



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EQUAL OPPORTUNITIES COMMITTEE

Tuesday 7 December 2010

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Printed and published in Scotland on behalf of the Scottish Parliamentary Corporate Body by
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EQUAL OPPORTUNITIES COMMITTEE

23rd Meeting 2010, Session 3

CONVENER

Margaret Mitchell (Central Scotland) (Con)

DEPUTY CONVENER

*Marlyn Glen (North East Scotland) (Lab)

COMMITTEE MEMBERS

*Malcolm Chisholm (Edinburgh North and Leith) (Lab)

Jamie Hepburn (Central Scotland) (SNP)

Christina McKelvie (Central Scotland) (SNP)

Stuart McMillan (West of Scotland) (SNP)

Hugh O'Donnell (Central Scotland) (LD)

Elaine Smith (Coatbridge and Chryston) (Lab)

COMMITTEE SUBSTITUTES

Rhoda Grant (Highlands and Islands) (Lab)

Tricia Marwick (Central Fife) (SNP)

*Mary Scanlon (Highlands and Islands) (Con)

Margaret Smith (Edinburgh West) (LD)

*attended

THE FOLLOWING GAVE EVIDENCE:

John Swinney (Cabinet Secretary for Finance and Sustainable Growth)

CLERK TO THE COMMITTEE

David McLaren

LOCATION

Committee Room 6

Scottish Parliament

Equal Opportunities Committee

Tuesday 7 December 2010

[The Deputy Convener *opened the meeting at 10:06*]

Interests

The Deputy Convener (Marlyn Glen): Welcome to the 23rd meeting in 2010 of the Equal Opportunities Committee. I remind all those present, including members, that mobile phones and BlackBerrys should be switched off completely, as they interfere with the sound system even when they are switched to silent.

I start off with rather a long list of apologies and a special welcome to those who have made it here today. We have received apologies from Margaret Mitchell, Hugh O'Donnell, Elaine Smith, Jamie Hepburn, Stuart McMillan and Christina McKelvie.

I welcome Mary Scanlon, who is here as a substitute for Margaret Mitchell, and invite her to declare any relevant interests.

Mary Scanlon (Highlands and Islands) (Con): I have no interests to declare.

Decision on Taking Business in Private

10:07

The Deputy Convener: Under our next item of business, I ask members whether we agree to take in private at future meetings our consideration of our draft report on the Scottish Government's budget. Do we agree to do so?

Members *indicated agreement.*

Draft Budget Scrutiny 2011-12

10:07

The Deputy Convener: With us for our main item of business we have John Swinney, the Cabinet Secretary for Finance and Sustainable Growth; Yvonne Strachan, the head of the equality unit at the Scottish Government; and Dr Nuala Gormley, a senior principal research officer in the Scottish Government.

I invite the cabinet secretary to make an opening statement.

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): I am pleased to appear before the committee to give evidence on the Government's draft budget for 2011-12 and the approach that we have taken to incorporating equality considerations within the budget process; I know that that issue is of enormous significance to members of the committee.

As the committee is aware, we have been addressing a significant reduction in public expenditure arising out of the comprehensive spending review, and the budget for 2011-12 has had to address a reduction in our funding from the current financial year of £1.3 billion, which presents us with difficult choices to make.

We have made it a priority in our budget to focus on protecting front-line services and families and communities, supporting economic recovery and addressing climate change. We have sought to take measures that preserve employment, particularly in the public sector, where we know that women predominate and where the services that are provided are of key importance to equality groups.

Equality considerations have underpinned the development of the draft budget, and we have described this in more detail in our equality statement on the budget.

In our work around the budget, we have taken on board the comments and criticisms that were made by the committee last year and have drawn on the work that the committee has undertaken as part of the pre-budget scrutiny. We have benefited immensely from the advice of the equality and budget advisory group—EBAG—and the Scottish women's budget group, with whom we have maintained a regular dialogue.

As the committee will recall, we gave a strong commitment last year to seek a report from EBAG to support our preparations for the budget and the spending review. I was pleased to receive that report in July and to have had the opportunity to discuss its findings and conclusions at a meeting

with EBAG in August. That helped to inform our approach to the draft budget.

The committee will see, from the draft budget document and the equality statement, that equality has been an integral part of the process from the outset and has been considered by every ministerial portfolio. A significant amount of work was undertaken across the Government by policy officers and analysts in preparation for the budget, and research and analysis were undertaken to support the process. Of course, as this is a draft budget, our consideration of equality is still part of an on-going process. We expect to be involved in further analysis and assessment around the resulting policies and to consider continuing issues of mitigation and monitoring.

In the period ahead, we will consider the shape of public services. I have established the Christie commission to examine that in detail. I am delighted that Kaliani Lyle, the commissioner in Scotland for the Equality and Human Rights Commission, will serve on the Christie commission. The considerations of the Christie commission and the broader discussions that are continuing around public service redesign will be of particular relevance to our work on equality. Our public sector partners are responsible for determining how best to consider the equality impacts of their decisions. Increasingly, however, we will need to consider taking a partnership approach to assessing the equality impacts of policies and services that have been developed more collaboratively. Sharing intelligence and developing capacity for cross-sectoral working and equality analysis will help us to provide better for the needs of our diverse communities in this new environment.

I am pleased that we have made so much progress in incorporating equality issues into the budget process this year. That has never been more important, as we face unprecedented reductions in public spending and as our families and communities face real challenges. The consideration that has been given to equality throughout the process has helped to shape the budget. Nevertheless, I know that we have more to do and I assure the committee that we will continue to seek to improve this area of activity. I look forward to working with EBAG during this year as we prepare for the next budget and spending review. I also look forward to the committee's input and suggestions today as part of the continuing process.

The Deputy Convener: Thanks for that quite detailed statement. We have questions that will cover some of the issues that you have raised.

The committee very much welcomes the Scottish Government's explicit commitment to promoting a more equality-aware approach to the

budget, as evidenced by the publication of the equality statement. So far in our scrutiny activity, the committee has heard from relevant witnesses how the statement is a clear indication of positive progress in this area. Indeed, the committee notes with interest that, with respect to the Scottish Government's Administration portfolio, the equality statement says:

"The Scottish Government continues to promote equality and remains committed to becoming an exemplar in the field of diversity and equality."

We very much welcome that. The committee also heard, in evidence from the Society of Local Authority Chief Executives and Senior Managers, that local authorities, in particular, welcome the leadership role that has so far been evidenced by the Scottish Government's activities with respect to equalities and the budget.

What measures will the Scottish Government put in place to ensure that its delivery partners—local authorities, Scottish Enterprise, health boards, et cetera—share its aspirations and are effectively delivering on equality? Specifically, how will the Scottish Government ensure that policy decisions that are made by its delivery partners are equality impact assessed?

John Swinney: I welcome your introductory remarks, convener. Although I welcome what the committee has said about the Government's activities, much of what the Government has undertaken has been encouraged and motivated by the work of the committee. The equality statement is a good example of the Government clearly learning lessons from emerging parliamentary thinking about how we can improve our processes as time goes on. There is a real benefit in that respect.

My answer to your substantive question is twofold. First, the Government will exercise leadership on the issue. That is why we have put more effort and focus into the delivery of an equalities focus within the budget process than has been the case in the past. We will seek to encourage that focus within the wider public sector. That is an example of the Government leading by example.

10:15

The second part of my answer relates to a point that Mr Chisholm and I discussed at last week's Finance Committee meeting. Some public bodies, particularly local authorities, are self-governing organisations and are responsible for their own decisions; however, although I cannot direct local authorities to undertake the type of work that the convener is asking for, I can encourage and motivate them by setting an example in the Government's own thinking.

Of course, we are able to direct other organisations closer to home to ensure that they are fulfilling their responsibilities to the equalities agenda and I assure the committee that the Government intends to take that very approach.

The Deputy Convener: So you will direct wherever you can. That is very helpful.

Have any spending proposals in the budget been equality impact assessed as having a negative impact on certain groups?

John Swinney: I do not want to single out any specific proposal, but I acknowledge that in seeking to address a budget reduction of such a scale—£1.3 billion in cash terms in one year—we face the challenge of ensuring that we do not have a negative impact on equalities and, indeed, that we test our policy interventions to avoid or mitigate any such impact. I cannot in all honesty say that we have protected every element of equalities—it would be impossible for me to give the committee an absolutely clear assurance in that respect—but I am, of course, only too happy to interact with the committee on concerns that it might have about certain Government decisions.

With regard to pay policy, for example, I could see that the committee might have concerns about the equalities impact on, say, an employee earning £21,100 and another earning £20,980. Although not an awful lot of money separates those two salaries, our pay policy treats those individuals differently. I accept that, in that respect, there are certain vulnerabilities in the way in which we deal with people but I point out that our policy also tries to focus on ensuring that the needs of low-paid individuals are given particular attention in a very challenging financial climate. Obviously a greater proportion of the employees in that low-paid grouping are women and, as we all know, there are significant issues about relative remuneration and equal pay between men and women.

I can certainly see how, with regard to pay, the inevitably crude £21,000 demarcation will throw up equalities issues. There are implications in all of that, but I encourage the committee to consider what is being done in the round to ensure that there is no negative impact on equalities as a consequence.

The Deputy Convener: We are always looking for hard evidence to demonstrate that equalities issues have been considered from the beginning, although I accept what you have said about pay.

Are there any relative winners or losers in the budget?

John Swinney: Before I answer that question, I want to comment on your point about process. To an extent, this might answer your previous

question. We did not get to the end of the budget process and say, “Right. What about equalities?” As we have formulated the budget, we have tested equalities issues at policy level and portfolio level. Inevitably, we will have considered some options and decided that the equalities impact of those initiatives would be negative and difficult to justify, and that therefore we will not do them.

The Deputy Convener: That is the kind of evidence that we would like.

John Swinney: Those initiatives will not show up in the budget document, because we decided not to do them. I assure the committee that we have gone through that process of testing options. It is terribly easy to consider a list of costs for services or programmes and say, “Well, we could save £X million if we did not do that programme.” However, the consequences of some measures are such that we would not take that step.

The issue of winners and losers has been a feature of many of my discussions about the composition of the budget and the challenges that we face. One of the areas in which we have taken a stance that I suppose you could call looking towards the position of winners is the protection of public sector employment. Although the health budget is rising in real terms in line with the Barnett consequential, the local government budget is not reducing by as much. We have taken steps to protect, as far as possible, employment in those two areas, which are the largest in the public sector. Also, in other steps that we have taken regarding pay policy and our approach on compulsory redundancies, we have tried to act in a fashion that protects public sector employment. The greater priority that we have given to that is reflected in our decisions.

The Deputy Convener: I appreciate the detail of that answer.

You have mentioned a couple of things, but what steps is the Scottish Government requiring of its delivery partners to ensure that any adverse impact associated with the current round of spending cuts is mitigated? Are there any specific examples?

John Swinney: Subject to the caveat that I mentioned a moment ago, ministers are in a different position vis-à-vis local authorities than we are with bodies that we direct. We have structured our priorities around the concept of promoting economic recovery and opportunity, protecting front-line services and developing action on climate change. Those three themes of the budget are designed to ensure that we give sufficient guidance to public authorities about what we expect of them in the choices that they make.

We have also taken decisions about particular programmes. For example, there has been a lot of

concern that we would not continue funding the climate challenge fund, which is a successful, community-based programme designed to encourage participation and involvement of communities and groups in tackling climate change.

I see in all that a great deal of substance around the inclusion of individuals and different perspectives. The fact that we have not only maintained but increased that funding in the budget is an indication of how we have taken decisions that have enabled us to protect public services and encourage the way in which they respond to the need for all our delivery partners to operate in a fashion that is consistent with the message that I have set out to the committee.

The Deputy Convener: Thank you. I welcome Ailsa McKay, our adviser, who has joined us.

Malcolm Chisholm (Edinburgh North and Leith) (Lab): The committee heard in oral evidence from Audit Scotland that

“we are working with a best-value framework that has been around for some time, and the new equality duties are fresh. That has moved the debate about the framework’s scope and what is expected of public bodies on a bit.”—*[Official Report, Equal Opportunities Committee, 30 November 2010; c 2221.]*

Can the cabinet secretary confirm that the best-value framework will be refreshed to bring it into line with the new equality duties that have been introduced by the United Kingdom Equality Act 2010, so that more effective equality analysis of spending decisions can be achieved across the public sector? If so, how and when will that be done?

John Swinney: Essentially, much of that activity is concentrated on best value 2, which is now the focus of the Accounts Commission’s activities. The commission has shaped the best value 2 proposals on equality in light of our consultation and engagement with the Equality and Human Rights Commission. The Accounts Commission published findings from its best value 2 pathfinder audits earlier this year. Five audits were undertaken, in each of which the question was posed what progress the council had made in promoting equalities, so the commission has incorporated into its process the need to address equalities issues.

The Accounts Commission has made it clear to the Government that it will continue to work with the Equality and Human Rights Commission to ensure that a co-ordinated approach is adopted to auditing equality. As an Administration, we have tried to gather together as much audit and scrutiny activity as possible in a single process. From his experience, Mr Chisholm is probably familiar with how critical public authorities, particularly local

authorities, are of having the Social Work Inspection Agency in one week, Her Majesty’s Inspectorate of Education the next and the Accounts Commission the week after that. We are trying to gather that work together to ensure that we have an integrated process of scrutiny and audit. The best value 2 process is a key part of ensuring that that can happen. Ensuring that significant factors such as equalities issues can be considered in that context is a vital part of the process.

Malcolm Chisholm: Are you saying that best value 2 has already taken on board the new equality duties?

John Swinney: I would say that it takes account of equalities issues. Whether it takes account of all the equality duties under the new act is something that the Accounts Commission will continue to discuss with the Equality and Human Rights Commission to satisfy itself that that is the case. We would obviously desire to ensure that matters are addressed in that fashion. I would not want another channel of activity to be created for the scrutiny of equalities issues. It would be best for scrutiny of such issues to be incorporated into best value 2, which acts as a focal point of scrutiny of a local authority’s functions in a variety of areas. It strikes me that if we were to have a standalone equalities assessment, we would not be operating in the spirit of how we want to proceed with the scrutiny of local authority activity in the future.

10:30

Malcolm Chisholm: Since we are talking about the UK Equality Act 2010, perhaps I can take the opportunity to ask you about the socioeconomic duty, on which Alex Neil answered a question from me this week. He said—I think that I am summarising accurately—that the Scottish Government had written to the UK Government to urge it to introduce the duty.

I am not quite clear about that. Are you trying to achieve the impossible and get the UK Government to implement the duty on a UK basis, or are you saying that you want the Government to introduce it for Scotland only? Is that what would be required? Would the duty have to be introduced by the UK Government in order for it to happen, or is it possible that the Scottish Government could take unilateral action on it?

John Swinney: As Mr Chisholm will know, I am a great unilateralist on most questions. From the information that I have in front of me, the socioeconomic duty appears to be a provision that the UK Government would have to facilitate. I suspect that if it is specified in the 2010 act as a function that the UK Government should commence, or could commence if it wished to do

so, the Scottish Government would not have the legal competence to commence that duty if it wished to do so.

We are certainly writing to the UK Government to ask it to reconsider its decision. However, there may be other ways of making progress on the question without commencing the duty. We can perhaps take steps in that direction in our own policy activity without the formal status of a duty. For example, there are measures in our national performance framework, particularly on the solidarity questions with regard to increasing income and the proportion of income that is earned by the lowest-income households, that essentially structure some of our activity in that area without the need to commence the duty. I would not want to give the impression that because the duty has not been commenced, we cannot make progress on some of the issues that it covers.

Malcolm Chisholm: Is it your understanding that the UK Government could commence the duty for Scotland only? Is that in effect what you are trying to achieve? You will not get the Government to change its mind for the whole United Kingdom, so is that the Scottish Government's intention and objective?

John Swinney: We certainly want the duty to be applied in Scotland. My interpretation of the information that is in front of me suggests that we do not have the legislative competence to do that, but I cannot imagine that there is any impediment to the UK Government, if it has the power to enact those provisions, enacting them for Scotland alone. I suspect that I should probably draw the line at that. If I need to write to the committee with any clarification, I will do so.

Mary Scanlon: I have come along this morning at very short notice; I am here for my physical presence to make the committee quorate rather than for any cerebral ability or knowledge of equal opportunities, so I hope that you will be patient with me.

My question relates to equality impact assessments. I note that Audit Scotland has said that there is a lack of relevant data, and that

"there is still not an awful lot of evidence of the impact on service delivery and service redesign".—[*Official Report, Equal Opportunities Committee*, 30 November 2010; c 2214.]

That was also emphasised by the Equality and Human Rights Commission.

I am trying to understand how you publish a draft budget and make various decisions, and then suddenly you run it through the equality impact assessment proofing. I have also been a politician for a few years, and I want to ask you what really comes first. Something that may be perfectly

equality proofed may not be politically acceptable. Where do the data come from? How does the data analysis work? How can someone like me say, "Well, this is a perfect budget, and it is perfectly equality assessed?" How can we see through the process to ascertain that the data have been collected and analysed in a way that gives an assurance that the budget is equality proofed?

John Swinney: I certainly hope that Mary Scanlon takes the view that the budget is perfect. That would warm my heart, but I will have to wait a while to learn the answer to that question.

To answer Mary Scanlon's question, I return to my point about process. We do not design a budget then put it through the equalities assessment.

Mary Scanlon: I heard that.

John Swinney: On an on-going basis, we assess whether policies and programmes satisfy the Government's objectives and Parliament's requirements in terms of the equalities agenda. In that context, we go through what I suppose would be called in the jargon an iterative process, in which we consider options and proposals to see whether they pass the test. Ultimately, we have to step back from all the provisions, which is what the budget equality statement seeks to do in giving an overview of the budget's effect at both individual programme and portfolio level and accumulated level on some of the key groups that would be affected with regard to the equalities agenda.

Another element—I suppose that this is the nub of Mary Scanlon's question—is that a huge amount of detail and data, on all manner of questions, is gathered by Government. Our analyst, Dr Gormley, is one of our researchers in that area. They look at that material on an on-going basis, and all that analysis feeds into the advice that ministers receive. That work is not undertaken in isolation; individual pieces of advice that come to ministers on a range of issues are considered by our researchers and analysts to give us the best perspective on whether the proposal is affordable and sustainable, has a negative environmental impact, contributes to economic recovery, has a negative or positive effect on equalities questions, or has an impact on geographical diversity within the country—all those questions are asked.

When I receive advice from officials, and when Cabinet considers policy papers and proposals, we see proposals that have been tested against all those factors. A lot of the data that underpin the analysis are published data; the Government publishes a huge amount of data. I am not sure that we assemble and publish those data in as ready and connectable a fashion as to be able to say, "Here are some data, this is how they fit into

policy programmes and this is how they fit into equalities”, but all the different parts of that process are properly undertaken.

Mary Scanlon: But Audit Scotland said that there is not much

“evidence of the impact on service delivery and service redesign”—[*Official Report, Equal Opportunities Committee*, 30 November 2010; c 2214.]

I hope that the convener will forgive me for raising an issue that I have been very involved with. In Scotland, there is a significant budget—rightly so—for domestic violence against women; every penny, and more, is deserved. However, there is not a penny for domestic violence against men. In fact, the best that we have is a telephone helpline in the south of England. The Minister for Housing and Communities, Alex Neil, has been very helpful in this regard and I appreciate that the matter is not in Mr Swinney’s portfolio. However, if that budget was subjected to an equality impact assessment, we would find that not only is there nothing for domestic violence against men, but where there are children in a household in which there is domestic violence against a man, there is nothing for the children.

I would have thought that, in modern Scotland, we could do better than a telephone helpline in the south of England. We have no services, so they can have a wee chat on the phone, but there is nothing else. If equality impact assessments are working, why do we have nothing for men and nothing for the children of men?

The Deputy Convener: That is a very detailed question.

Mary Scanlon: I appreciate that, but it was just an example of how it can be proved whether equality impact assessment works.

John Swinney: I will make two points. First, without wishing to be disrespectful in any way, there is a constant refrain from Audit Scotland for more data. I do not think that an audit report is produced that does not say, “We could do with more data here.” At some stage, we have to draw a line under how much data we produce in response to those points. The Government publishes a huge amount of data and ministers answer a substantial range of parliamentary questions; answering a member’s question or responding to a freedom of information request often involves the recalibration and representation of data. There are lots of ways in which data surface and the Government holds a lot of good data that can be released in that way.

Mary Scanlon’s example is from an area with which I am not directly involved, but my officials will correct me if I am wrong. The domestic violence helpline for men is a new initiative this year; it has not been around for long. I could say,

“If the helpline wasn’t around last year, there’s an example of progress on the equalities agenda” if that initiative is viewed as helping those people. If we had been having this conversation a couple of years ago and there was absolutely no helpline for men, it would be quite a thing for the Government to answer, “Actually, we’re doing nothing.” We could be pressed on a whole series of equalities questions in that respect.

From listening to Alex Neil answering questions or making points in debates on the initiative and the fact that we are running the helpline, I understand that its aim is to determine the scale of the problem and the issues to be wrestled with. That strikes me as a reasonably clear, evidence-based approach to addressing an issue about which a number of members have expressed concerns.

The Deputy Convener: Thank you for that example of where the collection of relevant data is absolutely essential; I look forward to the results.

The next questions are on impact. In its approach to budget scrutiny, the committee has been keen to explore in particular any equality considerations arising from the proposed increase in efficiency savings targets and the public sector pay freeze. We are well aware of the gendered nature of the public sector landscape, which has been mentioned today, and the fact that women as workers and users of services might bear the brunt of the cuts. With that in mind, will the cabinet secretary comment on the analysis, if any, undertaken to assess the gender impact of the pay freeze on women?

10:45

John Swinney: The comments that I set out to the committee go some way towards addressing that question. I accept that there is an equality vulnerability to the £21,000 threshold—there is a fine line in this situation. The second point is that within the pay policy we have focused our activity on two measures in relation to lower-income individuals: a mandatory living wage of £7.15 an hour, a concept to which the Government has committed itself as well as the bodies that it directs, such as health boards and non-departmental public bodies; and the payment of a minimum of £250 to anyone who earns less than £21,000, which will be an important contribution to tackling the issue of low pay.

On the gender impact, 80 per cent of the national health service staff who will benefit from the living wage proposal are women. Within that policy intervention is an acknowledgement of clear support for women. The way in which the Government works with its employees is designed to develop a range of different interventions on

awareness raising, employee benefits, flexible working and other measures that will be more suitable for women and people with disabilities within the workforce.

The other point about the pay policy is that it involves sacrifice on the part of members of staff; I freely acknowledge that. However, the Government's intention is explicit, and we accepted the thoughtful analysis of the independent budget review, which essentially said that every pound spent on a pay rise means a pound less for employing someone. That might be a rather blunt way of expressing the point, but it is pretty compelling. As I have made clear publicly and to our trade union partners, the Government does not come at the budget from the perspective of wishing to reduce the size of the public sector workforce; that is not our objective. I suspect that it will happen because of the financial situation that we face, but we want to minimise public sector employment loss, and the pay freeze will protect employment in the public sector. A substantial proportion of public sector employees are women, so we want to protect that employment.

The Deputy Convener: To take a different example, the draft budget contains a proposal to reduce senior civil service costs by 10 per cent in 2011 and 25 per cent by 2014-15. Can you provide an outline of how that reduction is to be achieved? In particular, will it involve any changes to conditions? What impact might it have on an overall goal to promote greater gender equality within the ranks of the senior civil service?

John Swinney: It will be achieved through a managed programme of voluntary severance or early retirement. That programme is under way. On the basis of the progress that the permanent secretary is making on that, I am—I was going to use the word “assured”—certain that that will be achieved in 2011-12. The permanent secretary has made significant progress with that process already, and those savings are now on course to be delivered.

The terms and conditions of the senior civil service are specified by the UK Government; we have no control over them. There could well be changes to terms and conditions, but that will not be our decision. The UK Government is going through the process of tackling many of the questions in relation to its own civil service workforce.

Your final point, convener, was about opportunities for greater gender balance in the senior civil service. I cannot give the committee any statistics on the position before and after the changes, but we could explore that for the committee. Clearly, it would be an aspiration for the Government to see a greater degree of

balance between men and women in the ranks of the senior civil service.

The Deputy Convener: That is the kind of evidence that we are seeking. It would be unfortunate, to say the least, if some of the measures that were taken had an unintended consequence of failing to promote gender equality.

John Swinney: I accept that.

The Deputy Convener: As the cabinet secretary is aware, past budget scrutiny work by the committee has been instrumental in highlighting the costs that are associated with managing unequal pay in local government in Scotland. With regard to current budget scrutiny activity, the committee heard from Claire Monaghan of the Society of Local Authority Chief Executives and Senior Managers:

“Local Authorities will all show you their equal pay scars. It has been an extremely challenging and painful episode ... The last thing that any authority or public body will ever want to do is find itself in that position again. It was a fundamentally wrong and costly exercise ... I have not seen the analysis that sits behind the issue to know the extent to which that has been taken into account.”—[*Official Report, Equal Opportunities Committee*, 30 November 2010; c 2236.]

How do the spending proposals in the draft budget reflect a commitment to equality in the context of ensuring that we do not see a repeat of the painful episode that our SOLACE colleague described? In other words, how are the equal pay liabilities of our Scottish local authorities currently being addressed?

John Swinney: That is entirely a matter for local government. I am not sure whether I have spoken about the matter to the Equal Opportunities Committee, but I have certainly talked about it to the Local Government and Communities Committee. Clearly, the issue has gone on for far too long over the past 11 years—notwithstanding the 30-year history of the issue before we got to the equal pay settlement in 1999. For it to have taken this long—as I said, even disregarding the previous 30 years—is completely unacceptable. As a consequence of it taking so long, I am sure that it has cost us more than it needed to cost us—again, I am sure that you will ask me for the evidence for that, but that is what I feel.

Local authorities have to make provision for equal pay settlements. I am advised that all local authorities now have in place a position on equal pay—they also have outstanding cases on which challenges are being made. They are required to make provision for equal pay within their finances. I have made it clear to local authorities that there are ways in which some of the costs of equal pay implementation can be capitalised and, essentially, paid off over a longer period of time.

That arrangement has been put in place by virtue of an agreement with the Treasury, and we have been able to secure that agreement in a number of cases. Essentially, I have made a standing invitation to local government, saying that I would be delighted to assist in negotiations with the Treasury in relation to anything within that field of capitalisation.

Malcolm Chisholm: SOLACE also stated in evidence:

"The efficiency targets are challenging ... The real challenge is the extent to which authorities can continue to do things better and better. We are at the stage where we need to be doing service redesign rather than squeezing more efficiencies out of the system. There is still a bit of scope for that but it is more or less exhausted."—[*Official Report, Equal Opportunities Committee*, 30 November; c 2232.]

Will you respond to that? Also, will you comment on the challenges that public bodies face in securing the required efficiency savings within the constraints imposed by a draft budget covering only one year?

John Swinney: Efficiency savings can always be made. I do not subscribe to the view that we have reached the bottom of the barrel and scope for more savings is exhausted. There are always opportunities to find new and different ways of operating and to challenge things that we spend money on. While I have been Cabinet Secretary for Finance and Sustainable Growth, I have identified things that we should no longer spend money on because they are unjustifiable. For example, I found it absurd that we were paying for anyone to travel first class by rail between Edinburgh and Glasgow, although plenty of Scottish Government officials were doing so. That does not happen any more. That is one example; there are plenty of other areas in which efficiency savings can be made.

The 3 per cent efficiency savings represent a challenge, but in the current climate we must challenge the public sector in Scotland not to accept the view that we can improve services, productivity and impact only by spending more money. If we assume that we secure improvements only by spending more money, nothing will move forward in the next few years, when there will be less money around. There are always better and more effective ways of working, which can deliver more for smaller sums of money. There are numerous examples in public services of staff having a good grip on how to do that.

There is a need to engage in service redesign. That is why the Government has commissioned the Christie commission to consider the medium term. We face a financial challenge that will last for a number of years and will have to be met by

redesigning public services and breaking down some of the boundaries and territoriality between public bodies. The Government's support for the work of the Christie commission is important in that respect.

Whether meeting the challenge is more or less difficult within a one-year budget is an active question, which the Parliament has debated and considered. The Government is exploring the issue and I will give its response in due course.

Malcolm Chisholm: We agree that service redesign is fundamental, but the question is how much redesign can take place in the coming year. The committee's main concern is the equalities considerations that arise from efficiency savings. To what extent will the Government monitor the issue, in particular in the bodies for which you have direct line-management responsibilities? The public might also ask how you will ensure that "efficiency savings" is not just code for "cuts".

John Swinney: The definition of efficiency savings that we have always deployed is that they should enable us to achieve more for the same amount of money. That is the test of efficiency savings.

We must be careful not to go through a process of service redesign that does not pay due regard to the interests of some of the most vulnerable people in society. A crude programme of budget reductions might leave us susceptible to challenge in that regard, so we must ensure that in everything that we do we take great care to avoid such circumstances.

As for bodies that are directly controlled by ministers, they act directly on ministers' behalf and, although I might not take all of their decisions, I feel responsible and accountable for them. As a result, in ensuring that operational bodies fulfil their responsibilities, we must also ensure that there are no unintended consequences with, for example, services for the most vulnerable in our society being put in jeopardy.

11:00

Malcolm Chisholm: Given what the committee has heard about early intervention, which is the subject of a major study by the Finance Committee, and how decisions taken now can bring long-term benefits, it seems important to ask how that can be encouraged. The one-year budget might constrain such moves.

John Swinney: I know that opinions are divided on the introduction of a one-year budget and, as I have said, I will respond to the issue on behalf of the Government in due course. I point out, though, that we had a one-year budget for this year,

because we were at the end of the spending review and had no forward numbers—although we knew that the numbers would go down. That approach did not stop public services from functioning, the public sector reform programme or service redesign in different parts of the country and I feel that individuals have the opportunity to take that forward as part of the work that will clearly have to be undertaken to ensure the delivery of effective public services.

Malcolm Chisholm: How will you ensure the equality and budget advisory group's sustainability as a ministerial advisory group and what will its membership look like in future?

John Swinney: As I said to the committee in, I think, September, I have attached enormous value to the work of EBAG, which has provided substantial and refreshing new thinking from which the Government has benefited. I hope that in the equality budget statement and the draft budget itself we have done justice to the group's work—that was certainly my objective—and I would certainly want the Government to maintain the very close dialogue that we have enjoyed with it for a number of years now.

On your second question, we will want to ensure that EBAG's membership continues to reflect the participation of the Government, our local authority partners and a number of other stakeholders. If the committee wished to make a contribution to the Government on EBAG's composition and other interests that could be brought to mind, I would be very happy to consider it.

Malcolm Chisholm: That is very helpful.

I certainly echo the praise that the convener and others have given the equality statement. However, I am sure that the cabinet secretary will not want to get too carried away by that. What steps will be taken in the coming year to develop and improve the statement and where will the responsibilities for such work sit? Notwithstanding the praise that has been given and the acknowledgment of the progress, I suppose that one caveat—I was going to say "criticism"—is that some of it reads like comment that was made after the budget was set rather than early on in the process. I am sure that you will want to challenge that suspicion and fear—and, indeed, I am not saying that all of the statement reads that way—but do you accept that there is room for improvement in that respect?

John Swinney: I accept that we are on a journey in developing a robust budget equality statement. We have come a significant distance in the past 12 months. If the committee had shown me the document when I was here a year ago and said, "This is the type of document you'll be producing in 12 months' time," I would have been

pretty sceptical, to be honest. The document is as strong as it is because of the focused leadership that has been given on it by the equality unit in the Government, but equally because the unit has successfully evangelised with portfolios on the need for them to fulfil their obligations and duties.

The work is about ensuring not just that we have an equality unit and a budget equality statement so that we can tick those boxes, but that portfolios are thinking about the questions when they go through their budget choices and make their budget suggestions. Portfolios had to make suggestions to me on how we could address the financial challenge that we face. Some of the suggestions that were made came with a caveat that said, "We don't like the look of this from an equalities perspective," and those options did not go forward. Essentially, the process was working, in that it was identifying those things.

I made the point earlier that it is dead easy to look through a set of budget numbers and say, "Right, there is £5 million so we'll not spend £5 million on that." That is the easiest thing in the book to do until we think about what the consequences might be of not spending that £5 million. That is why portfolios must be enabled to consider all the relevant questions. The equality unit has successfully encouraged and enabled the portfolios to do that, and it has then been able to provide support. We have made a lot of progress in that respect, both within the unit and across portfolios.

The equality statement is much stronger. If I was to identify where it could be strengthened further, I am sure that some further empirical analysis would help. Of that I am certain. The deputy convener and Mary Scanlon asked me some questions about evidence, and I think that the statement could be strengthened in that area. As I said in my response to the deputy convener at the beginning, the Government has been helped, encouraged and cajoled by the committee to come up with a better proposition, and I would want to continue that dialogue. If the committee wants to reflect specifically on the budget equality statement and give the Government points that it believes would further strengthen the statement, we will be happy to consider them. I am sure that the committee will want to do that. Not for a moment would I suggest that this is the end of the road. We have made a lot of good progress, but we still have more progress to make.

Malcolm Chisholm: Thank you. That is helpful.

I raised one UK dimension earlier in relation to the socioeconomic duty. The other topical one is the hearing on the Fawcett challenge yesterday. I have not seen an official record of what the court said, but from our point of view—or perhaps I should just speak from my point of view—it looks

disappointing. It appears that the court accepted the Treasury's argument that a gender impact assessment is not necessary at a time of cuts. I hope that the Scottish Government will not take a similar view. I suppose that what interests me is the extent to which that existing challenge and imminent judgment had an effect on the work of the Scottish Government. Do you have a response to the judgment that has been given in that case?

John Swinney: I have seen only news reports of the judgment; I have not had a chance to study the detail of it. At the outset of the budget process, I received very clear advice on my duties and what I had to encourage my Cabinet colleagues to undertake as part of their duties. Essentially, that was built into our budget process. The process was designed with an understanding of our obligations and duties.

The fact that there has been no legal challenge to the equality statement on the draft budget indicates an acceptance that the Government has gone through the process in good faith—as we would do—and the committee has been very generous in its remarks today in that regard. As I said, I have not had a chance to study the detail of the judgment. These obligations must be taken forward in an effective way. My response to the line of argument that says that one does not need to do it when the budget is being cut is that that is when one needs it more. This is when we need to understand the implications of spending less money. I am taking a set of decisions that I freely acknowledge are much more difficult than those that I have had to take at any other stage in my life as a minister.

The Deputy Convener: You talked about the Christie commission in your opening statement and have done so subsequently. What impact will EBAG have on the work of the commission?

John Swinney: I am sure that the Christie commission will be delighted to receive EBAG's thinking on the approach. I would be very happy to facilitate that. When I was at committee in the summer, I said that I have really enjoyed the discussions with EBAG. Its thinking, which is very refreshing, has encouraged me to consider questions that I have not addressed previously in my work. That has been enormously helpful. I am sure that the Christie commission will also benefit. We are looking to the Christie commission to address the need for public service redesign. In that context, we must take the greatest care that service redesign is not undertaken in a fashion that jeopardises somewhat the equalities agenda.

The Deputy Convener: Thank you for that.

Mary Scanlon: I am a member of the Health and Sport Committee. Strangely enough, we have heard that NHS boards have found it relatively

easy to make efficiency savings. Boards now face a degree of scrutiny that they have not faced for some years, which I welcome, because more money can go to front-line services.

I hear so much about collaboration and sharing services. There is much good practice around Scotland, but collaboration and sharing services seem to be done on a very ad hoc basis, despite the fact that such efficiency savings are some of the most beneficial. People can share buildings and do things that lead to energy savings, for example, which fits in with the policy on climate change. There does not seem to be clear leadership—I see that in the island and Highland authorities—and best practice opportunities do not seem to be shared. Although tremendous opportunities exist, local authorities, the police, the NHS and so forth do not seem to be taking advantage of them. How can you be sure that your £70 million change fund, which was set up to distribute funding between NHS boards, local authorities and the third sector, will do what you expect it to do in the most effective and efficient manner and not in the ad hoc way that tends to be the approach at present?

John Swinney: I suppose the great ideological debate is between what might be called ad hoc and what might be called grass roots up. This Administration's approach to shared services is that, in principle, we agree with, support, encourage and facilitate them, but we are not going to sit in St Andrews house and design a shared services map for the country. If ever there was a recipe for something not to be effective, that would be it.

11:15

Given her constituency interest, Mary Scanlon will be familiar with the work that is being done in Orkney, which is probably one of the best examples of a very advanced model of collaboration between the local authority and the health board, and where joint working really means something. The citizens of Orkney benefit from being the focus of the public services that are being delivered; the focus is not the structure of the public services, which, regrettably, is often the case in other parts of the country.

We have left the space open for public bodies to collaborate. There are lots of other examples. In the area that Mary Scanlon represents, the business gateway provision between Highland Council and Moray Council is provided on a seamless basis. Moray Council buys into the Highland Council service. I spoke to the local authority and the business community not long ago, and they are delighted with the performance of that service. The boundary is irrelevant—the service is good and it meets people's

expectations. There are lots of similar good examples, and the Government is encouraging and facilitating them.

I accept that the pace of sharing services has been slower than I and others would have liked. Why has that been the case? Frankly, nobody has had to face up to the hard financial challenge. If the level of funding keeps going up, councils can put off sharing services for another year. When the funding starts to be reduced, it becomes a much more plausible tool in the toolbox. In that context, I think that the pace will increase a great deal more.

From her work on the Health and Sport Committee, Mary Scanlon will be familiar with the very good work that Sir John Arbuthnott has done in the west of Scotland with the authorities in the Glasgow, Lanarkshire, Renfrewshire and Dunbartonshire conurbation on sharing services with NHS Greater Glasgow and Clyde. That work is at an advanced stage of development and needs to be implemented, and the financial climate is focusing minds to enable that to happen.

Mary Scanlon: You have answered the first part of my question but not the second part. I totally agree that the Conservatives would not be in favour of someone sitting here and dictating to all the public authorities how they should operate. However, I go back to your previous answer to Marlyn Glen. If everyone has plenty of money, there is no pressure on them to make the efficiency savings that could be made. You are about to offer £70 million, which will bring a degree of comfort. I appreciate that you do not want to dictate; however, as Audit Scotland said, while that £70 million may tick a few boxes, how can we be sure that it will lead to better partnership between not just the NHS, local authorities, the police and everyone else but the third sector?

John Swinney: I apologise to Mary Scanlon for not answering that part of her question. The £70 million is not just about collaboration; it has a sharp focus to it. The £70 million is designed to shift the balance of care—not entirely, but to make a start on that. It is designed to reduce the burden of cost on the health service for the provision of acute services. We all know that acute services are not always the services that individuals require, and they are the most expensive services. We must be able to demonstrate, through the public policy process and the evidence, that the balance of care has shifted. Although the health budget may rise in real terms over a number of years—albeit that it will not rise in anything like the way that it rose at the start of the decade, at 5 or 6 per cent above inflation—if we do not change the balance of care, the demands on the health service will increase significantly.

In this area of policy, there is a very good example of how we have to get a different

outcome. We have to provide the evidence on how that has been achieved. Without that, we will have a health service that finds it more and more difficult to sustain its activities, because the demand will grow but the budget will not grow sufficiently fast to keep pace with it.

Mary Scanlon: I appreciate that. It is about sharing services but also about shifting the balance of care.

John Swinney: If I was being asked to nail my colours to the mast, I would say that it was more about shifting the balance of care than about sharing services. There are plenty other opportunities for people to share services without a £70 million facility to assist the process.

Mary Scanlon: I agree. I referred to that in my earlier question.

How will the third sector be involved in the change fund and how will it be protected? I heard you say that the minimum wage in the public sector will be £7.15. Many in the independent and voluntary sector—the care home sector, if you like—might not be able to pay that amount. We are looking at equalities—one equality might produce inequalities elsewhere.

I will give you two examples and then stop there. First, on shifting the balance of care, the cost per week of rehabilitating an elderly person in an independent sector care home is about one fifth of the cost of their being in an acute hospital. Secondly, generally speaking, the council sector costs 50 to 80 per cent more per person per week for the same standards as are found in independent or voluntary sector care homes. If we are looking at protecting the third sector, at the budget and at shifting the balance of care, there are 5,000 empty beds in the voluntary and independent sector and yet an elderly person who needs rehabilitation will be sent to an acute hospital at five times the cost.

On equality, the budget and shifting the balance of care, how can the independent and voluntary sector utilise the resources that it has? How can we be sure that if jobs are protected in the public sector, the independent and voluntary sector does not miss out?

John Swinney: On your last point about jobs being protected in the public sector, I have made it clear that one of my objectives is to protect public sector head count, but I have also openly accepted that I expect the public sector workforce to reduce. There is no absolute protection out there; there is a desire on the part of Government to sustain public sector employment—

Mary Scanlon: There are no compulsory redundancies.

John Swinney: That is correct.

Where the third sector fits into all this is very important. As a matter of fact, the third sector budget line goes from £20.7 million this year to £24 million. Not many budget lines go up, but that one is going up quite dramatically. Why is that the case? The Government accepts that the third sector is fundamental to some of the ways of working that we want to bring about in delivering public services, so we have to support the transition to undertake that. The Government put in place the Scottish investment fund for the three years of the spending review. It was supposed to finish in March of next year, but I have extended it, with a more limited amount of money. Its purpose was to create more sustainable social enterprises, many of which are actively involved in a number of areas of public service delivery, so that they create a more sustainable and regenerative platform for their own business activities. Our whole approach has been to create for the third sector the opportunity to have an awful lot more muscle and to contribute an awful lot more to the process.

The final element is the Christie commission. We have placed at the heart of its remit the importance of the role of the third sector in the delivery of public services. The third sector has a lot to contribute to the process of service redesign and the ways in which different organisations contribute different solutions to ways of working. The Christie commission will consider carefully the perspective of the third sector. Of course, one member of the Christie commission is Dr Alison Elliot, who is the convener of the Scottish Council for Voluntary Organisations and a former Moderator of the General Assembly of the Church of Scotland. I am sure that other members of the commission are well acquainted with the work of the third sector.

Mary Scanlon: I spoke earlier about care homes. I think that about 85 per cent of elderly people in care homes are cared for in the independent and voluntary sector. Will the work on the third sector also include greater utilisation of the independent sector? I gave the example of 5,000 empty beds.

John Swinney: I am sure that the Christie commission will consider all those questions.

The Deputy Convener: I turn to the Scottish Government's overall growth strategy and the public spending environment over the next decade. How will equality considerations feature within the economic modelling and analysis that will ultimately inform future spending plans and allocations?

John Swinney: My view is a simple one: the more economic growth that we have, the more chance we have of creating the opportunities to tackle some of the inherent inequalities in our society. With its focus on public services, the

Government is concentrating on creating sustainable economic growth. That clear and focused approach to our work is designed to ensure that we maximise economic opportunity. Part of the Government's work is done under the national performance framework, which is reported on through the Scotland Performs website. In that work, we make clear the different considerations around equity and solidarity in relation to the creation of economic opportunities. That is implicit in "The Government Economic Strategy", which was published in 2007. Those considerations run through all of the Government's growth agenda. The reason why we are so determined to create the most advantageous economic climate in Scotland is to ensure that we maximise those economic opportunities.

The Deputy Convener: The final question is one that you may have been expecting, cabinet secretary. On 4 May, during your evidence giving to the committee on the budget strategy phase, I put a question on whether the only way to address economic difficulties is through cuts. I also asked whether the Scottish Government had considered other levers, including raising more revenue through taxation or charging for services. You said:

"There are, of course, options available to the Government within the existing arrangements. We could use the tax-varying powers—for example, we could increase the basic rate of income tax by 3p in the pound. As the committee will be aware from the budget statement that was made in September last year, the Government has made it clear that we have no plans to take that action. It is clear that that is an option for any Administration, but it is unlikely that the Government will take that course of action."—[*Official Report, Equal Opportunities Committee*, 4 May 2010; c 1630.]

There could be many questions, but my question is this: what consideration has the Scottish Government given to alternatives to budget cuts?

John Swinney: I have taken action in the budget to increase revenue. I have announced an extension to non-domestic rates—an additional levy on large retailers and out-of-town retail parks. The Parliament will consider the issue as part of the non-domestic rates process. Clearly, I have put in place additional revenue-raising measures in the budget settlement. I made it clear to Parliament that the Government had decided to do that. Obviously, the Parliament has debated the Scottish variable rate. I have made clear the Government's position and the background to the matter. There are various other aspects to the Government's financial proposals. For example, asset sales will be used to increase income to support our capital expenditure programme. Non-domestic rates and asset sales are the main areas where the Government has taken steps to ensure that we maximise the resources that are available to us.

The Deputy Convener: Thank you very much, cabinet secretary. We have no further questions. I thank the witnesses for their attendance. In particular, I thank the cabinet secretary for his detailed answers.

Due to adverse weather conditions, we cannot take evidence today on the Forced Marriage etc (Protection and Jurisdiction) (Scotland) Bill. As agreed at the beginning of the meeting, we now move into private session.

11:30

Meeting continued in private until 11:46.

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