to provide an account of the progress being made.

I am confident that we are making good progress on these actions and, working closely with the EHRBAG, we continue to improve our processes and increase our understanding of the impact of budget decisions on disadvantaged groups.

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**Committee Recommendation: The Committee recommends that the Scottish Government consider whether the structure of the budget process, particularly the removal of the Draft Budget stage, has created barriers to participation and accountability, and consider how any barriers might be addressed to maintain the Scottish Government’s Open Budget commitment.**

This is an important question, and it is worth setting out current work related to this area, before looking at options for further development.

### Current work

Publishing information is the baseline for participation and transparency, and the Scottish Government continues to improve the information that it produces for the Scottish Budget each year to support public understanding. Through successive Open Government National Action Plans, we have worked with the Parliament, its committees and wider stakeholders to improve the understanding of our public finances.

We are pleased to see some indications of success – with the Open Budget Survey, published this year by the Scottish Human Rights Commission on the 2021-22 Scottish Budget, outlining significant improvements in transparency and public participation, and continued strong scores for oversight.

Additional information is shared with the Parliament’s Finance and Public Administration Committee to explain in year budget revisions and the ‘Your Scotland Your Finances’ document is already published four times a year – alongside the draft Scottish Budget, the finalised Budget and for Budget revisions.

There is also a growing wealth of information published alongside the Scottish Budget – for example twenty-three supporting documents were published by the Scottish Government to give further information on the 2024-25 Scottish Budget, and a similar range of information accompanies this year’s budget.

### Future development

We recognise that there remains more to be done, and the Scottish Government is committed to continual improvement, including reviewing the information that is published alongside the Scottish Budget. We are also giving careful consideration to how we can improve public participation with the Scottish Budget in the longer term. For example, alternative proposals of moving to a two-stage process – with one publication in the summer and a further alongside the Budget – have been raised by the previous Chair of EHRBAG, Angela O’Hagan. This would require a fundamental overhaul of the current system and would require a careful assessment of its feasibility.

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**Committee Recommendation: Next year, the Committee’s focus will be on accountability. The Committee notes and welcomes that improvements have been made in transparency, data and accessibility. We note as well, that there are expected changes to the forthcoming Equality and Fairer Scotland Statement as part of a programme of continuous improvement. However, at this point, we are of the view that the Scottish Government does not show comprehensively how evidence is considered in decision making and that this information is not released at a point to allow meaningful participation and scrutiny before decisions are made. These are areas of improvement that we expect the Scottish Government to prioritise.**

We are committed to making further improvements to equality and human rights budgeting and welcome further future engagement with the Committee on this.

13. I hope you agree that the Scottish Government has taken a range of actions over the past year to increase the effectiveness of equality and human rights budgeting. We will continue to further embed equality and human rights within all stages of the Budget process to ensure funding and investment advances equality and human rights for all of Scotland’s people.

14. I would be happy to engage further with the Committee on these matters and hope that you find this response helpful.

## **MINISTER FOR EQUALITIES**

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