

Budget Scrutiny 2025-26

Submission to the Equalities, Human Rights and Civil Justice Committee

Coalition for Racial Equality and Rights, February 2025

Introduction

The Coalition for Racial Equality and Rights (CRER) is a Scottish strategic anti-racism organisation which works to eliminate racial discrimination and promote racial justice across Scotland.

We thank the Committee for inviting our views in contribution its scrutiny of the Scottish Government budget for 2025-26.

The following response considers each of the questions posed in the invitation letter, beginning with joint consideration of the first two questions.

Q.1. The extent to which you believe that equalities considerations did inform decisions in this year's budget?

Q.2. To what extent did equalities considerations inform decisions across portfolio areas?

Equality considerations appear to be primarily limited to the publication of the Equality and Human Rights Budget Statement. This contained little information to indicate how evidence on inequalities had impacted budgetary decision making. There is little improvement from the approach taken in previous years, representing a missed opportunity to effectively target inequalities.

There are a series of key weaknesses in the approach taken within the Equality and Human Rights Budget Statement:

- The content does not adequately reflect the range of inequalities which have implications for budget decisions
 - Whilst it provides some limited examples of key decisions taken and their link to equality evidence, as stated in the document, these are not indicative of the wider range of decision making
 - The evidence presented is extremely limited and selectively included to provide brief validation of key aspects of the budget
- CRER has consistently maintained that Scottish Government's budget decisions require Equality Impact Assessment
 - Each budget is "a new or revised policy or practice", and Scottish Government should be able to demonstrate how its budgetary decision

making has paid due regard to the three needs of the general equality duty with regard to each affected protected characteristic group

- In its current form, the Equality and Human Rights Budget Statement does not fulfil this obligation
- As well as having a deleterious impact on how budgets meet the needs of minority ethnic people, failing to adequately Equality Impact Assess budget decisions opens up the possibility that these could be challenged through judicial review

The lack of a robust approach to assessing equality impact results in a situation where evidence on inequality does not appear to have a meaningful influence on how spending under each consecutive budget is directed. Particularly, it does not appear to lead to targeting during implementation of the budget. This makes the overarching, high level discussion of equality and human rights within the budget largely meaningless.

Anti-poverty policy is an area which provides an example of the lack of ultimate impact where recognition of inequalities is not supported with targeted approaches to tackling these.

Eradicating poverty is a key priority for Scottish Government, as is clear within the budget. Budgets for social security and anti-poverty initiatives are being increased on an annual basis, however poverty rates for Black and minority ethnic families remain significantly higher than average, even where poverty is falling for other priority groups. This has been demonstrated robustly over time. Despite this, there has been an absence of targeted action.

Increasing investment in anti-poverty could support a focus on tackling inequalities and is welcome, however this is made more difficult by the fact that data on inequalities is still lacking in some areas. This decreases capacity to target action effectively.

Some areas of data publication are actively worsening in practice. For example, child poverty data for minority ethnic communities now incorporates white minority ethnic communities, with a skewing effect which disguises the true scale of poverty for adversely racialised communities.

Turning to social security, the budget states that “Equality Impact Assessments show that women, disabled people and ethnic minorities are likely to benefit most from new Scottish benefits such as the Scottish Child Payment.” Similar statements are made in relation to pay policies. This suggests that simply introducing these will result in a benefit.

That approach fails to recognise the nature of inequality; inherently, where there is inequality, people from protected characteristic groups will not benefit to the same extent that people from the majority or dominant group do without appropriate targeting. Barriers to benefit take up which are already well known will inevitably mean that without this, minority ethnic groups will not benefit at an appropriate rate.

In addition, ethnic disparities in income inequality mean that equal access to benefits would have to be proportionate to the level of need and eligibility within specific communities, as opposed to simply reflecting the proportion of ethnic groups within the population (the benchmark often used by agencies to determine equality of provision). This is not always easy to establish due to data gaps, but is vital in order to reduce inequalities.

A 2024 evidence synthesis of Social Security Scotland's outcomes indicated that it was improving access for people from non-white ethnic minority groups facing particular barriers by producing translated documents, but did not describe effective targeting to address barriers and inequalities for minority ethnic communities more broadly. This shows a lack of racial literacy. The barriers faced by BME communities within social security are not simply linguistic. For example, data shows that Black and minority ethnic people are disproportionately adversely sanctioned and also have the lowest rates of application approval.

Another example of the lack of equalities consideration lies in the targeting of housing policy. While there is increased spending and development of a new National Outcome to tackle the housing emergency in Scotland, there has been little discussion of how this could improve the conditions of BME people who are most at risk of discrimination and inequality in the housing sector. Research continues to show that BME people are more likely to be private renters, more likely to be homeless and continue to be driven into poverty by housing costs.

Inadequate ethnicity data is a recurring problem across portfolio areas. Scottish Government has continuously acknowledged that there is a gap in ethnicity data, making recommendations in their framework and budget advisory group regarding this.

The need for better intersectional data has also been routinely raised by those working in equalities, especially in the context of introducing gender budgeting. Training on gender budgeting still lacks an intersectional perspective. This is particularly important in relation to the budget as those who face intersecting barriers should be involved in decision making.

Related to ethnicity data is the budget's focus on National Outcomes. Witnesses engaged by the Equalities, Human Rights and Civil Justice Committee expressed the need for improved National Outcomes and National Indicators, and that spending should be based on the National Outcomes. Currently, National Outcomes are continuing to fail marginalised communities as data gaps remain unfilled and lived experiences are being ignored.

While it is undoubtedly sensible to link the budget with specific outcomes to justify spending, the National Outcomes themselves give cause for concern. CRER's research has shown that the indicators associated with the National Outcomes cannot be used to measure progress for minority ethnic communities, and on a wider scale, the National Performance Framework has a poor equalities focus.

The weaknesses highlighted here persist in spite of the efforts of equality advocacy organisations over many years. As previously stated, CRER has consistently called

for robust EQIA of budget decisions. CRER's response to the recent consultation on Scottish Government's Equality and Human Rights Mainstreaming Strategy earlier in February set out significant concerns within the equality sector about the rolling back of progress and increasingly unaccountable approaches within equality and human rights policy, particularly regarding the Human Rights Bill and PSED review.

Of relevance to this, it is disappointing that the budget shows a decrease in third sector infrastructure and development from £14.7m to £14.1m. The third sector is essential in advancing equalities, given their expertise and the support they provide to marginalised communities.

Specifically considering the equality sector, equality funding under the current Equality and Human Rights Fund fell (after inflation) by more than £1.5 million since the end of the Promoting Cohesion and Equalities Fund in 2020/21, with a 65% reduction in the number of organisations funded from 95 to 48. The extension of the fund to a human rights focus, funding new organisations with that specific remit without additional funding to account for this addition, further impacted existing equality organisations' access to the fund. This substantial disinvestment limits the potential for the transformational change needed to mitigate, reduce and ultimately eliminate discrimination and inequality. The increase in budget set out for equality, inclusion and human rights over 2025/26 may not realistically be enough to address these challenges in the current harsh financial climate.

Inadequate funding for third sector organisations can impact the gap between policy intent and implementation. This is especially true for race equality, where disinvestment has led to those with expertise to seek more secure employment as funding continues to be precarious. There has not been long-term, sustainable funding for grassroots organisations led by and working with minority ethnic communities to address vital needs, causing some to reduce or close their services altogether.

As well as disinvestment, CRER would raise concerns about repeated misinvestment in external activities on equality. Large amounts of funding have been dedicated without the involvement of equality stakeholders to initiatives which are not liable to create change, delivered by organisations with insufficient equality experience. This represents a poor use of limited resource. Examples of this are provided in our recent submission to the Mainstreaming Strategy consultation.

Overall, the development of the budget seemed to consider equalities as an 'add-on' rather than something which should be mainstreamed, robustly considered and followed through with appropriate action.

Q.3. How transparent a process was the Scottish Government's development of its budget this year?

The Equalities, Human Rights and Civil Justice Committee pre-budget scrutiny engagement focused on transparency of human rights budgeting, as opposed to the focus on participation the year before. It was highlighted during these sessions that there was no participative approach for the budget and instead only one survey for the public. Although the rationale for the lack of a participative approach was

timescale, the fact that learning from focusing on participation was clearly lost is still a cause for concern.

Equalities has constantly been sidelined in times of economic crises, and it is difficult to be confident that Scottish Government will prioritise the needs of marginalised communities with its current financial constraints. Lack of targeted involvement enhances these concerns.

Having a transparent process is key to the development of a fair, equal budget and it is deeply tied to having a participatory process. This includes having diverse representation in evidence and decision making, which is lacking in the 2025-26 budget.

Q.4. To what extent does this year's budget reflect a cross-cutting approach to equalities, reflecting consideration of issues such as rurality?

Overall, there seems to be a lack of focus on race equality within the budget. Little, or arguably none, of this appears to be cross-cutting. Realistically, the aforementioned data gaps make cross-cutting approaches extremely difficult to achieve.

CRER has made recommendations to Scottish Government on future approaches to use of equality evidence to support policy making through a number of avenues, including our recent engagement on the forthcoming Mainstreaming Strategy and on equality outcome setting. This has included the need for increasingly nuanced interpretation of evidence in order to effectively focus policy solutions.

Presently, basic intersectional analysis is missing from the vast majority of policy making processes, and thinking around how to improve this has not been extended to consideration of more complex components such as geographic factors.

In many cases, lack of resource for addressing these issues is raised as a barrier to better practice, which has budgetary implications across portfolios.

Q.5. Are there any other issues you would like to suggest the Committee should raise about the development of this year's budget from an equalities perspective?

The 2025/26 Scottish Budget is an opportunity for Scottish Government to commit to meaningful investment in tackling inequalities, perhaps particularly for minority ethnic people who are disproportionately affected by poverty.

CRER's recommendations, in light of the views given previously in this response, include:

- Ensuring that budget allocations feed into appropriately targeted spending on approaches to tackling inequalities, including targeted activity to reduce poverty for minority ethnic communities
- Improving how National Outcomes address inequalities and ensuring that indicators reflect progress specifically for minority ethnic communities
- Further engagement work with Black and minority ethnic communities to inform decision-making, particularly on future budget decisions

- Equality Impact Assessment of future budget decisions
- Increasing investment in data collection and equality analysis across portfolio areas, including intersectional data.