

**Annex A:
Equality and Fairer Scotland
Budgeting: Process for
2024-25 Budget**

In Equality, opportunity, community: New leadership - A fresh start, the First Minister committed to 'embedding equality, inclusion and human rights into everything we do'. In practice, this commitment requires both Ministers and officials to consider, as part of their decision-making processes, the potential impact of spending and revenue raising choices on:

- protected groups; and
- the realisation of human rights.

Equality and Fairer Scotland Budget Statement

Following last year's Equality and Fairer Budget Statement (EFSBS), officials undertook an internal review to enhance its effectiveness and analysed options for future processes. We drew on the findings of this review, the Equality and Human Rights Budget Advisory Group (EHRBAG)'s recommendations to us, stakeholder feedback and international good practice. In consultation with stakeholders, we redesigned the EFSBS 2024-25 development process, seeking to:

- more transparently evidence that we are meeting our legal requirements;
- improve and better evidence the EFSBS impact on budget decisions; and
- streamline Scottish Government resources and capacity to support an improved process for budget decision making.

Key improvements included:

- engaging portfolios in their budget equality and Fairer Scotland Duty (FSD) analysis earlier in the year, to help create more opportunities for that analysis to feed into the budget decision making process;
- aligning the respective equality assurance processes for the EFSBS with the Programme for Government (PfG) process; and
- working with specific portfolios to showcase case studies - to illustrate how equality evidence plays a part in budget decisions.

Additionally, Ministers came together this year to discuss collectively, for the first time, the cross-cutting analysis of equality and socioeconomic impacts of budget decisions at an EFSBS specific workshop. This workshop marked an important step change in how we embed equality and human rights in budget decision-making.

It is our intention to continue to build on the improvements made to the EFSBS for budget 2024-25 for future years.

Our Legal Framework

The Scottish Government must have due regard to the three needs of the Public Sector Equality Duty (PSED):

1. eliminate unlawful discrimination, harassment and victimisation;
2. advance equality of opportunity between people who share a protected characteristic and those who do not; and
3. foster good relations between people who share a protected characteristic and those who do not.

Budget decisions also need to comply with the requirement under the Fairer Scotland Duty:

- to 'pay due regard' to how they can reduce inequalities of outcome caused by socioeconomic disadvantage, when making strategic decisions.

The Equality and Fairer Scotland Budget Statement is an important milestone in the production of the budget. However, it is only one way in which we demonstrate how these obligations have been met. Indeed, policies are impact assessed throughout their development, implementation and execution and this does not usually align directly with the budget process. Although the budget provides detail on resources allocated, the vast majority of the programmes, policies and services that it funds are not proposed at the point at which the budget is introduced. Rather, these programmes, policies and services are developed through a robust policy making process, which involves equality impact assessments and Fairer Scotland Duty assessments, among other impact assessments.

A programme to drive an overall improvement in the system of policy impact assessments in Scottish Government is currently in progress. This programme is focussing on identifying best practice in impact assessments to date; opportunities for improvement, and practical means to implement these improvements in support of policy making; guidance and training; and measures to strengthen accountability and oversight and ensure quality.

The Scottish Government has reviewed the operation of the Public Sector Equality Duty in Scotland and, at the end of 2022, we published stakeholder responses alongside the [consultation analysis](#) report. A review of the consultation responses showed a significant proportion of listed authorities are lacking confidence that their organisation could comply with a requirement to integrate intersectional gender budget analysis into budget setting procedures at this stage, indicating that further work and support are required in this area.

The Minister for Equalities, Migration and Refugees issued stakeholder communications, in October 2023, to outline the next steps of the review. This outlined phasing changes to improving the regulatory regime in Scotland, within the limits of devolved competence. Initially, this phased review will include delivering on two key regulatory changes: revising the current pay gap reporting duty, to include reporting on ethnicity and disability pay gaps; and introducing a new duty on listed public bodies in relation to their use of inclusive communication.

We are also considering how to make use of Regulation 11 powers to have an immediate impact on public bodies' progress in equality mainstreaming, such as making more effective use of intersectional equality data in policy making and, critically, increasing consideration of equality in budget process.

Finally, the Scottish Government also has obligations to respect, protect and fulfil human rights including the Human Rights Act 1998, the UNCRC and International Human Rights legal obligations.

The National Performance Framework

Tackling inequality in outcomes is central to the National Outcomes and values in Scotland's National Performance Framework and is a starting point for equality budgeting considerations. In order to understand equality budgeting, individual policy teams need to be able to identify which National Outcomes they are contributing to. However, teams also need to be much more detailed and specific in identifying what they are trying to achieve with their spend. Understanding inequality in these outcomes by protected characteristic, by socioeconomic disadvantage and by place can then be used to help shape the policy and the spend.

Equality and Human Rights Budget Advisory Group

The Scottish Government is also supported in its work by the Equality and Human Rights Budget Advisory Group (EHRBAG), chaired by Professor Angela O'Hagan. The group works with the Scottish Government to:

- support a process of **equality and human rights analysis** to ensure the equality and human rights implications of the Scottish Government's policy processes inform budgetary decisions, and that corresponding information presented in the Scottish budget documents is clear;
- contribute to mapping the pathway between evidence, policy, **and outcomes with the allocation and spend of public finance**;
- identify linkages between the Draft Budget, the National Performance Framework, Economic Strategy **and policy making in general** and supporting scrutiny of outcomes in relation to budget commitments; and
- contribute to improved awareness of and commitment to mainstreaming **equality and human rights analysis** into policy and budget processes.

In September of this year, the [Scottish Government responded](#) to the 31 recommendations on equality and human rights budgeting made by EHRBAG for the 2021-26 session. In summary the Scottish Government agreed to:

- continue to **make the budget process more transparent**, including through the exploration of a Citizen's Budget;
- **explore opportunities to improve public engagement** with the budget process;
- continue to **improve equality and human rights leadership and accountability structures in the Scottish Government** to drive progress and ensure that equality and human rights are embedded in cross-cutting priorities;

- continue to **make improvements to our approach to impact assessments**, including equality impact assessments and develop a human rights impact assessment framework;
- **better demonstrate alignment** with the Scottish Government's Equality Outcomes and National Performance Framework;
- build on current work to **design and deliver a programme of knowledge and capacity building** in equality and human rights in the Scottish Government;
- **retain the Equality and Human Rights Budget Advisory Group** with its enhanced remit to include Human Rights;
- ensure **appropriate resource** is provided to support officials to **undertake robust equality and human rights analysis of both policy and budgets**; and
- work with the Equality and Human Rights Budget Advisory Group to **develop an action plan for the delivery of these actions and provide regular updates on their progress** to the Group and others.

Some of the measures that the Scottish Government has taken to enable, support and encourage effective equality and Fairer Scotland budgeting include:

- a [programme of equality data improvement](#), with a second phase of work published in [Scotland's Equality Evidence Strategy 2023-25](#).
- training, including gender budgeting sessions delivered by the Scottish Women's Budget Group, and development sessions as part of the Equality and Human Rights Budget Advisory Group including consideration of international comparators.
- commissioning work with the Organisation for Economic Co-operation and Development (OECD) to explore international examples of gender budgeting, and to potentially pilot new approaches appropriate to Scotland. The work has commenced and will continue into the new year. The objective of this project is to enhance the capacity of the Scottish Government to use the budget process as an effective and impactful tool to reduce gender inequalities.

Human Rights Budgeting

The Scottish Government made a commitment to further embed human rights budgeting in the [Bute House Agreement](#). The Scottish Government will introduce a new Human Rights Bill this parliamentary session. This will be a significant and historic milestone in Scotland's collective human rights journey. The Bill will strengthen the domestic legal protection and application in practice of international human rights standards. In particular the Bill will bring an enhanced focus to the implementation of social and economic rights, which are central to addressing inequalities. Development of this landmark Bill is being supported by detailed input from a range of civil society organisations, lived experience individuals, public bodies and academic partners. We ran a public consultation from June to October.

The Scottish Government is in the process of exploring how we further embed human rights approaches into the policy making and budgeting system. We will build on our approach over the coming years in line with our developments laid out in this statement.

Taking a human rights-based approach to budgeting requires a government to take into account consideration of the impact of its approach to revenue raising, resource allocation and expenditure on human rights.

We have also used the three key principles of human rights budgeting (transparency, participation and accountability) to inform the process of setting the budget. We set out detail on how we demonstrate each of these principles below.

Transparency

The government should provide Parliament, civil society and the public with accessible information about budget decisions.

We have demonstrated this principle by:

- the analysis within the EFSBS document itself;
- committing to publishing an Easy Read version of this year's EFSBS;
- our involvement in the Open Government Partnership and commitment to Fiscal Transparency and Openness, which can be found in the [2021-2025 Open Government Action Plan](#). It commits to improving the accessibility and usability of our data and information about public finances, to enable better understanding and scrutiny for a wide range of users, including citizens. This means continuously working to improve how open and transparent we are in Scotland, benchmarked alongside other countries and approaches, about the status, processes, and direction of our public finances; and
- our work to improve the accessibility and timeliness of [Your Scotland, Your Finances](#). This provides an accessible overview of the Scottish Budget, the wider system of public finances in Scotland and how this system is changing.

Participation

There should be opportunities for meaningful engagement with civil society and the public in the budget process.

We have demonstrated this principle in several ways.

- The Scottish Government supports participatory budgeting as a tool for community empowerment and as a means to build on the wider development of participatory democracy in Scotland. We continue to work with the Convention of Scottish Local Authorities (COSLA) to help local authorities reach the target of having at least 1 per cent of their budget subject to participatory budgeting.
- Our Investing in Communities Fund supports community led place based approaches with supported organisations demonstrating how people in their communities participate in identifying, designing and delivering activities. These activities can include delivery of participatory budgeting. Community participation is an important element of place based approaches and is built into all regeneration investment.

- The [National Participatory Budgeting Strategic Group](#) have co-designed and published a [framework](#) for the future of participatory budgeting in Scotland. The Scottish Government will work with the group to deliver on the new strategic framework, with a particular focus on health and wellbeing, education, housing and climate justice.
- In March 2023, Scottish Government published its response to the Institutionalising Participatory and Deliberative Democracy (IPDD) working group, agreeing to most of the recommendations. Our vision is that 'People can be involved in the decisions that affect them, making Scotland a more inclusive, sustainable and successful place.'
- Work is now underway to commence delivery of a programme of activities that will result in the embedding of public participation processes across government. While details regarding how this is done are subject to resources and still being determined, it remains a priority to maintain the strategic links across different areas of work. This will include with Equalities, Inclusion and Human Rights and the Rights of the Child. Equalities and human rights will be a core factor in improving participation, including ways to target participation towards areas where it can most improve understanding and empower 'easy to ignore' groups.
- Work is also underway to develop procurement frameworks that will raise standards and consistency across our engagement with children and young people and with adults, focusing on those identified as being seldom heard, furthest from their rights or vulnerable. We are finalising guidance for the payment of expenses and compensation for time for people taking part in participatory processes – this will minimise financial barriers to involvement and is of particular importance for inclusively involving marginalised groups.
- Continuing to engage with civil society stakeholders, in particular through the Open Government Partnership and the Equality and Human Rights Budget Advisory Group.

Accountability

A government's budget should be subject to oversight and scrutiny which ensures accountability for budget decisions and the impact these have on human rights.

The budget process involves a pre-budget scrutiny phase where the committees of the Scottish Parliament are invited to set out their views on the delivery and funding of policy priorities, any proposed changes and how these should be funded. The 2024-25 Scottish Budget includes an annex with short responses to each committee's views summarising how the proposals have influenced the development of the Budget. Ministers then provide a more detailed response to the individual committees within five sitting days of the budget's publication.

Ministers are invited to provide oral evidence to committees as part of the scrutiny process after it has been published. The Equality and Fairer Scotland Budget Statement, along with a range of other reports and data sources (including individual policy impact assessments), can be used to help parliamentary committees consider whether the budget could be used differently to better address inequalities of outcome in Scotland, whilst remaining balanced.