

# **FINANCE COMMITTEE**

Tuesday 3 October 2006

Session 2

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## FINANCE COMMITTEE

### 24th Meeting 2006, Session 2

#### CONVENER

\*Des McNulty (Clydebank and Milngavie) (Lab)

#### DEPUTY CONVENER

\*Mr John Swinney (North Tayside) (SNP)

#### COMMITTEE MEMBERS

\*Ms Wendy Alexander (Paisley North) (Lab)

\*Mr Andrew Arbuckle (Mid Scotland and Fife) (LD)

\*Mark Ballard (Lothians) (Green)

\*Derek Brownlee (South of Scotland) (Con)

\*Jim Mather (Highlands and Islands) (SNP)

\*Mr Frank McAveety (Glasgow Shettleston) (Lab)

\*Dr Elaine Murray (Dumfries) (Lab)

#### COMMITTEE SUBSTITUTES

Shiona Baird (North East Scotland) (Green)

Janis Hughes (Glasgow Rutherglen) (Lab)

Alex Neil (Central Scotland) (SNP)

John Scott (Ayr) (Con)

Iain Smith (North East Fife) (LD)

\*attended

#### THE FOLLOWING GAVE EVIDENCE:

Rona Fitzgerald (Glasgow Caledonian University)

Angela O'Hagan (Scottish Women's Budget Group)

Dr Ailsa McKay (Glasgow Caledonian University)

#### CLERK TO THE COMMITTEE

Susan Duffy

#### SENIOR ASSISTANT CLERK

Rosalind Wheeler

#### ASSISTANT CLERK

Kristin Mitchell

#### LOCATION

Committee Room 1



## Scottish Parliament

### Finance Committee

*Tuesday 3 October 2006*

[THE CONVENER *opened the meeting at 10:10*]

### Items in Private

**The Convener (Des McNulty):** I welcome the press and members of the public to the 24<sup>th</sup> meeting in 2006 of the Finance Committee. I remind everyone, including members, that pagers and mobile phones should be switched off.

The first item on our agenda is to decide whether to consider in private our work programme and the arrangements for the publication of the commissioned research on the impact of the Scottish budget on the Scottish economy. I propose that those items be taken in private. Do members agree?

**Members** *indicated agreement.*

## Local Authority Single Status Agreement

10:11

**The Convener:** The second item is to consider correspondence that we have received in response to our report of March 2006 on the cost of the local authority single status agreement. As members will recall, we received a response to that report from the Scottish Executive in June 2006, and we wrote to the unions and to the Convention of Scottish Local Authorities before the summer recess inviting them to send responses to the report. We have received a response from Unison, which is attached for members' information. In addition, the Equal Opportunities Commission has sent us correspondence relating to our report. We have also received various bits of correspondence from COSLA, which are among today's papers.

I will invite comments from members on the correspondence that we have received, but I begin with a couple of points of my own. First, Unison says that funding is a significant concern for local authorities, but the committee understands that perfectly well. Our concern in the context of the report and the work that we did for it was about the fact that, since 1999, there had been a protracted period of delay in addressing the various issues related to the single status agreement and in implementing the agreement. The message that we sent to the trade unions, to COSLA and to the Scottish Executive was that we felt that the clock was ticking. It is now six months since the report was published, and as far as we can see from the Unison response, there remains only one authority that has concluded an agreement.

The second issue that arises from the Unison response is to do with the best-value duty on local authorities and the assessment of best value by the Accounts Commission. Members might recall that we challenged the way in which the Accounts Commission assessed the annual budget position of councils. That has to be done separately from the best-value report, which is a more periodic exercise, to see whether, given the risk to an authority associated with potential costs arising from compensation payments or from failure to agree, best value should, in fact, be factored in as a risk issue by the Accounts Commission. The Accounts Commission was not particularly forthcoming on that matter, but that is perhaps a better way of dealing with it than what Unison is suggesting.

Having looked at local government accounts, I still feel concerned that there is a significant risk that could have a significant financial exposure impact on councils, which is not being factored

into the way in which they currently present their annual budgets and which is not being considered by the Accounts Commission in its examination of the annual budgets of those authorities. That does not seem to me to be particularly good budgetary practice, so perhaps we should write to the Accounts Commission again about that.

10:15

**Mr John Swinney (North Tayside) (SNP):** I take the same view, convener, in relation to the risk to local authorities of having a liability that is not clearly and expressly stated. I suppose that it is a chicken-and-egg situation, because it is difficult to specify exactly the sum involved until a negotiation has been completed, but the issue has been going on for such a long time that it is a factor of real significance.

The second point that I want to raise relates to the affordability of the single status agreement for local authorities. I understand that the Executive is putting a fair amount of pressure on local authorities, particularly in relation to the utilisation and rationalisation of assets, to ensure that they find as much as possible within their resources to tackle the issue. I think that we need to hear a bit more from local authorities—from individual local authorities, because I suspect that COSLA would not be terribly informative about where individual authorities are heading—as to whether, by rationalising assets, authorities will be able more easily to afford some of the one-off costs associated with single status. I know that authorities that cover the area that I represent are looking into that.

Finally, I would like to ask about the timescale. Councillor Watters's reply of 28 September states:

"I want to make you aware that COSLA remains in discussions with our 32 member Councils and our signatory trade unions with a view to the implementation of single status within a clearly defined short to medium term timescale."

The use of the words "clearly defined" are perhaps a bit of an exaggeration of what

"short to medium term timescale"

must mean for an agreement that has been doing the rounds for a number of years. One of the key points in the Finance Committee's report was that we must get to a point at which the issue is resolved, and a definitive, hard timescale must be set to resolve it, or it will just lurch along and we will be continually reflecting on the same issues in the period to come. If the committee is able to reiterate one point, I would like us to reiterate the importance of resolving the matter in the short term. We cannot say that there has not been enough time for consultation and dialogue. The agreement has been consulted on almost to the

point of absurdity. We should apply more pressure on that point to try to elicit a speedier response.

**Mr Andrew Arbuckle (Mid Scotland and Fife) (LD):** Two points do not arise in the correspondence that we have received. First, I know that one reason why it is taking so long to deal with the single status agreement—and local authorities admit that they were slow to start—is that a major human resources exercise is needed to implement the agreement, and there are just not enough people on the ground to do it. I am not making excuses; I am simply pointing out the reason.

My second point relates to what John Swinney said about assets. The Executive urged local authorities to consider releasing some of their capital assets in order to help with one-off expenditure, but most local authorities with which I am familiar do not even have an asset register, and they have never taken a proactive view of managing their property assets. Local authorities do not seem able to move into a positive state with regard to their assets. I know that, whenever they start to do that, there is a great emotional pull attached to selling the family silver. There may be some good examples, but, in general, local authorities do not have a good record of managing their asset base.

**Dr Elaine Murray (Dumfries) (Lab):** I would like to comment briefly on the Equal Opportunities Commission's representations, which are quite important. On the surface, there is an expectation that single status will solve the problems of gender inequality in local government, but it is important to monitor whether that actually happens. I echo the concerns of the Equal Opportunities Commission about that. If authorities do not do gender impact assessments after the single status agreement has been implemented, we will not actually know whether single status has addressed the inequalities in pay between men and women.

**The Convener:** Presumably, we can take evidence on that later this morning when we hear from the Scottish women's budget group.

**Mark Ballard (Lothians) (Green):** Further to Andrew Arbuckle's point, we all recognise the problems that local authorities have in dealing with this complex issue. However, I agree with what John Swinney and others have said about the COSLA response. The letter from Pat Watters states:

"we do not believe that further deadlines, as proposed in your letter are necessarily helpful or within the Committee's remit".

However, there is a need for deadlines because the issue has dragged on for far too long. I understand completely that there will be human resource and staff allocation problems, but the

matter needs to be dealt with. If that means drafting in a lot more personnel officers, authorities need to pull the finger out and do it. That is why we need to keep up the pressure.

**Derek Brownlee (South of Scotland) (Con):**

When I read the response from Unison, I wondered whether anything had happened since our report was published. It was not immediately clear that any movement had taken place. Nobody seems to be taking responsibility for ensuring that the process comes to a conclusion. I was quite concerned by Unison's statement that

"funding is a significant concern ... and this is a factor in delays or will result in unacceptable proposals that will further extend negotiations. This still needs to be addressed by the Scottish Executive."

From my reading of that, the unions—and perhaps to some extent the councils—seem to be thinking that, if the problem can be strung out long enough, the Executive will eventually bail them out. That is not a helpful way of addressing the process. It would be helpful if the Executive made it clear that the problem should be dealt with first and foremost by local authorities and that they should have dealt with it long ago.

**The Convener:** I do not think that Tom McCabe will have a problem saying that.

**Jim Mather (Highlands and Islands) (SNP):** I found Rowena Arshad's submission, especially the final paragraph, quite interesting because it calls on the Executive to play a leadership role. The Executive is clearly not keen to do that, but it could manage the process more actively by setting deadlines. As Derek Brownlee said, the Executive should avoid being the bail-out of last resort by proactively managing the situation. It is embarrassing that that has not happened.

**The Convener:** Another issue that has not yet been mentioned is that, if authorities fail to put a single status agreement in place, those authorities that have made compensatory payments might be expected to make further payments in due course. We do not have a grip on what that situation is, but it is obviously a matter of some concern.

Another concern is the issue that is mentioned in the final bullet point of Carol Judge's letter, which states:

"There remains a significant group of authorities who appear to have made very little progress in developing their proposals."

If some authorities are doing nothing, that is also a source of major concern.

Drawing together all the points that have been made, I think that we need to pursue four different courses of action. First, we can write to the Accounts Commission about how the annual accounts of local authorities account for the

unmanaged risk arising from the failure to implement single status. We can ask whether, bearing in mind the continuing delay, the way in which that risk is factored into the annual accounts needs to be reconsidered.

Secondly, as John Swinney suggested, we can write to individual local authorities to ask whether the rationalisation of assets has freed up moneys and the extent to which such moneys are directed towards single status issues. Is that a reasonable summary of what was suggested?

**Mr Swinney:** Yes. In addition, when we write to local authorities, we can also ask them where they are with their individual negotiations. I think that we might see quite a difference among authorities. Some authorities are obviously trying to resolve the issue locally, and some are in a more advanced state than others. It would be helpful to get an account of where each authority is.

**The Convener:** It might be useful to refer to the three categories that are mentioned in Carol Judge's letter—the letter has four bullet points, but the first refers only to South Lanarkshire Council—and ask authorities to state which of those categories they are in. Whether each authority puts itself in the right category is an issue that we will need to judge in due course, but it might be useful to get a sense about which category authorities feel that they are in.

The third suggestion was that we write to COSLA to urge that we need to focus on a deadline.

The fourth suggestion, which Jim Mather made, was that we should write to the Executive to underline our concern about the fact that, six months after our report, the situation does not seem to have moved on. We can suggest that the Executive needs to engage in an active management of the process so that it moves towards a satisfactory resolution.

**Dr Murray:** If we are writing to local authorities anyway, we can also ask them how they intend to respond to the Equal Opportunities Commission's request that a gender impact assessment be carried out after the implementation of single status.

**The Convener:** Do members agree that we should write as I have indicated?

**Members indicated agreement.**

## Cross-cutting Inquiry into Deprivation (Executive Response)

10:26

**The Convener:** Agenda item 3 is consideration of the Scottish Executive's final response to the committee's report "Cross-cutting Expenditure Review of Deprivation". As members will recall, after we published the report in April 2006, the Executive provided an interim response as it wished to consider the issues that would be raised during the parliamentary debate on our report, which took place in June 2006. The committee has now received the Executive's final response. Do members have any comments?

**Mr Frank McAveety (Glasgow Shettleston) (Lab):** On page 7, in response to the committee's concern about the ability of the new system to have an impact on large budgets, the Executive understandably suggests that more time is still required before we can judge that. I want to know the Executive's operational timescale for making a judgment on whether core budgets have been influenced. It is true to say that, until local authorities, health boards and others redirect their spend, we will not get the kind of shift that we need. It would be interesting and helpful to have clarity on that issue.

On page 11, paragraph 48 mentions that

"the Executive will review deprivation weightings within the ... local government finance settlement".

Can someone remind me what the timescale for that is?

**Mr Swinney:** No commitment on that has been given as far as I know.

**Mr McAveety:** Paragraph 48 states:

"the Executive will review the deprivation weightings within the core local government finance settlement and is also examining how healthcare needs are accounted for".

**The Convener:** The response states that the Executive will carry out that review in the context of the next spending review, with a view to making any change from 2008.

In my view, the Executive's final response is much more constructive than its initial response. Clearly, the civil servants have been put under pressure—by ministers, I hope—to take on board the key comments that emerged from our report. For example, the response now states that the idea of a single regeneration fund will be considered in the context of the spending review. The response also states:

"the Executive will review the deprivation weightings within the core local government finance settlement".

Those are significant commitments.

On voluntary sector funding and the commissioning of services, which were issues that were highlighted in our report, the Executive's response seems to offer only a kind of halfway house. It agrees that we have provided some interesting ideas, but it gives no positive commitments to do much about them. We may need to respond to the Executive by pointing out that its claims to be in favour of commissioning and to be actually putting it into practice are not in line with the experience of the delivery organisations.

We should suggest to the Executive that the introduction of a common funding-application pack is not the most significant progress that it could make and that action above and beyond that is required to move matters forward.

The Executive has not quite grasped its responsibility to hold the stage and co-ordinate the different funding and policy frameworks; it seems to be stepping back from that responsibility and saying either, "Local authorities are already doing that", or, "We will channel funds to achieve specific ends". We argued for integration of and proper articulation between national and local policy frameworks, but the Executive has not sufficiently taken our recommendations on board.

10:30

**Ms Wendy Alexander (Paisley North) (Lab):** I will not say much on the matter, because I was on maternity leave during the latter stages of the inquiry. Suffice it to say that the committee's report was excellent and, as the convener says, the Executive has risen in part to the challenge. If certain issues had not been put on the agenda by the committee they would have been missed, so the Executive's response represents a significant victory for the committee system—although that might go unnoticed.

It is good that the Executive has taken on board some of our recommendations, but it could do more. Perhaps we should incorporate our concerns into our legacy paper. The Executive has made significant commitments, which we should give it the chance to fulfil, but perhaps we should suggest to our successor committee that it hold a meeting to consider the recommendations in our report to which the Executive has agreed but not yet implemented. It would not be compulsory for our successor committee to have such a meeting, but it would be good if the interesting work that we did was seen through. At last week's meeting, we discussed the right to buy and the commitment that was made in 2001 to return to the statistics five years later. Because that happened, there was an opportunity to revisit the issues.

We will probably not make much more progress with the Executive during the next four or five months, but some of the issues should be on the agenda for the start of the new parliamentary session. Perhaps the convener will liaise with the clerks to consider how best to approach the matter in our legacy paper. For example, we could suggest that our successor committee receive a presentation on our findings, how the Executive responded and what we regard as unfinished business.

**The Convener:** Are members broadly in sympathy with that suggestion?

**Members indicated agreement.**

**Mr Swinney:** I am very sympathetic to Wendy Alexander's suggestion.

The Executive's response marks progress in some areas and I take Wendy Alexander's point that we can probably achieve nothing more at this stage, but I am disappointed that the structure appears as congested and prone to duplication, overlap and lack of clarity as it did when the committee produced its report for the Executive. The response does not demonstrate any significant progress in challenging the structural problems, but I accept that this is probably the wrong part of the parliamentary cycle to be able to do much about that. The course of action that Wendy Alexander proposed might help to ensure that the issues are addressed in due course. Unless the structure is simplified, we will continue to feel that although a lot of money is being spent, it is not having the impact that it could have. Post-election, there might be an appetite to tackle the problem.

**Mark Ballard:** What John Swinney said is true, particularly in the context of the Executive's remarks on Communities Scotland and community planning partnerships. The Executive's response does not seem to acknowledge the points that we made, which were based on evidence that we heard about Communities Scotland's multiple roles. The Executive says:

"there is a clear distinction ... between the role of Communities Scotland at the centre and the role of local offices as CPP partners."

That might be true in a formal sense, but in evidence we heard that people do not think that that is how the system works on the ground. Communities Scotland's role should be explored further.

In paragraph 39 of its response, the Executive acknowledges:

"we will therefore need to keep the arrangements under review."

The issue should be pursued, to ensure that the Executive keeps matters under review and

explains the distinction between what Executive departments do and what Communities Scotland does.

I share members' disappointment that the Executive seems not to have acknowledged how the voluntary sector has changed. I am sure that the common funding application pack will be helpful, but the Executive's response does not fully address the concerns of the organisations from which we heard. Voluntary organisations are more professional and businesslike but continue to face demands such as the requirement to come up with a completely different project every three years—that is the classic example. Such an approach does not help organisations to deliver services. More could be done in that regard.

**The Convener:** I have a slight reservation about Wendy Alexander's proposed course of action, although I agree that it is proper that we include the policy issues in our legacy paper. Given that the spending review will take place between July and September or October 2007, perhaps we should also write to the Minister for Finance and Public Service Reform, to ask that the financial matters that we discussed in our report, such as the combination of budgets and issues about local authority finance, be factored into and addressed in the spending review process, so that we do not miss that cycle. Are members happy with that suggestion?

**Members indicated agreement.**

**The Convener:** While we are on the subject of our legacy paper, perhaps we should also flag up our concerns about the local authority single status agreement in the paper. I hope that such matters will not come before our successor committee, but I anticipate that they will do so.

**Jim Mather:** I support the comments that Wendy Alexander, John Swinney and the convener made about ensuring that work carries on. The tables on deprivation, which are reproduced at the end of the Executive's response, provide a useful and enlightening summary. I am ignoring the table on mortality rates, which is not quite complete, but of the other six tables, two show that the national situation is worse and four show improvement—some of it considerable. However, the breakdown of the results for specified areas shows worse results in 16 areas and better results in only 8 areas. If work is to continue, I make a big plea for a large element of statistical control to be foisted on the Executive, because the results are the nub of the issue. The Executive can clutter or unclutter its approach as much as it likes, but ultimately we want the statistics to improve progressively over time.

**The Convener:** I do not disagree with that.

The next item will be evidence on the budget process, but witnesses from the Scottish women's budget group are currently giving evidence to the Equal Opportunities Committee. I could suspend the meeting for 20 minutes or we could deal with the items in private in that time. Do members want to consider items 5, 6 and 7 now?

**Members** *indicated agreement.*

**The Convener:** We will resume in public at about 11 am.

10:39

*Meeting continued in private.*

11:05

*Meeting continued in public.*

## **Budget Process 2007-08**

**The Convener:** We dealt with agenda items 5, 6 and 7 in private before agenda item 4, which we now reach. At our meeting on 27 June, we agreed to invite written and oral evidence from the Scottish women's budget group. The group has provided a written submission. I welcome our witnesses, who are Angela O'Hagan, the convener of the Scottish women's budget group; Dr Ailsa McKay of the Caledonian business school; and Rona Fitzgerald, visiting professor at the Caledonian business school. I invite an opening statement from the witnesses, after which members will ask questions. I understand that either Ailsa McKay or Angela O'Hagan will start.

**Dr Ailsa McKay (Glasgow Caledonian University):** I drew the short straw for this one—we have just come from an Equal Opportunities Committee meeting. I will be brief and to the point, as we have been talking for the past hour and a half. I thank the Finance Committee for inviting us to attend the meeting to contribute to its scrutiny of the draft budget.

Members have a copy of our brief and to-the-point paper, which I will put in context. We prepared a lengthy response to the 2006-07 budget, which we submitted near the end of last year's scrutiny process. Unfortunately, it was too late for the committee to take oral evidence from us, but I believe that the committee considered our written response. Subsequently, we were invited to attend today, based on the comments in that lengthy response. The 2007-08 draft budget merely reflects commitments that were made in the 2004 spending review—it is the last year of those commitments. We did not see the point in going through the 2007-08 document line by line and reiterating points that we made previously on the spend. We therefore decided to prepare a short document to reinforce some of the statements that we have made in the past.

To avoid repetition—although, given the lack of progress, repetition might not be a bad thing—I will raise only three specific points and open them up for discussion. That would be a more fruitful way of engaging with the committee than our simply reading a rather lengthy document.

The first of our three points concerns the Executive's progress on equality proofing the Scottish budget, particularly with regard to the pilot studies that the Executive commissioned or supported. Last year's budget document stated that future budget documents would report on progress on the pilots and, as our submission states, this year's document indicates that that

work is now complete. We would like the Finance Committee to take up that matter with the Executive, as there seems to be an inconsistency. I speak on behalf of the Scottish women's budget group, but I was employed by the Scottish Executive as a technical adviser to work on the pilots, so I am pretty familiar with the learning from them. In a professional capacity, I am disappointed that the outputs from the pilots are not in the public domain, given the effort that we put into producing them.

Our second point—it is crucial, and one that we have made consistently in our budget responses—concerns the Executive's understanding of equality, particularly gender equality. In the budget process, equality issues have been consistently subsumed within a closing the opportunity gap, social justice, anti-poverty agenda. We feel that that needs to be clarified yet again.

The third point is how we can contribute effectively to deliberations on gender equality issues with regard to the forthcoming spending review, given the nature of the relative reduction in resources and the impact that that will have on equality considerations, which we believe are at the margin of Scottish Executive spend rather than at the core. That relates to our second point about the understanding of gender mainstreaming and gender equality.

I am open to questions from members.

**Mark Ballard:** I will start with the way in which pilots are reported in the budget. In the fourth bullet point on page 3 of your submission, you make the point that

"reference is made to how smoking and physical activity are disproportionately a problem for women",

but that there is not a link to spend or a differential spend as a result. How true is that of the pilot studies in general? Have they gone beyond identifying the problem to identifying how spend can be changed?

**Dr McKay:** The pilots took a different approach from that which we have taken in the past to trying to equality mainstream, or gender proof, the budget. We started by looking at the evidence base that was available to indicate where there may be differential impacts on men and women.

The evidence base for the sport pilot was collected by a team of academics. For the health pilot, someone went inside the Executive and worked with it to gather the available evidence and data. That formed the basis of a literature review, which informed the guidance that we produced to assist policy officers in negotiating spend; it has not progressed beyond that. The intention was that the guidance would inform deliberations on the spending review but, as I indicated, the

implication in the budget document is that that work has ceased. The guidance that we produced, using that evidence base, to inform deliberations on resource allocation processes seems to have been lost. I do not know whether that adequately answers your question.

**Rona Fitzgerald (Glasgow Caledonian University):** As Ailsa McKay said, an important point is that we were trying to analyse how the two issues—smoking cessation and sports participation—had been informed by different patterns among boys and girls and men and women, and to consider the relationship between that and the resource allocation process. The pilot studies considered the process rather than actual amounts, but from the sport pilot in particular there was evidence of differential impact and different participation rates. We suggested that a sex-disaggregated beneficiary assessment might be useful to examine where the overall spend relates to some of the targets. We could look at the extent to which the spend is on men and women and boys and girls, with a view to examining its effectiveness rather than with a view to looking at overall spend.

The pilot studies did not start with an understanding of particular resource allocations; they were about tracing the relationship between the policy objectives of the two programmes and the resource allocation process. With regard to the Executive's internal workings, a key issue was that policy people do not see finance as their remit and finance people do not see policy as their remit. When there is no coming together of the two, we end up with what we suggest is a gender-blind budget.

11:15

**The Convener:** Wendy Alexander has a question.

**Ms Alexander:** Sorry; I hit my button inadvertently. However, I have a question on that point. As you know, our remit in the budget process is to make recommendations to the Executive on what it does next. It would be helpful for us to have absolute clarity about what you want to happen next, so that we can incorporate that into our draft budget report, on which the Executive will respond to us officially. I know that that point relates very much to the process.

You referred to the new approach that has been tried with respect to smoking cessation and sport. Our dilemma lies in following that up and determining what happens next. It would be helpful if you would clarify what you want us to demand of the Executive in the budget report that we will produce this autumn, with respect to the approach both to non-spending review years and

to the spending review, given its imminence. Much of the background work on the spending review is under way, so our influencing the process will be about what we say in our budget report in December.

**Angela O'Hagan (Scottish Women's Budget Group):** If I understood the question, Mark Ballard asked whether our concern is that the link between policy priorities and spend is problematic generally or specifically with regard to the pilots. My shorter answer to that, not having been involved in the pilots, is that that general concern has been the premise of the work of the women's budget group over many years.

Wendy Alexander referred to the process. Our approach is very much about process. Part of the process is to try to reach a stage of greater transparency, at which it is possible to track spend against policy priorities and to ensure that the link between those priorities and the policy objectives is being supported by resource allocation that is measurable and traceable against the political imperative that first drove the policy, so that there is a key link.

It might be useful to give members of the Finance Committee an insight into what we have just been discussing with the Equal Opportunities Committee, because we were asked the same questions. In response to questions about targets, we point to the difference between quantitative targets for spend and the shift of numbers up or down and qualitative impacts of the changes. We often cite the example of modern apprenticeship schemes, in which increasing numbers are participating. Although there are quantitative targets on spend and on the numbers participating in programmes, no assessment is made of the qualitative shift that the allocated resources are achieving in relation to the nature and quality of employment for women and men; the impact that that has on their economic capacity as a poverty-alleviating or income-generating measure; or whether occupational segregation is being addressed. Although modern apprenticeships are receiving more funding and attracting increasing numbers, they are not addressing the underlying occupational segregation issues. Perhaps that illustrates members' points.

We discussed with members of the Equal Opportunities Committee and representatives of other equalities agencies how reporting against equality statements might be improved. Ailsa McKay alluded to one of our core points to this and other committees: the continuing amalgamation of equalities within, by and large, the closing the opportunity gap platform does not in itself allow the gender dynamics of anti-poverty measures to be addressed; nor does it allow the work that has equalities impacts and which is

going on in economic development—I live in hope—health or elsewhere to be reported on effectively or made visible. Scrutiny is therefore more difficult.

In some of the recommendations to the Equal Opportunities Committee, we and others talked about the importance of working with portfolio holders—senior civil servants and ministers—scrutinising them more closely and making them more accountable. That is certainly a role for the Finance Committee. We need to track the setting of targets and equality statements. In the current draft budget, some targets have completely disappeared while others have transmogrified into entirely unrecognisable policy areas. They have made an overnight flit that is beyond my comprehension—how a programme on supporting skills development in offenders can become a programme on domestic violence is beyond me. I am not saying that we do not want programmes to deal with domestic violence, but why do they feature in that part of the budget? We have some queries about how targets are morphing and being reported on.

Colleagues may come back in on specifics about the budget process, but one overriding concern is the climate into which we may be moving. Dr Ailsa McKay touched on that. There may not be a fiscal squeeze, but if there was an overall reduction in resources—we would include in that the ending of programmes such as the European structural fund, which have had a key role in promoting equalities—our concern would be to ensure that the Finance Committee and other policy committees undertook close scrutiny of where equalities measures were being squeezed. That is a key role for this committee and others. If equalities issues are marginalised in resource and policy terms, will they suffer the first cuts in finance spends? If they are not rendered visible—this returns to my earlier point on transparency—will they be squeezed in the core budgets of, for example, Scottish Enterprise, Communities Scotland or the health authorities?

The Finance Committee and others have the opportunity to examine the interplay between, first, the forthcoming gender duty and the equality impact assessment that it will require and, secondly, how public authorities set out their budgets. That perhaps takes us into the terrain of the Howat review, the performance of public authorities and how the Executive has allocated resources to address or target its priorities. Our concern is how, if there has been no gender analysis to date, the review's findings on outcomes will contain gender analysis. A key task for the committee will be to ensure gender disaggregation in the data and the interrogation of the findings.

**Ms Alexander:** If we are trying to get greater transparency, gender analysis and disaggregation of data and, perhaps most crucial, to encourage ownership of the agenda at policy level in the Executive, I have one suggestion that our committee might think about for our budget submission.

We had a long discussion last week on the targets. I will not bore the witnesses with the details, but suffice to say that of the 116 targets, a number have been dropped and a number are policy related, but there are still 59 quantitative targets. Given that some interesting work has been done in at least two areas, we could recommend to the Executive that each department—about 10 in total—chooses one quantitative target, conducts gender-disaggregated analysis on it, and then makes recommendations to the spending review based on that. If there are 59 targets and 10 departments, that means that we would hit about 20 per cent of the budget, which is vastly more than two pilots but still manageable.

Some departments will be more ambitious, and some will initially choose an area in which their gender record is great. For example, if I was in the Enterprise, Transport and Lifelong Learning Department, I probably would not choose modern apprenticeships first. In some ways, that would not matter, as we would be reaching across every department. We could ask each one to choose one of the 59 quantitative targets, conduct gender analysis on it, and then tell us what they are going to do in the spending review based on that.

We could think about that for our recommendations to the Executive. We could invite the departments to do that and see where we are in a year's time. I suppose that my question is whether that approach would be helpful. It is the art of what it is possible to ask for that gets the allies on the Executive side—and there are many—to feel a sense of ownership and to feel that they have a right to pursue the matter.

**Dr McKay:** That is an excellent suggestion, and I wish you luck with it.

Taking that point on board, I will return to Mark Ballard's earlier question and try to answer it a bit better from my perspective. All the data for the sport pilot were there to allow the gender analysis. To take the pilots forward a step, our final report recommended that sportscotland, which was delivering the active schools co-ordinator service, should take the data that had been available to it for the past five years and which had been gender disaggregated since the introduction of the active schools co-ordinators, and should perform a gender analysis of those data to find out who was benefiting from the spend on the active schools

programme and how many young boys and girls were coming through the programme.

Sportscotland stalled that process for its own political agenda, I think, for fear of criticism or whatever—I do not know. We were unable to take the process forward. The information that we asked for is exactly the kind of thing that Wendy Alexander suggested. We are disappointed that what has been learned from the pilots is not in the public domain. Such incremental information would inform the committee's scrutiny of the budget process, but there is no willingness on the part of the Executive to influence the bodies to which it gives the money to conduct the analysis.

**Mr McAveety:** I am interested in your latter point. Over what period of time was the pilot undertaken?

**Dr McKay:** It ran for just over a year, between September 2004 and September 2005. The final report was submitted in March 2006.

**Mr McAveety:** That is helpful—it confirms that I wisnae there at the time. [*Laughter.*]

Three issues arise from your explanation of the difficulty of tracking things. Were you engaging in or encouraging the process? How does it get through the system at senior Executive or ministerial level? As former Minister for Tourism, Culture and Sport—I am sure that this is also true of Patricia Ferguson, the current minister—my inclination would have been to address the resources that were allocated under the active schools programme. It is about groups of people participating and about participation levels in certain social classes not being great compared with previous years. How do we get into the process? Sportscotland is the agency that we are talking about, but it could be any other quango.

How do we raise the debate to a much higher level more quickly? One concern that people on a ministerial team might have is that, if funding is allocated into the closing the opportunity gap box, how many times can money be allowed out of there to influence other policy areas? No doubt the club golf initiative stemmed from the enthusiasm of a former First Minister—God bless him—but the essential point is that that came from an idea. However, the structure and the need to address the question of participation across the genders were probably never considered as part of that concept. If a policy is inherited and a lot of resources are allocated to it, how do we deal with that?

That was just a wee snapshot; there are probably 10 or 12 other things that could be mentioned. Wendy Alexander's point about trying to get a sample across a range is perfectly right. In trying to influence the debate, that would be more effective and helpful than running one or two

isolated pilots; I mean that with no disrespect. I do not think that there is anybody at senior level in any of the major parties who is considering where they will be next year and who does not want to address the policy issues. I include the Greens in that, by the way, as they are good pals of mine.

11:30

**Dr McKay:** That was a crucial question. Rather, there were two questions: how do we get funding out of the closing the opportunity gap box and how do we get matters taken up to a senior Executive level? Wendy Alexander made a suggestion about each department taking a quantitative target; I would guess that each quantitative target that was selected would cover a minute area of spend and that that would be safe. That is one of the reasons why the pilots were a bit delayed in starting.

The Scottish women's budget group has been working with the Scottish Executive through the equality-proofing budgets and policy advisory group, as it is now called, for six years. We have been talking about pilots for six years, but we still do not have the output from the pilots.

When the pilots were first mooted, there were specific areas that we thought that we would look at, such as women in the labour market and hard-core economic stuff about Scottish overall economic performance. The Executive, however, chose a smoking cessation programme that it wanted to pilot. We were very disappointed that that was the selected programme. It was an area of minuscule spend, but the suggestion was that that was the only area in which the Executive had gender-disaggregated data, because the Health Department was good at collecting the data. As we began the process, we quickly found out that the Health Department did not have gender-disaggregated data so we do not know why that area was chosen. However, we turned that around and linked the issue to sport because we knew from our experience that there would be obvious gender differences, and young people's health in Scotland is a major economic issue.

I do not know whether that addresses your point, but to get the issue to a senior Executive ministerial level and bring it out of the closing the opportunity gap box, it is necessary to start talking about economic performance and the impact that inequalities are having on overall economic performance, specifically for young people in Scotland. That brings us back to modern apprenticeships. The idea of the committee asking each department to set a quantitative target is excellent, but you would want to monitor which quantitative targets were selected to ensure that it became a senior Executive issue and a hard-core economics issue.

**Mr McAveety:** It would be helpful if you could reflect on the areas that you think the committee would want to look at and what quantitative target areas you think that you would get the most benefit from or in which you think that the best work could be found to influence policy.

**Mr Swinney:** My question follows on from Frank McAveety's point about the compartmentalisation of issues and the closing the opportunity gap box, as he characterised it. To what extent do mechanisms exist to deal with some of the issues in a mainstream way? What is the nature of your engagement with the Executive to identify ways in which the issues that you raise can be looked at broadly rather than in a compartmentalised way?

**Dr McKay:** Can we write a thesis on that?

**Mr Swinney:** It is a thesis-style question.

**Dr McKay:** I want to make three points, speaking with my Scottish women's budget group hat on.

Engagement with the equality unit has been crucial from the outset, but there is a danger: are we equality mainstreaming or are we mainstreaming equality? In other words, are we just bringing gender in and adding it to the existing mainstream processes—ergo not changing any of the cultural, social or economic issues that impact on inequalities—or are we changing the mainstream to incorporate equality? We have an equality unit in the Executive, which leads to a tendency for other portfolio departments or sectoral areas to identify equality as the equality unit's agenda, but that is a danger. We have been working closely with the equality unit, but its existence lets other people wash their hands of the issue.

**Mr Swinney:** You have made the point effectively that there is concern about equalities being compartmentalised away over in the corner with the equality unit. Is that your perception of what happens?

**Dr McKay:** Yes, and that should be addressed through gender budgeting, not through gender mainstreaming. Gender budgeting must be a key feature of the progress towards gender mainstreaming. We are nowhere near gender mainstreaming yet, but we could be closer to it if we get this right. That involves working with the Finance and Central Services Department, not the equality unit. It involves focusing on the budget and it involves the Finance Committee taking that work forward. That is key in the process. We are talking not about a social justice equality agenda, but about overall economic performance and the way in which we allocate and distribute our resources. Yes, the Equal Opportunities Committee has a role to play in that, perhaps in collaboration with the Finance Committee, but

international experience of taking this agenda forward shows that it is finance departments, treasuries and exchequers that are crucial in engaging with the process. That is the first point.

Secondly, for the past six years the Scottish women's budget group has tried to make the link by working on the equality proofing budget and policy advisory group with representatives from the Finance and Central Services Department and the equality unit. Again, it is a slow process, but incremental change has occurred and I would like to think that we have made some significant developments.

Thirdly, the role of the Scottish Parliament's committees in taking forward the gender budgeting agenda and scrutinising the budget is crucial. The committees are a key mechanism. In the international literature on case studies on gender budgeting in different countries, the Scottish experience is often reported in terms of the parliamentary committees providing key access points for gender budgeting.

**Mr Swinney:** I have a brief follow-up point. We considered earlier the Government's response to our cross-cutting inquiry on spending on deprivation. We have also considered in the past cross-cutting spending on economic development. One theme that emerges from that is the difficulty in establishing how much cross-cutting progress is being made, whether on economic development, deprivation or gender proofing. I have the sense that judging whether we are making little, partial or significant progress is difficult because the Executive's mechanisms for measuring progress are so difficult to nail down. Can you suggest approaches to improving the situation for the issues that concern you?

**Angela O'Hagan:** I will pick up where Ailsa McKay left off, which was on parliamentary engagement. The Scottish women's budget group comprises 25 women and a smaller core. For most of us, it is not our day job, so our resources are stretched. In our engagement with the budget process, we tend to focus on big chunks of it and stick closely to that. Through formal and informal channels we also work with parliamentary committees, principally the Finance Committee and the Equal Opportunities Committee.

A point that we have consistently made to the committees—it was made earlier—is the potential for greater scrutiny by the Finance Committee and other committees, and for greater direction from the Finance Committee and the Equal Opportunities Committee to the policy committees to help them focus, as far as possible, on a gender analysis in their own budget scrutiny, which requires building effective capacity across the committees and the Executive.

One of our concerns is that the opportunity is being lost to take what is learned from the pilots and use it to build skills and confidence in Executive officials. The next thing that will be upon them is equality impact assessments. We recognise the pressures on officials, but a range of tools is available to them, which we helped to develop. However, folk are not getting a fair run at them to try to up their game and improve quality.

Equality audits have been spoken about often in the past, but they are still valid. At the outset of the policy-setting process, it should be asked what the objectives are and how the policy measures address cross-cutting concerns about gender equality in economic development, health or other policy contexts. Having identified the need, the question is how the policy will address it and what tools will be used to help the gender budget analysis process to deliver. That is the approach that we want in the Executive.

Parliamentary committees have a wider role in taking the issues out to a wider public. We spend a great deal of time developing our expertise on the issues, so it is fair to say that we know what the challenges are. Gender budget analysis is not immediately easy to get your head round, but the Parliament and the Executive have introduced many mechanisms to do with increased community participation, community consultation, community planning, community care partnerships, the carers agenda and other areas.

We suggested to the Equal Opportunities Committee—we would like this committee to consider it as well—that there should be a people's guide to the budget that would make the budget-setting process and the links between policy and resource allocation much more transparent. Other channels exist, and we would like you to consider pursuing other lines of scrutiny.

**Rona Fitzgerald:** Asking how we can measure success is a big question. If we do not have disaggregated analysis at the start—if we do not have evidence of the different impacts on men and women—it will be difficult to see whether there are different end results for men and women in terms of economic development, job creation, income and so on.

Part of the difficulty lies with how we conceptualise some of those issues. Policy makers in government can perceive women as a problem group, so gender equality is always about women and not about men and women. In the political process, the policy process and the economic process, women are seen as an extra system demand. If you view the issue that way, you will never integrate it or mainstream it in your thinking.

As Ailsa McKay suggested, we have to shift towards thinking about the contribution that men and women make to economic development. Policy objectives and the resource allocation process have to be informed by such considerations. Because the budget remains very gender neutral, we have no way of making assessments. The budget is often considered in terms of outputs or targets. Those may show a quantitative change but may not—as Angela O'Hagan has pointed out—represent a qualitative change.

An important lever that parliamentary committees will now have when scrutinising the budget is the gender equality duty, which will require gender disaggregation to be part of policy making. It will also require public bodies to have clear objectives. In their gender equality schemes, they will have to have a reasonable and prioritised set of targets. The committees' lever will help to make the link between policy objectives and the allocation of resources transparent.

We will have to get better at measuring gender equality. Trial and error will be involved, but we will have to ask, "How can we do this better? What indicators will represent progress?" We will have to consider the economy but also people's well-being and all the other critical indicators.

The Australians have something that I think they call social capital indicator reporting. They try to achieve much more disaggregation in determining what is happening to men and women in relation to income, position in the labour market, skills and capabilities, and they have a number of qualitative as well as quantitative indicators.

Angela O'Hagan spoke about an equality audit. Considerations about where to start are complex, but perhaps an audit would be a good place to start, as it would give a baseline from which bodies could measure progress. That brings me back to the issue of data. Often, measurements are not built in from the start, so at the end of the process it can be hard, even if there has been economic growth and an increase in jobs, to see where the jobs are and who is taking them up.

11:45

**Mark Ballard:** I want to follow up briefly on a couple of points that Dr McKay made on the international experience. Do you rate the Scottish Government on its gender analysis practices in comparison with other Governments? Going beyond the examples that you have given thus far, are there other better examples from which we could learn and ideas that would be of direct use to us that we could import from other countries?

**Dr McKay:** Yes and no, and yes again. I am involved in international work partly through the

Scottish women's budget group but mostly through my association with an organisation called the International Association for Feminist Economics. There are not that many feminist economists; there is one Scottish member. Gender budgeting is a big issue, not only because of the social justice or equality agenda but because it seeks to bring economic policy into the mainstream by talking about it in a more participative and democratic way.

Gender budgeting is gaining momentum in the international context. The Scottish experience is always hailed as an excellent case study not of fundamental shifts in policy but of the budget process. We cannot hold up Executive changes in a spending area having led to a positive impact on women, but we can say that progress has been made in the budget process. We can refer to the better reporting of equality issues in the budget documents; the establishment of the equality proofing budget and policy advisory group; and the way in which we work closely with committees of the Parliament. For example, the invitation to give evidence to the Finance Committee as part of its budget scrutiny represents progress. In the first three or four years of working with the Parliament and the Executive, we saw significant progress on the budget process, but that progress has come to a halt. John Swinney also raised the point about how to measure progress.

In answer to the first part of the question, my answer is yes but no. It is yes because the Scottish Executive is making significant progress in taking forward this agenda, but it is no because, for some reason, that progress has come to a halt. Having a group such as the equality proofing budget and policy advisory group is one way of a Government being able to say, "We are doing something," when, in effect, it is no longer doing anything. The Scottish women's budget group needs to enlist the help of the Finance Committee in our work on taking forward the equality agenda and determining the barriers to progress.

I return to the question of the international agenda, which is a major lever. Scotland was once hailed as a wonderful case study. If it is to be so again, the Executive needs to get the agenda moving once more. It is always good for Scotland to be talked about in front of an international audience.

In the past, we have always resisted requests to look at good case studies from other countries. Scotland's social, political and economic environment is completely different to the environment anywhere else, so we consider it folly to lift good practice from elsewhere and try to impose it on Scotland. A better approach is to home grow the way in which we do things. I return to Wendy Alexander's point on how to get the

Scottish Executive to take ownership of the agenda. We could use what is happening at the international level in terms of structural funds and the international financial climate as levers to get the Executive to take on the agenda.

I return to John Swinney's point about economic growth. In an earlier contribution, Angela O'Hagan alluded to the fact that, as we approach the spending review, there may be an absolute or relative reduction in expenditure. That may not be the case, but the spending review will be couched in terms of a slowdown in economic growth. If such a slowdown translates to a reduction in public expenditure, women will be affected disproportionately to men. All the literature tells us that, as public sector services and resources are increasingly taken on board by the private sector, women in the domestic economy—the hidden economy—as the main users of those services are affected disproportionately.

Wendy Alexander's suggestion about qualitative analysis of quantitative indicators would be good in the context of the scrutiny of year-on-year progress in the draft budget documents. However, in the context of the spending review, the bigger questions are, what do we mean by economic growth, how do we measure it in Scotland and what qualitative indicators should we take into account in addition to quantitative indicators of economic growth? That would represent a gender analysis and would generate engagement with the scrutiny process in spending review years as well as input in non-spending review years.

**Dr Murray:** How would the budget documents look if they contained information that enabled progress—or the lack of it—to be monitored? The witnesses referred to the current targets. The committee takes some responsibility for the fact that there are fewer targets, because we criticised the Executive for having far too many.

Documents contain budgetary information to level 3, but perhaps some of the information that is needed is not visible at level 3. However, if further levels of information were provided, the budget documents would be massive and inaccessible and it would be difficult for anybody to track the information that they seek. Should the documents include a section that reanalyses budgetary data and presents outputs in a different way? What kind of documents would you like to see? How could they provide information that would enable you to be confident about whether progress was being made on gender impact assessment?

**Dr McKay:** Such information would make the budget documents unworkable and including it would be a massive task—that is not our task. Gender budgeting does not stop with the Executive and the annual budget documents; it must be rolled out to spending agencies and their

budget documents. We have to start somewhere and as an initial step we would like equality to be mainstreamed effectively, rather than being simply added on to budgets. I no longer like the word “mainstreamed”, which has been abused in recent years. However, the way in which equality is presented in budgets indicates that mainstreaming is an afterthought. The equality agenda should be core to the spending allocations in the budget documents.

**Dr Murray:** How would the information be presented? We have talked about a people's guide to the budget. What sort of information should be included if members of the public who are interested in equality issues are to be able to ascertain whether proper funding and consideration are being given to such issues? It is important that we make recommendations to the Executive on how the budget's presentation as well as its content can be improved.

**The Convener:** For example, the committee suggested that the Executive pull different portfolios' equality spend out of the budget lines, which would at least make the process more transparent. Do you have a positive or negative view of such an approach? Would you prefer an alternative approach?

**Rona Fitzgerald:** It would be helpful if the Executive said in its introduction to the budget that achieving equality in Scotland is a key policy objective for which there are targets. The Executive could acknowledge that there are inequalities, that gender and race affect people's opportunities, and say, “We are sure that we have built into our processes analyses that will lead to the achievement of our targets and objectives for the economy.” The information would not have to be hugely detailed, because we would be confident that the analysis was built in already.

A difficulty is that the policy and resource allocation processes need to be more connected, but that is not happening. Departments prepare portfolio chapters and make bids for financial resources in isolation. One way of improving that would be to have better co-ordination between officials, which was one of the lessons in the report on the pilots. By that, I mean not just informal chats but a greater sense of the links.

As we said, we have concentrated a lot on processes. One process must be to produce better guidance on the production of the portfolio chapters and to improve the key guidance on the comprehensive spending review. In the past, people have said that that guidance deals with equality issues but, as Ailsa McKay said, they tend to be an add-on. We lack integration in the way in which people do their business and look at the equality dimension which, as I said, is still seen as an extra system demand.

We do not envisage a bigger budget document. We know that a lot of work has been done in the past few years to improve the presentation. We should record that the document has improved, which we welcome, and that a lot of exchange has taken place on how to do it better. However, the Executive needs to improve its presentation of how it reaches the budget. That information could be contained in the introduction and integrated throughout the portfolio chapters.

The separation of equality targets and spend may be important as part of a transition phase. It would be useful to identify that we are trying to link policy objectives and resource allocation. That would make departments consider whether they really know what they get for their expenditure, which is a huge issue generally in Government policy, even at United Kingdom level. Several years ago, when I was with the University of Strathclyde, we reviewed regional selective assistance for the Department of Trade and Industry to examine how effective it was in achieving its objectives—that was the first review of the scheme in 10 years.

We do not want a bigger document; we want a document that better integrates equality issues in the introduction and portfolio chapters. That can be done succinctly, but the matter rests on an early analysis that informs the objectives and resource allocation. With such an analysis, the targets would be a bit more meaningful, because they would have been thought through. That is probably not a helpful short answer, but that is part of the dilemma of focusing on the budget. The process lessons are important. The guidance on the comprehensive spending review must integrate equality issues because, ultimately, that is what will make a difference in the presentation of the portfolio chapters.

**Angela O'Hagan:** I want to return to points that Des McNulty and Elaine Murray made. In doing so, I will echo some of Ailsa McKay's comments. The point that we are trying to get at is about mainstreaming plus. Mainstreaming has been misunderstood, misused and misapplied in many instances, not only in this country but in many others. The international experience is that the same issues arise as a result of the frequent application—or misapplication—of mainstreaming as a smokescreen behind which there is a lack of responsibility, which is shared happily among public authorities. We need mainstreaming plus, which means mainstreaming equality considerations—we are concerned with gender equality—into the policy process. Policy decisions, political priorities and policy objectives should be set against a consideration of the inequalities and on-going aspects of discrimination that the policies seek to address, and of the resources that can and should be allocated to remedy or address

them. That would require measures such as positive action projects or single-sex initiatives. That is what the plus part of mainstreaming plus means.

On the budget presentation, we argue that the approach must be both integral and specific. We do not want to do away with the equality statements; instead, we want to ensure that their content is reflected truly in the overall policy approach. We do not want the add-women-and-stir approach to policy mainstreaming; we want a return to the approach that I was told to take at school of showing the workings in the margins.

In terms of presentation, there should be case studies or worked examples of priority areas across spending departments, to follow the flow of Government statements, the principal policy platforms and the programmes that follow from them. Arthur Midwinter has made clear the importance of reflecting spending at policy and programme level and how one follows the other to try to achieve the policy objectives.

12:00

An important omission is consistency across departments. In previous budgets and budget reports, we have seen lots of inconsistencies in how departments report their equality statements, which has rendered a lot of the work that they are doing invisible. They have also rendered the service users and beneficiaries—or victims, in the case of the criminal justice system—invisible. A couple of years ago, when we were reviewing the budget, it appeared that spending to address gender inequality was contained within closing the opportunity gap and that women were neither users of nor engaged in any way with the criminal justice system, because they did not appear under that budget heading. It would be helpful if such inconsistencies were addressed.

There may be opportunities to produce separate fact sheets on a portfolio basis in key policy areas, such as economic development. The other thing to do is to look at what happens outwith the Executive, in agencies that spend Executive money. Scottish Enterprise, Communities Scotland and the health authorities immediately come to mind. There is an opportunity for the committee and the Executive to provide direction to those agencies on how they report, so that we do not rely solely on the budget document containing all the information but instead can see where responsibility lies for executing the direction and the policy priorities of the Executive in addressing inequality. There is an opportunity to have separate reports or to include that information in the annual reports of those agencies, which to date have been almost entirely remiss.

**Jim Mather:** Let us return to the measures. What would be the measures of success five or 10 years out that would allow us to say that we have achieved gender equality because the measures are in place, are showing acceptable results and are a big improvement on where we were?

**Dr McKay:** I will have a go at answering that. In our written submission, we allude to inconsistency in progress. The modern apprenticeship programme is promoting equality by encouraging underrepresented groups to enter it. That is contributing to addressing the gender pay gap, but at the same time we are spending money in other ways on trying to reduce the gender pay gap. Going back to John Swinney's point about the difficulty of performing a cross-cutting analysis and looking at the measures, we would like to see some consistency. Obviously, in terms of economic performance, we would like women's position in the labour market to improve—a gender pay gap is unacceptable.

**Jim Mather:** So you would like us to have nationally, locally and departmentally a clearer indication of the number of women who are economically active, a clearer indication of a closing payroll gap and a larger number of new business start-ups that are run and owned by women. Those are the sort of indicators that you want to see.

**Dr McKay:** Remember that we are talking about gender, not just about women. We will never close the gender pay gap if all that we do is encourage women into traditional industries. We have to encourage men to take up non-traditional occupations as well, in order to push the wages up in those areas. We should not focus exclusively on women, although we know that women are disproportionately disadvantaged in a modern capitalist economy.

**Jim Mather:** We need to achieve a better blend.

**Dr McKay:** On measuring progress and how that can be presented in the budget documents, we need to be clear that we have made some progress. I return to what my colleague and I have referred to as the shopping list analogy—it is Angela O'Hagan's workings in the margin. As I said in response to Mark Ballard's question, the Scottish Executive has been good—we have some great on-going policies and strategic initiatives. That is the shopping list. We have a great list of what we want to achieve.

When we want to monitor progress in achieving what we want to achieve, we consider where spend is allocated in the budget. Sport is one area in which we move beyond the shopping list and commit spend in order to deliver objectives, which include encouraging more women into sport. We then do the shopping and spend the money on the

club golf initiative and the women in football initiative. That is the point at which the shopping list analogy is useful, because gender analysis has failed there. Who will deliver the goods? Will the wrong people, who do not understand what is needed, go out to do the shopping? Perhaps women do not want to participate in sport. They may not want to play golf or football. Alternatively, they may want to do so, but why are they not doing so in the first place? We have evidence that indicates that golf and football are not sports in which women predominantly participate, but the evidence has not been used to go out and do the shopping.

We would like the good work that has already been done in monitoring progress to be followed through to the budget, which is why we emphasise the budget's role. The issues are where the money is allocated, who will deliver the services and whether they will deliver the right services to the right people.

**Jim Mather:** Essentially, you are looking to flag up success stories so that they can be emulated elsewhere, but you said earlier that Scotland is different from elsewhere and that it is probably best for us to home grow the way in which we do things. You seemed to be a little dismissive of what we might learn from elsewhere, although there are benchmarks, case studies, inputs that could be considered and even endorsements of things that have worked elsewhere. For example, the Norwegians now insist that females make up 40 per cent of plc boards.

**Dr McKay:** I did not mean to be dismissive about what is happening elsewhere—I am sorry. The Scottish women's budget group has learned a lot about processes from international experience, but we cannot say that we want to have the same sport or child care policies that Sweden has. Such an approach will not work. We must consider our evidence base and ask why women in Scotland do not participate in sport. Perhaps women do not do so here for reasons that are different from the reasons why women do not do so in Spain. We must gather our own evidence base for policy issues and ensure that we use it.

**Jim Mather:** Your most powerful argument is that part of the reason for our economic underperformance is that we have not got such things right to date. Putting in place processes through which we will constantly try to improve things at the local government level, portfolio level or wherever would therefore be the best way forward. Perhaps people have to be given freedom to improve things, and their performance could then be compared.

**Dr McKay:** I am an economist. We have said in the Equal Opportunities Committee that the issue that we are discussing is not simply a social justice

issue or about being nice to women in Scotland and promoting a women's agenda—it is about economics and using our resources more effectively. We have untapped potential as a result of inequalities—I am not talking about gender-based inequalities only, but about inequalities across a range of indicators. We must address those inequalities and start to talk about them in economic terms. We can address them through the budget, because resources are allocated and distributed through it.

**The Convener:** That is a good summary of your position on which to end the meeting. I thank Ailsa McKay, Angela O'Hagan and Rona Fitzgerald for coming to the meeting to give evidence.

As we have dealt with the final item on the agenda, I close the meeting.

*Meeting closed at 12:08.*

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