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An t-Ionad Fiosrachaidh

## **Social Justice and Social Security Committee**

**1st Meeting, 2023 (Session 6), Thursday,  
19 January**

### **Scottish Budget 2023-24**

#### **Introduction**

The [Scottish Government's budget 2023-24](#) was published on 15 December. The Scottish Government wrote to the Committee on [10 January](#) responding to the pre-budget report.

The Committee will hear from:

- Shona Robison, Cabinet Secretary for Social Justice, Housing and Local Government
- Shirley Laing, Director for Tackling Child Poverty and Social Justice, Scottish Government
- Kevin Stevens, Head of Strategic and Programme Finance, Scottish Government

#### **Background**

##### **Budget priorities**

The budget priorities are tackling child poverty and climate change, and providing sustainable public services. On child poverty the focus is on continuing existing provision – particularly the extended Scottish Child Payment.

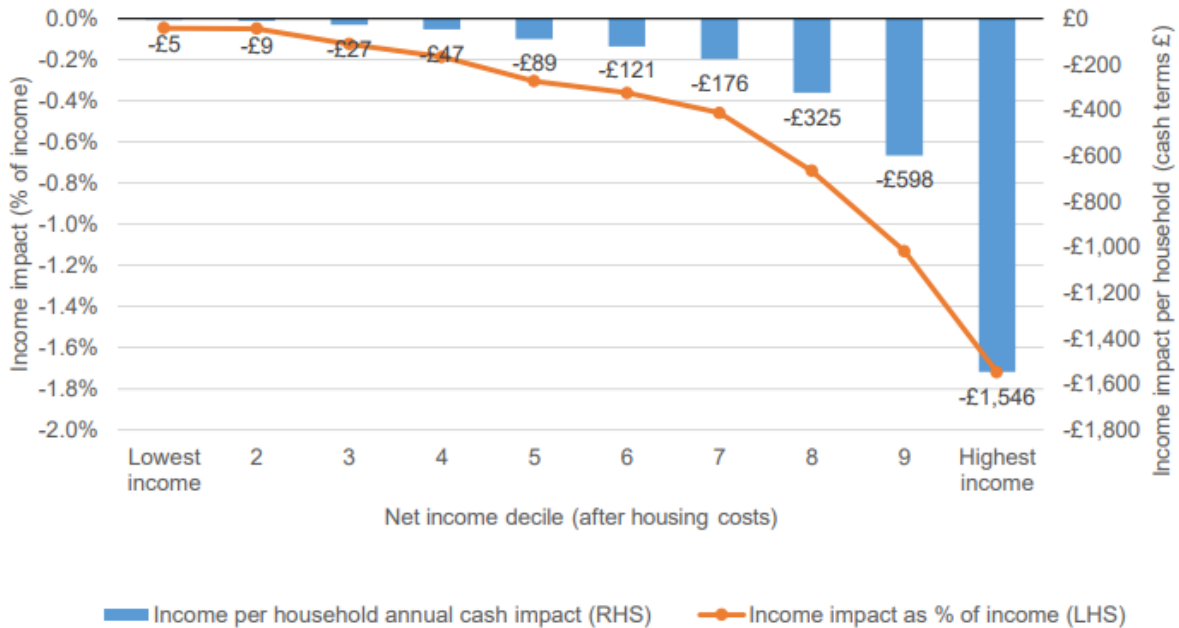
##### **Income Tax**

A progressive income tax policy supports the focus on child poverty. The chart below is taken from the Scottish Government's [distributional analysis](#) of its income

tax policy. It shows how the increased tax burden from the budget falls mainly on households in the top two income deciles.

“the highest earning 10% of households will see the largest decrease in net income, amounting to £1,546 (1.7% of their net income)” ([Distributional Analysis p. 7](#))

**Chart 1: Impact of Income Tax policies on households in 23-24 by equivalised net household income decile, after housing costs.**



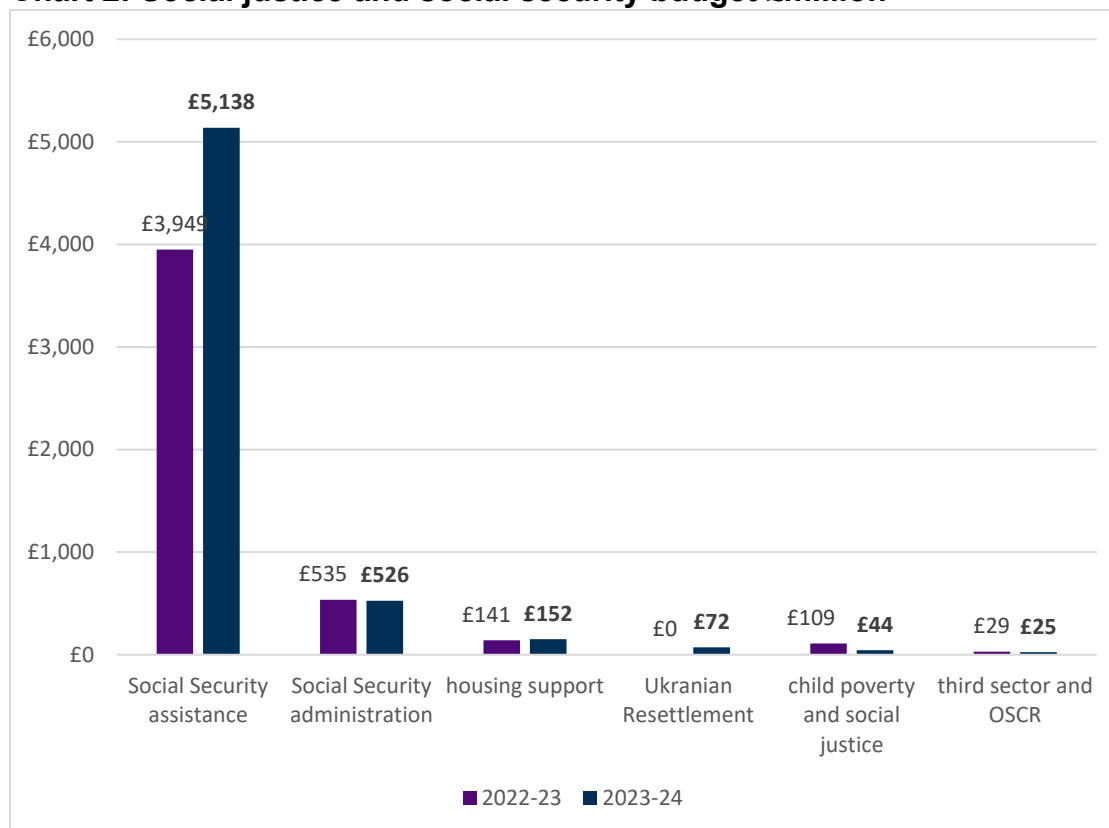
Source: Scottish Government Analysis using UKMOD

**Pay policy**

Public sector pay also impacts on child poverty. At £22 billion, it is “more than half the Scottish Government’s discretionary resource budget.” Public sector pay policy is not included in the budget due to uncertainty over inflation and the need to conclude pay deals for 2022-23. It will be set out; “at an appropriate point in the new year.”

**Social Justice and social security budget overview**

The total budget for the Cabinet Secretary’s portfolio is £18.3 billion. Around £6 billion is within this Committee’s remit. Almost all of this is social security. Chart 2 below which shows the ‘level 2’ budget headings within this Committee’s remit.

**Chart 2: Social justice and social security budget £million**

Source: Table 5.01 Scottish Government budget. Notes: Not including: housing (other than housing support), equalities and inclusion, building standards, Scottish Housing Regulator or local government. Social Security Assistance' is the amount paid out in benefits, 'social security administration' is development, operating and administration costs. Housing support includes Discretionary Housing Payments (a local government administered social security payment mostly used to mitigate the 'bedroom tax' and funding for tackling homelessness).

### Changes in budget allocations

Almost all the budget growth in this portfolio this year is from the £1.2 billion (30%) increase to the forecast spend on social security benefits<sup>1</sup>. This growth is due mainly to PIP/ADP and the Scottish Child Payment.

- PIP/ADP increases 38% from £1,948.5m to £2,689.6m
- SCP increases 124% from £197.4m to £442.1m.

Other notable high-level changes are:

- Introduction of a new budget line for Ukrainian resettlement £72m.
- The reduction of the child poverty budget line from £109m to £44m is because the bridging payments have ended. These are no longer needed as SCP is now available to children under 16.

<sup>1</sup> difference between December 2021 forecast for 22-23 with December 2022 forecast for 23-24, not including Discretionary Housing Payment or Employment Support.

### **Pre-budget consideration 2023-24**

In its [pre-budget report](#) the Committee looked at the spending review, in-year cuts to the 2022-23 budget and expectations for the Equalities and Fairer Scotland budget (EFSBS) statement. Key themes were:

- Additional data and analysis is needed in order to take a 'human rights based approach' to budget decisions
- Cost of living – including for those with no recourse to public funds and the impact on the third sector. Recommended uprating benefits by 10.1%.
- Homelessness and the need to reduce reliance on temporary accommodation
- 2022-23 in-year budget cut to employment support

The Scottish Government responded to pre-budget reports in chapter 3 of the Budget and, more fully, in a letter received on 10<sup>th</sup> January. Key points made in the response included:

- Welcoming the Committee's feedback on the EFSBS, noting that the Scottish Government continues to evolve and develop the approach to equalities and human rights budgeting
- The cost crisis forms the context for the 2023-24 budget. The letter sets out key policies such as the Scottish Child Payment, uprating all benefits by 10.1% (as recommended by the Committee), continuing the £1 billion for early learning and childcare and £20m fuel insecurity fund.
- The Scottish Government recognises the impact of the cost crisis on the third sector saying "we are committed to increasing multi-year settlements"
- Welcoming the Committee's support for further devolution of borrowing powers to provide greater fiscal flexibility.

## **Suggested Themes for Discussion**

The following suggests six themes for discussion:

- **Theme 1: Child Poverty**
- **Theme 2: Social Security**
- **Theme 3: Homelessness**
- **Theme 4: Refugees and asylum seekers**
- **Theme 5: Third Sector**
- **Theme 6: Equalities and Fairer Scotland Statement**

## THEME 1: Child Poverty

Tackling child poverty is one of the three stated priorities in the budget. The Cabinet Secretary's response to the Committee's pre-budget report said:

“Throughout the development of the 2023/24 Budget, the Scottish Government has worked to align available resources to its stated priorities of tackling child poverty, transforming the economy to achieve net zero and delivering sustainable public services.”

The Child Poverty (Scotland) Act 2017 set interim targets to be met by 2023-24 and final targets by 2030. The table below shows the targets and latest data. Official statistics for 2021-22 will be published in March. Data for 2023-24 will be available in March 2025.

**Table 1: Child poverty targets and latest data**

	2017-20	Interim target 2023-24	Final target 2030
Relative poverty (income relative to rest of society)	24%	18%	10%
Absolute poverty (income relative to 2010-11)	21%	14%	5%
Combined low income and material deprivation	13%	8%	5%
Persistent poverty (in poverty for several years)	10%	8%	5%

Source: [Scottish Government Child Poverty Update 2022](#).

The latest figures (2017-20) showed that 24% of children were in relative poverty and 13% were in combined low income and material deprivation. These figures pre-date the cost of living crisis.

Modelling done in March 2022, suggested that the SCP might lift 50,000 children out of poverty and reduce relative child poverty by five percentage points in 2023-24.

### *ELC and child poverty*

The Cabinet Secretary's response to the Committee's pre-budget report lists various policies which provide support for households. The largest single item is the £1 billion spend on “high quality early learning and childcare, with a further £42 million invested in holiday food provision and expanding our support for school-age childcare.” In August 2021 the Scottish Government introduced 1,140 funded hours of early learning and childcare for 3 and 4 year olds and 2 year olds in low income families (eligibility is the same as for free school meals). It is also looking to:

- Improve school age childcare
- Expand early learning and childcare to one and two years olds, starting in this Parliament with children from low income households.

While there is almost universal take-up amongst 3 and 4 year olds, there is a long-standing issue with low uptake amongst two year olds. [Latest statistics](#) show that only 14% of all two year olds were registered. (Around 25% of two year olds are eligible). The Committee also heard on its visit to North Ayrshire last week, that some working parents miss out on eligibility as they earn just over the threshold of £660 per month.

Following recent data sharing regulations, local authorities should soon be able to use low-income benefit data to target eligible families. The Improvement Service has also been working with local authorities on maximising take-up. This issue was discussed by the Education and Children Committee in its [pre-budget scrutiny](#).

As part of its child poverty work the Scottish Government is also looking at how public services can be better joined up at a local level and has set up pathfinders in Dundee and Glasgow. This may also help to improve take-up.

### *Employability*

The Committee is currently holding an inquiry into how increasing income from employment supports efforts to address child poverty. In 2022-23, £53m was cut 'in-year' from the employability budget. The 2023-24 budget includes £69.7m for local government for Parental Employability Support Funding, (Table 5.17). The Cabinet Secretary's response notes:

"The decision to make a £53 million reduction to parental employability funding in 2022/23 has not been easy and will not be without consequence, but given the financial challenges we face as a result of inflation and a lack of additional funding from the UK Government they were unavoidable

[...]

For 2023/24, we will reinstate funding to support the employability response to child poverty, with £69.7 million committed in recognition of the important role that employability support has to play in tackling child poverty."

On its visit to North Ayrshire last week the Committee heard about the importance of secure, multi-year funding.

### **Members may wish to discuss:**

- 1. Given the challenging economic circumstances, does the Scottish Government expect that the child poverty interim targets will be met? Given the time-lag in official statistics what other indicators is the Scottish Government using to assess progress?**
- 2. The Scottish Government is investing around £1 billion a year in early learning and childcare. How is the Scottish Government making sure that this policy contributes as much as possible to reducing child poverty?**
- 3. To what extent have plans to increase support for parental employability been delayed due to the in-year budget reduction in 2022-23? Are plans now back on track?**

**THEME 2: Social Security**

The budget for social security is increasing by £1.2 billion from £4.5 billion to £5.7 billion.

**Table 2: Social Security budget**

	2021-22	2022-23	2023-24
Administration and Policy	472.0	535.3	525.7
Payments	3,498.4	3,949.2	5,137.9
<b>Total</b>	<b>3,970.4</b>	<b>4,484.5</b>	<b>5,663.6</b>

Source: Scottish Budget tables 5.09 and 5.10. Does not include DHPs. Compares initial budgets, does not reflect in-year changes.

Most of the increase in spending is due to:

- Additional £741.1 million on ADP/PIP. This reflects the continued roll-out of ADP and also increasing demand for disability benefits across the UK.
- Additional £244.7million on Scottish Child Payment due to the increase to £25 per week and extension to children under 16.

The table below shows the change in forecast spending by individual benefit, highlighting the largest changes.

**Table 3: Forecast spend by benefit: 2022-23 and 2023-24. £m**

	2022-23	2023-24	% change	£m difference
Scottish Welfare Fund	£35.5	£35.5	0%	0.0
Carer's Allowance	£314.9	£371.8	18%	56.9
Carer's Allowance Supplement	£41.8	£50.0	20%	8.2
<b>Adult Disability Payment</b>	<b>£1,948.5</b>	<b>£2,689.6</b>	<b>38%</b>	<b>741.1</b>
Attendance Allowance	£544.6	£614.1	13%	69.5
Disability Living Allowance (Adult)	£444.6	£437.6	-2%	-7.0
Child Disability Payment	£265.2	£327.6	24%	62.4
Industrial Injuries Disablement Scheme	£80.5	£84.4	5%	3.9
Severe Disablement Allowance	£6.2	£5.8	-6%	-0.4
Best Start Grant	£17.8	£19.8	11%	2.0
Best Start Foods	£13.1	£17.0	30%	3.9
Funeral Support Payment	£11.9	£12.1	2%	0.2
Job Start Payment	£1.1	£1.2	9%	0.1
Young Carer Grant	£1.0	£1.0	0%	0.0
Child Winter Heating Assistance	£4.0	£4.7	18%	0.7
<b>Scottish Child Payment</b>	<b>£197.4</b>	<b>£442.1</b>	<b>124%</b>	<b>244.7</b>
Winter Heating Payment	£21.1	£23.6	12%	2.5

Discretionary Housing Payments	£80.2	£85.9	7%	5.729
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### Comparison with Block Grant Adjustment

In 2023-24 the Scottish Government needs to find £776 million above what it receives in social security block grant adjustments. This is more than double what is needed this year (2022-23). This funding requirement is expected to continue to grow - reaching £1,416 million by 2027-28 (SFC forecasts figure 5.8).

Table 4 shows how this is split between the additional spending for those benefits which have a DWP equivalent and the spend on 'Scotland only' benefits. Most of the additional requirement is due to the additional cost of ADP compared to PIP and the cost of the Scottish Child Payment.

**Table 4: Social security 'net position' and new payments**

£ million	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Social security net position	- 11	- 194	- 422	- 589	- 696	- 782
New payments	- 363	- 582	- 624	- 623	- 629	- 634
<b>Total</b>	<b>- 374</b>	<b>- 776</b>	<b>- 1,046</b>	<b>- 1,212</b>	<b>- 1,325</b>	<b>- 1,416</b>

Source: Scottish Fiscal Commission

### Benefit uprating

All devolved social security benefits are being uprated by 10.1%, except the Scottish Child Payment which increased from £20 to £25 in November. The report on uprating and associated regulations are expected shortly.

As the UK Government also uprated disability benefits by 10.1%, most of the cost of this policy is covered by the Block Grant Adjustment.

### Policy and administration

In contrast to the budget for benefit payments, the budget for administration decreases slightly by around £10million.

**Table 5: Social security administration**

	2021-22	2022-23	2023-24
Scottish Welfare Fund Administration	5.5	5.5	5.5
Social Security advice, policy and programme	195.1	219.0	217.7
Social Security Scotland	271.4	310.9	302.5
<b>Total</b>	<b>472.0</b>	<b>535.3</b>	<b>525.7</b>

Scottish Budget table 5.09

A business case for social security was published in [February 2020](#), setting out 'lifetime costs' of the developing Scottish social security. A revised business case was due to be published by the end of 2022. ([Audit Scotland, May 2022](#))



The Committee heard from Social Security Scotland on 22 December. David Wallace told the Committee that:

- Over 4,000 staff are now in post, which completes their ‘volume recruitment’
- “We are just past the midway point of the biggest agile delivery programme in the history of Scottish devolution” (col 21).
- “We are in a good, strong position in terms of the administrative costs of the organisation.” (col 21)
- Cannot guarantee that all new SCP applications will be processed before Christmas (col 26)
- The 10 day processing time measure in the Charter “is quite an ambitious measure. It is right that we measure it, but it was always going to be a relatively small proportion of cases that would hit that 10-day figure. The thing about the customer charter is the balance of all those measures” (col 29)
- “automation is the key to improving processing times” (col 26) “Timescales had reached a point [...] at which people found them unacceptable and we needed to improve on that (col 31). One way to do that is using technology. “Technology will allow us to focus our scarce resource on those who need it most if the majority of people can work through a system digitally” (col 32)
- The system is getting more complex. There is a single base system to which each new benefit is added as a ‘minimum viable product’. “Every time we drop in more functionality, the testing of that platform becomes more difficult and complex” (col 27)

### **Main developments in 2023-24**

Almost all the increase in social security costs is due to the changing cost of existing policy rather than the introduction of new policy in 2023-24. The main changes to social security expected in 2023-24 are:

- 10.1% uprating in April 2023
- Removing the income threshold for Best Start Foods, at a cost of around £3 million in 2023-24.(SFC forecast fig B1)
- Launching Scottish Carer’s Assistance – as this is due towards the end of the year and with minimal policy change expected at the start, the financial impact in 2023-24 is limited.
- Adult Disability Payment is due to be reviewed, which may have budget implications for future years. A public consultation on the mobility component of ADP is expected early this year.

- The Charter was [published in January 2019 must be reviewed within five years of its being made](#), so before January 2024. Statutory requirements for that review include: consulting SCoSS, benefit recipients, those who work with or represent people with 'protected characteristics' under the Equality Act 2010. A report must be laid in Parliament.

#### **Members may wish to discuss:**

- 4. Social security spending is forecast to be £776 million more than what is received in the block grant adjustment. £442million of this is for the Scottish Child Payment. What choices had to be made in order to be able to invest this amount in social security?**
- 5. What budget has been set aside for further improvements to social security systems? (For example: improving processing times and better data analysis)**
- 6. The Committee heard from David Wallace that the 10-day processing time measure in the Charter is “incredibly challenging.” What is the purpose of this measure if it cannot often be met?**

### **THEME 3: Homelessness**

The Scottish budget document states that:

“We continue to provide funding towards our ambition to eradicate homelessness and rough sleeping”

#### **Housing support and homelessness budget**

The most relevant part of the housing budget is “housing support and homelessness” which increases 8% from £61 million to £66 million. This covers a wide range of activity as explained in the ‘Level 4 data’ published by the Scottish Government:

“This funding supports a range of work seeking to ensure that everyone has a home that meets their needs. This includes provision for tackling homelessness including delivery of the Ending Homelessness Together Action Plan and the transition to a rapid rehousing approach and Housing First; expenditure on rented sector reform to deliver the SG-SGP Shared Policy Programme; supporting tenant participation in social and private rented housing; and grants to support the voluntary sector in housing.

Support for older and disabled people requiring adaptations to their homes allowing housing association tenants to live independently in their own homes for as long as possible. Support to improve the provision of Gypsy-Traveller accommodation.”

#### **Transfers to local government**

Funding to be transferred from the housing portfolio to local government includes the homelessness prevention fund of £30.5 million (table 5.16) which is made up of the Temporary Accommodation fund (£23.5m) combined with the Hostels Grant (£7m) (Scottish Budget table 5.16). The two funds are combined with no increase in funding compared to 2022-23.

In their submission to the Committee, Shelter comment that:

“Freezing funding for homelessness services and cutting funding for the delivery of new social homes is not in line with the Scottish Government’s international obligations to progressive realisation of rights.”

The Scottish Government response to the Committee’s pre-budget report states that a fairer distribution formula is being developed for this homelessness funding:

“The present distribution methodology is based on the amount of temporary accommodation used by local authorities rather than the efforts they are making to transform the use of temporary accommodation through their rapid rehousing transition plans (RRTPs).

[...]

We have agreed with COSLA a fairer distribution formula that better represents the drivers of need in homelessness and recognises local authority efforts to reduce the use of temporary accommodation.”

Funding for Discretionary Housing Payments (£85.9m) and Rapid re-housing transition plans (£8m) are also to be transferred in-year to the local government budget (see table 5.16).

In its pre-budget consideration the Committee heard from Shelter on the rise in temporary accommodation and the level of funding for ‘Ending Homelessness Together’. The [Committee reported](#):

“We note rise in the number of families in temporary accommodation. In relation to preventing homelessness, we would welcome the Scottish Government’s views on reallocating of funding from mid-market rented and low cost home ownership into social housing. We also emphasise our concerns about future prevention spending to tackle homelessness and ask how this will be allocated over the period of the Resource Spending Review. In addition, we seek clarity about how the resource provided to local authorities for the preventing homelessness agenda and local plans will be allocated for 2023-24.” ([Pre-budget report para 102](#))

### **Reports due on homelessness and temporary accommodation**

The Scottish Housing Regulator gave evidence to the Local Government and Housing Committee on homelessness on [20 December 2022](#). He discussed concerns about the increasing demand for temporary accommodation. The Regulator is due to publish a report on homelessness at the end of January.

Also due to be published in early 2023 are recommendations on how to reduce the number of people in temporary accommodation, with a strong focus on households with children. The group is chaired by Shelter and the Association of Local Authority Chief Housing Officers. In answer to a PQ by Miles Briggs, Shona Robison said;

“I have committed to considering all options that are brought forward in order to help with the pressures on temporary accommodation—I have an open door to respond to them, but they need to be brought forward” (S6O-01530)  
[10 November 2022](#)

### **Affordable housing**

Preventing homelessness is linked to the supply of affordable homes. The [Affordable housing supply programme](#) is: “a range of funding mechanisms to enable affordable housing providers to deliver homes for social rent, mid-market rent and low cost home ownership.” The Programme for Government committed to “delivering 110,000 affordable homes by 2032”.

The budget for the Affordable Housing Supply Programme in 2023-24 is £752m (p13 Scottish Budget) compared to £832m in 2022-23. This is a reduction of £79.45m or 9.6% in cash terms.

**Table 6: Scottish Government Affordable Housing Supply Programme, cash terms**

	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>Change £m</b>	<b>Change %</b>
Housing supply and infrastructure capital development	605.15	489.1	-116.05	-19.2
T MDF	92.245	92.245	0	0.0
AHSP financial transactions	134	170.6	36.6	27.3
<b>Total</b>	<b>831.395</b>	<b>751.945</b>	<b>79.45</b>	<b>9.6</b>

Source: Scottish Government.

T MDF; Transfer of Management Development Funding allocated to Edinburgh and Glasgow.

Financial transactions only include those relevant to AHSP so do not match Level 4 data for 22-23.

### **Members may wish to discuss:**

- 7. Recommendations on temporary accommodation are due shortly. Will additional funding be made available if necessary to implement any recommendations made?**
- 8. The affordable housing supply programme budget reduces by £79 million in cash terms. How will this reduction affect councils' efforts to reduce reliance on temporary accommodation and prevent homelessness?**

### **THEME 4: Refugees and asylum seekers**

The budget includes a new line for Ukrainian re-settlement (£72m). Ukrainian refugees have recourse to public funds and are allowed to work.

For those with no recourse to public funds, Ending Destitution Together is a Scottish Government/COSLA strategy which “aims to improve outcomes and support options”. A [progress report on ‘Ending Destitution Together’](#) was published on 23 December. Updates included:

- The Scottish Crisis Fund project started in July 2021, building on a Crisis Fund run by the Red Cross. 500 grants totally £160,000 were made in nine months. 45% of the people supported had at least one member of the household with NRPF. “Understanding the level of demand for cash assistance is one of the key objectives of the project.”
- The Scottish Government will continue to ask that the Scottish Welfare Fund is removed from the list of public funds

In its [pre-budget report](#) the Committee asked the Scottish Government:

- To cost the Scottish Refugee Council’s 10 point action plan set out in their [submission](#), set out a timescale for this work,
- What steps has it taken to identify how many people have no recourse to public funds
- Review Best Start Bright Futures Tackling Child Poverty Delivery Plan to specifically include refugees, and updates guidance to public authorities to include refugees in local child poverty plans.
- To ensure that ID requirements did not prevent young people from accessing concessionary travel, and asked what monitoring of usage is being done.

In reply the Scottish Government:

- Said it had no plans to cost the Scottish Refugee Council’s plan but noted plans to legislate on human rights and the preventative approach taken in existing strategies: New Scots refugee integration strategy and [Ending Destitution Together strategy](#).
- There is no comprehensive data or analysis on NRPF and Scottish Government does not hold this data.
- Best Start Bright Futures focuses on ‘priority families’. As refugees have rights to work and are able to access public funds “we recognise that refugees may have a number of priority family characteristics, and in particular be part of minority ethnic households, and as such should be included in many policies targeting child poverty.”
- Take-up of youth concessionary travel is 58.9%. An evaluation is being carried out by Transport Scotland. “The Improvement Service has relaxed conditions on some of the proofs required”.

**Members may wish to discuss:**

- 9. The budget includes £72m for Ukrainian resettlement. What progress is being made on finding longer term accommodation for those fleeing the war in Ukraine?**
- 10. The Scottish Government's response noted that refugee families may have a number of 'priority family' characteristics, which are the focus of 'Best Start Bright Futures', such as minority ethnic households. However, to what extent might refugee families have particular needs that ought to be recognised within this broader policy approach?**
- 11. The Scottish Crisis Fund includes support for those with no recourse to public funds. How is the demand for this project helping to build evidence on the number of people in Scotland with NRPf and their needs?**

**THEME 5: Third Sector**

In its pre-budget report the Committee discussed the impact of the cost crisis on the third sector, stating:

“We ask the Scottish Government what plans it has to put in place emergency funding to assist third sector organisations that provide support and services during the cost of living crisis. Also, we ask the Scottish Government what lessons have been learned from the support provided to the third sector during the pandemic that can be applied to this emergency.”

The Committee also discussed multi-year funding, urging the Scottish Government to meet SCVO to discuss the barriers to achieving this and report back on progress. (The need for multi-year funding was also a strong theme in the Committee's visit to North Ayrshire last week).

In reply, the Scottish Government said it; “meets with the SCVO regularly” and that:

“Adopting Fairer Funding practice is something we are determined to move forward in the next financial year. This has to start with multi-year funding where appropriate but will be broadened as we work with the sector to tackle the barriers it continues to face.”

The budget line for third sector is £21.8 million. Most public sector funding of individual third sector organisations will be through other budget lines. This £21.8 million budget provides support for the third sector infrastructure.

“Delivery of third sector infrastructure to provide development, voice and practical support to wider third sector. Delivery of Social Enterprise and Volunteering Action Plans and Fairer Funding for the Third Sector”

The £4 million Financial Transactions funding that was provided in 2022-23 is not available in 2023-24. This is because a specific 3 year funding package for credit unions and social enterprises has ended. (Funding for social enterprise is still available through the [Third Sector Growth Fund](#).)<sup>2</sup>

### **Fair Work and Third Sector**

The child poverty delivery plan, Best Start Bright Futures (May 2022) included the commitment that:

“We will promote fair work practices through public procurement policy and practice. By this summer, we will introduce a requirement on public sector grant recipients to pay at least the real living Wage to all employees.”

Subsequently, in December 2022 the Scottish Government announced that:

“Organisations applying for public sector grants will need to pay at least the real Living Wage and provide channels for staff to have a say in the workplace from July 2023.” ([Grants link to boost fair work, 6 December 2022](#))

SCVO welcome the focus on fair work but commented that:

“for many voluntary sector employers paying the Living Wage cannot be achieved without additional resources.” ([SCVO, 9 December](#))

### **Members may wish to discuss:**

- 12. How is the Scottish Government supporting third sector organisations to meet their rising costs and recover from the pandemic?**
- 13. How much progress on Fairer Funding do you hope to make this year? What proportion of third sector funding do you expect to be able to provide on a multi-year basis?**
- 14. Will the cost of paying the real living wage be factored into grant offers?**

### **THEME 6: Equalities and Fairer Scotland Statement**

The Scottish Government published is [equalities and fairer Scotland budget statement](#) (EFSBS) alongside the budget. The EFSBS aims to:

“set out how the government has assessed the impact that the budget makes on equality and fairness, and how these considerations have influenced our budget decisions.”

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<sup>2</sup> funded through Financial Transactions as explained in [this article](#)

Improving equalities and human rights budgeting is part of the [agreement between the SNP and Green party](#), which states they will:

“further embed equality and human rights within all stages of the Scottish Government’s Budget process, taking account of the Equality Budget Advisory Group’s recommendations, to ensure our spend advances equality and human rights for all of Scotland’s people.”

### **Portfolio analysis**

A detailed assessment of equalities and human rights by budget portfolio is included in the EFSS (Annex D). Officials in each portfolio area are asked to complete a template structured around four headings:

- What is known about existing inequalities?
- What contribution does this portfolio make to addressing equality and fairness?
- How increases or decreases in spending could impact
- Sources of evidence.

For example: the entry for the impact of the Social Justice and Local Government Portfolio on socio-economic disadvantage focuses on social security spending and tackling child poverty. Much of the analysis describes how existing spending helps address poverty and inequality.

### **Equality and Human Rights Budget Advisory Group**

The Equality and Human Rights Budget Advisory Group’s [recommendations](#) for this Parliamentary session were made in July 2021. They focus on:

- Improving processes (eg producing pre-budget statements and in-year reports)
- Improving transparency and public participation
- Finance, policy and analyst staff work together to produce equalities and human rights analysis of spending
- Building knowledge and capacity on understanding equality evidence and human rights international standards.

The Scottish Government is expected to respond in quarter one of 2023.

### **Pre-budget report**

The Committee focused on human rights budgeting in its [pre-budget report](#), emphasising the need for transparency, participation and accountability. Recommendations and Scottish Government response are summarised below.



*Evidence of human rights approach*

The Committee asked for evidence of how a human rights approach has been taken to developing the 2023-24 budget. The EFSBS includes examples of transparency, accountability and participation. For example, [Your Scotland – Your Finances](#), published 23 December 2022, provides an accessible overview of the budget.

*Improving data and analysis*

The Committee asked for improved analysis in the EFSBS, with equalities analysis contributing to the decision-making process, rather than being post-hoc.

The Scottish Government's response explains how impact analysis is part of policy development. Most policies are developed outwith the budget process, so that

“In pulling together the EFSBS, we ask colleagues to consider the impact of all spending programmes and undertake more detailed analysis on those that we believe that might have an impact on human rights and inequality”

The response highlights the work of the Equality Data Improvement Programme. Findings from last year's [consultation on equalities data](#) will form the basis of Scotland's next Equality Evidence Strategy 2023-25.

*Links to National Outcomes*

The Committee asked that the Scottish Government consider how to link spending and equalities/human rights analysis to the National Outcomes and set out a timescale for this.

The Scottish Government noted the upcoming National Outcomes review and that: “as we improve equality and human rights analysis of spend this will include improving alignment to national outcomes.”

*Monitoring core obligations*

The Committee asked the Scottish Government: “how it is monitoring its minimum core obligations and whether it considers it is currently meeting the minimum core obligations for an adequate standard of living within its devolved powers.”

The response referred to the UN periodic reviews. The Scottish Government contributed to the UK response which was considered by the UN Human Rights Committee in November 2022.

**Members may wish to discuss:**

- 15. The response to the Committee emphasises how detailed impact assessments are carried out as part of policy development rather than during preparation of the budget. How are those impact assessments used to prioritise spending decisions? What part do**

**they play in the broad range of considerations that need to be taken into account when setting a budget?**

**16. Is there an example of where spending allocations were changed following Equalities and Human Rights assessment? In particular, is there an example of where spending allocations were reduced in order to re-allocate to an area that had a greater impact on equalities and human rights?**

Camilla Kidner  
SPICe  
16 January 2023