
Equalities, Human Rights and Civil Justice Committee: pre-budget scrutiny 2022-23 – call for views

A joint response from the Auditor General for Scotland and the Accounts Commission

Introduction

1. The Auditor General for Scotland and the Accounts Commission are pleased to submit our views to support the Committee's 2022/23 pre-budget scrutiny. Reporting on how inequalities are being tackled is, and will be, a core priority for audit. It will be essential that budget decisions during the recovery from the pandemic and beyond are clearly aligned to plans to address inequalities, and that spending, and outcomes are transparently monitored over time.

Covid-19 has exacerbated Scotland's pre-existing inequalities

2. Covid-19 has disproportionately affected Scotland's most vulnerable citizens, and it has exacerbated inequalities that already existed in Scotland. Our recent reports, including the [NHS in Scotland 2020](#) and [Local Government in Scotland Overview 2021](#), highlight the diverse impact on Covid-19 on different groups of people. Through our *Tracking the implications of Covid-19 on Scotland's public finances* [briefing](#) papers, we have highlighted that increasing inequality is a continuing risk emerging from the pandemic.

3. The budgetary response to tackling inequalities has a dual challenge of addressing the worsening of inequality related to the pandemic alongside the pre-existing inequalities, including socio-economic disadvantage. For example, National Records for Scotland has [recently reported](#) the death rate for all causes of death in the most deprived areas of Scotland was 1.9 times the rate in the least deprived areas, with underlying inequalities in drug and alcohol-specific deaths and suicide. Similarly, an estimated [24 per cent of children](#) were living in relative poverty in the period before the pandemic hit.

Understanding how different budget measures align to address inequalities is essential

4. Taxes and public spending decisions are a means to an end, not an end in themselves. Ultimately, public services are about improving outcomes for people. It is critical that budgets set out the intended impact of financial decisions collectively, recognising the inter-dependency of different budget measures.

5. Spending measures that address inequalities are varied and dispersed across government portfolios. For example, spending on transport, local services, economic recovery and education will all cumulatively affect those with protected characteristics, such as age or disability, as well as playing a major role in socio-economic mobility.

6. As such, budget scrutiny, and evaluation of the progress towards equality outcomes, requires a similar joined-up consideration of spending measures across government. It should be clear how government priorities, plans and spending decisions align towards achieving the National Performance Framework's human rights and equalities outcomes. This includes demonstrating how individual portfolios are contributing towards delivering equality and human rights outcomes. Audit Scotland's [Planning for Outcomes](#) briefing paper outlines how an outcomes-based approach can work in practice.

7. The Scottish Government's Equality Budget Advisory Group has made [recommendations](#) about measures to support joined up consideration, including:

- Finance, policy and analyst staff work closely together to produce equalities and human rights analysis of spend,
- Establishing processes to facilitate this joint working
- Building knowledge and capacity on understanding equality evidence and human rights international standards

8. The Scottish Government's budget responses also need to work alongside UK Government and local government measures. Having a clear picture of how spending initiatives at each level of government are working together to address inequality and support human rights is needed.

9. Effective communication and cooperation between levels of governments will be central to this. Alongside this, the third sector have been vital in their quick and sustained support to vulnerable people, and crucial in easing the burden on statutory services. As such, consideration of the role of the third sector remains important to budget scrutiny.

Equalities and human rights spending decisions should be transparent, evidence-based, and considered over the longer-term

10. For equalities and poverty outcomes, underlying data and evidence needs to be sufficient to measure the impact of decisions about services, funding and taxation on different equality groups. Both in-year budget scrutiny and scrutiny of annual budgets should contain evidence-based progress reporting, clearly showing the contribution of previous and planned spending.

11. The Scottish Government's Equality Budget Advisory Group [recently reported](#) that the "fundamental starting point for policy and spending decision-making must anchor the analysis, evidence, and focus of policy decision, drawing together the overarching social justice discourse of the Scottish Government, and the specific actions to realise the outcomes expressed in the National Performance Framework." While analysis of equalities dimensions,

existing inequalities, and actions to realise human rights is required, it finds that impact assessments are at best variable and should be clearer about how spending advances equality and progresses the realisation of rights.

12. The equalities and human rights outcomes in the National Performance Framework are long-term goals and will not be achieved in a single financial year. This calls for measures of success and scrutiny of budget spending over a number of years. To support this, the Budget Process Review Group Final Report recommended that new policies, strategies or plans should set out the outcomes they are aiming to achieve, and the intermediate outputs, measures and milestones will be. Budgets can then adapt and reflect learning from what works between years.

13. Without this, there remains a risk that spending decisions will be short-term in nature and measured as such, focussing on service-specific outputs. This could result in less scrutiny of longer-term changes in inequalities and human rights for people in Scotland.

14. For example, our report earlier this year on [improving education outcomes](#) found that progress on closing the poverty-related attainment gap between the most and least deprived school pupils had been limited. A 2017 progress audit on [self-directed support](#) found that, after seven years, not everyone was getting the choice and control over their care the SDS strategy envisioned. There was no evidence that authorities had made a transformation in services.

15. To make the shift envisaged in the Christie report, a longer-term view of the impact of past, current and future budget decisions is required, with scrutiny that considers the difference that is being made over the course of people's lives in Scotland. This includes considering the effectiveness of budgets to address existing inequalities and to support long-term prevention.