



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EQUAL OPPORTUNITIES COMMITTEE

Thursday 25 October 2012

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EQUAL OPPORTUNITIES COMMITTEE

19th Meeting 2012, Session 4

CONVENER

*Mary Fee (West Scotland) (Lab)

DEPUTY CONVENER

*Jean Urquhart (Highlands and Islands) (Ind)

COMMITTEE MEMBERS

*Marco Biagi (Edinburgh Central) (SNP)

*John Finnie (Highlands and Islands) (Ind)

*Annabel Goldie (West Scotland) (Con)

*Siobhan McMahon (Central Scotland) (Lab)

*Dennis Robertson (Aberdeenshire West) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Hugh McAloon (Scottish Government)

Yvonne Strachan (Scottish Government)

John Swinney (Cabinet Secretary for Finance, Employment and Sustainable Growth)

Paul Tyrer (Scottish Government)

CLERK TO THE COMMITTEE

Douglas Thornton

LOCATION

Committee Room 4

Scottish Parliament

Equal Opportunities Committee

Thursday 25 October 2012

[The Convener *opened the meeting at 09:18*]

Draft Budget Scrutiny 2013-14

The Convener (Mary Fee): Good morning everyone, and welcome to the Equal Opportunities Committee's 19th meeting in 2012. I remind everyone to turn off their mobiles or switch them to silent or flight mode.

At the table, along with members and witnesses, are the clerking and research team, official reporters and broadcasting services, and we are supported by security staff around the room. I welcome the observers at the rear of the room.

My name is Mary Fee and I am the convener of the committee. I invite the rest of the committee members to introduce themselves.

Jean Urquhart (Highlands and Islands) (Ind): I am a regional MSP for the Highlands and Islands.

Dennis Robertson (Aberdeenshire West) (SNP): Good morning. I am the MSP for Aberdeenshire West.

Annabel Goldie (West Scotland) (Con): I am an MSP for West Scotland.

John Finnie (Highlands and Islands) (Ind): I am an MSP for the Highlands and Islands.

Marco Biagi (Edinburgh Central) (SNP): I am the MSP for Edinburgh Central.

The Convener: Siobhan McMahon MSP is on her way, but I believe that she is stuck in traffic. She hopes to be here by 9.30. We are also joined by Ailsa McKay, who is our budget adviser.

Agenda item 1 is oral evidence from the Government for our scrutiny of the 2013-14 draft budget. I welcome our witnesses and ask them to introduce themselves in turn, please.

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): I am the Cabinet Secretary for Finance, Employment and Sustainable Growth.

Yvonne Strachan (Scottish Government): I am deputy director of the equality, third sector and communities division of the Scottish Government.

Paul Tyrer (Scottish Government): I deal with tackling poverty and equality analysis in the Scottish Government.

Hugh McAloon (Scottish Government): I am the head of employability and skills in the Scottish Government.

The Convener: Thank you very much. Committee members have a number of questions for the panel.

Annabel Goldie: First of all, I must apologise to the cabinet secretary. I will have to leave for the Referendum (Scotland) Bill Committee at 10 o'clock.

I am interested in Scottish Enterprise's equality activity. Its submission to the budget process, which was signed off by the chief executive officer, makes no mention of how the organisation allocates business support and development and makes no attempt to look at how all of that impacts on equality. The same appears to be the case with regard to the business gateway process, because there has been no gender disaggregation of that information either. I am very surprised that Scottish Enterprise is not obliged to provide gender disaggregated data; indeed, I would have thought that that would have formed part of its contract. How does that situation comply with relevant equality legislation, and how is it consistent with your Government's own priority to support business growth in the Scottish economy?

John Swinney: First, given that all public bodies have to comply with requirements in equalities legislation, there is no question of choice here for Scottish Enterprise. The organisation is obliged and required by statute to comply with all equality assessments.

Secondly, an equality impact assessment methodology is applied to all Scottish Enterprise's projects and programmes internally and externally, and I am sure that in addition to the information that it has already submitted its chief executive will furnish the committee with detailed information on how that work is carried out. That methodology focuses on ensuring that Scottish Enterprise fully complies with the requirements of the Equality Act 2010 and does not discriminate against any protected group.

Scottish Enterprise very recently carried out an equality impact assessment of its account-managed function, which is essentially the core function that ministers require it to undertake. As Ms Goldie will recall, in 2007 the Government gave Scottish Enterprise and Highlands and Islands Enterprise a much more focused remit and responsibility to provide dedicated support to a range of account-managed companies in the country—in other words, companies that had growth potential. About 4,000 companies in total across both networks are directly supported by the enterprise bodies in relation to business development and support, and that principal

function of Scottish Enterprise has been assessed to ensure that equalities issues are being properly taken into account.

Across the piece, Scottish Enterprise will be looking at those questions, particularly from the perspective of ensuring that it contributes effectively to the achievement of the Government's national performance framework, which, of course, is a very broad set of priorities that takes into account the need to make progress on equalities issues in our communities.

Annabel Goldie: I am grateful for that response and appreciate that it would not be reasonable to ask you to have at your fingertips the details of Scottish Enterprise's compliance with equality legislation. However, the committee is troubled by the opaqueness of Scottish Enterprise's submission to the budget process. After all, if there is no disaggregation of gender information, it will be very difficult for the Scottish Government to be reassured that Scottish Enterprise is appropriately addressing equality issues. Although I accept your view that that is very much for Scottish Enterprise to get on with and be responsible for, I would have thought that Government would have had an interest in knowing that a taxpayer-funded agency such as Scottish Enterprise was actively and, perhaps more important, visibly discharging its obligations under equality legislation. Is there any proposal by the Scottish Government to request Scottish Enterprise to be more transparent in the provision of gender information?

John Swinney: I think that Scottish Enterprise is a transparent organisation. I will not sit here and say that there cannot be improvement to the level of transparency; we constantly try to improve the data that are available for processes, and the Government would take seriously recommendations from a parliamentary committee in that respect.

One of the main recommendations that came out of the equality impact assessment of the account-managed function that Scottish Enterprise has taken on was that more information should be sought on the ownership of the organisations that are assisted. Businesses that receive assistance for the first time through the enterprise networks have been monitored, and according to the early data, just under 40 per cent of businesses said that they are woman-led organisations.

There is a desire to ensure that we provide as broad a range of information as is helpful to the process. If there are areas that can be improved, the Government, in concert with Scottish Enterprise, Highlands and Islands Enterprise and the business gateway, will endeavour to take work forward.

Dennis Robertson: I have heard you talk many a time about the need to address gender inequality in the employment market and I do not doubt your sincerity in that regard. However, the committee heard evidence, particularly from Angela O'Hagan of the Scottish women's budget group, that the proposed budget does little to address inequality. Will you respond to that?

John Swinney: There are deep-seated issues to do with imbalance in the labour market. The Government is working to address imbalances, but that will take time. In a number of areas, the Government is proactively working to achieve that end. Not all the interventions are happening purely and simply in relation to labour market policies. For example, the proportion of female modern apprenticeship starts is 43 per cent, compared with 27 per cent in 2008-09, which strikes me as an illustration of progress.

We are taking other steps. For example, as a result of our discussions with the Scottish Trades Union Congress and at the Scottish women's employment summit, which took place on 12 September, a new initiative, careerwise Scotland, has been announced, which is aimed at encouraging more young women to consider careers in science, technology and engineering. There is a direct focus on trying to change the balance of the labour market in an area in which we know that there is an issue.

Steps have also been taken through the Government's integrated policy making. For example, the early years task force is drawing together a range of policy interventions and approaches that focus on giving young children the best start in life. Part of that might well be about enabling more women to enter the labour market, well supported through effective provision of childcare and other support arrangements. A number of the steps that we take through that channel are designed to achieve our aims.

All of that is part of our integrated approach to policy making, which represents an attempt to break down the barriers that traditionally existed in different areas of Government policy making and to ensure that we make a coherent contribution in addressing long-term problems. There are practical examples of improved performance and there are areas in which we are trying to affect long-term performance through our interventions.

Dennis Robertson: Thank you. I think that you accept that some of those barriers are perhaps cultural or historical and that breaking them down may well take time. However, from the evidence, we are still seeing that there has been little progress, say from last year into this year. I accept that the women's employment summit, for which there was some additional funding, was very welcome. Certainly across the various portfolios,

including the education sector, the skills academies and so on, there is definitely movement. However, what reassurances can you give? The majority of people in part-time employment are women. Women are the lowest paid.

You will be aware of the Supreme Court ruling yesterday in Birmingham on the equal pay agenda. Obviously, there is nothing in the budget to offset that. Do you think that yesterday's ruling will have a significant impact on local authorities?

09:30

John Swinney: There is clearly a requirement for local government to comply with the equal pay process. Steps have been taken to implement that across all local authorities. Clearly, whether there is any exposure to risk would be a matter for tribunals and courts to test. Certainly, local government's approach has been to ensure that, as independent corporate bodies, they have complied with the equal pay process. I do not think that I can comment further on the implications of the Birmingham ruling, given the fact that local authorities would contend that they are compliant with the relevant legislation.

In relation to Mr Robertson's point about there having been relatively little progress in the short term, the modern apprenticeship stats are an important indication of change of performance. Those are not the only data in that respect. For example, three years ago 28 per cent of the training for work programmes involved women. That is now up to 35 per cent. We are seeing encouraging progress across a range of different interventions. I am not for a moment suggesting that sufficient progress has been made, but we are tackling some of these long-term issues.

I made some other points earlier, including giving the example of the careerwise initiative, which is about changing long-term attitudes around women's participation in some of the key areas of economic activity where there is an unacceptable imbalance. The Government is acting to try to encourage that change of experience.

Dennis Robertson: What can you do to encourage private companies to try to ensure that they put a dedicated focus on trying to recruit women?

For instance, a couple of days ago Stagecoach advised me that about 15 per cent of its drivers are women. Stagecoach would like that number to increase because there is no reason why women cannot be bus drivers. However, it seems that within recruitment perhaps not enough is being done. Can the Government do anything to try to encourage the private sector—and, indeed, the

public sector—to put more emphasis on women when it is recruiting?

John Swinney: In terms of the wider initiatives that the Government takes forward to encourage women to become active in sectors of the economy that they have not been involved in previously, I refer to the point that I made earlier about science, technology and engineering. That is perhaps one of the areas of particular weakness, so the Government takes forward programme support and activity to try to address the imbalance.

Clearly, the Government's approach in its economic strategy is about ensuring that we have a broad range of economic participation across all groupings. That is why we have an emphasis not only on economic growth but on cohesion, which is about ensuring that all population groups are able to participate in the economy, and on solidarity, to ensure that imbalances and inequalities are eradicated.

Individual employers have to take their own decisions about recruitment, but Mr Robertson makes a fair point, as there are sectors of the economy where there is absolutely no reason why the level of women's employment is as low as it is. Therefore, the focus in the economic strategy on creating opportunities for all is designed to ensure that, in those circumstances, we can turn around a significant economic imbalance and create a better approach than has been the case for some time.

The Convener: Childcare was one of the key issues at the women's employment summit and is something that the Deputy First Minister has said should be part of our infrastructure. We heard at the summit that one of the problems with childcare is that there is no adequate provision as the child gets older—say, up to the age of about 14. That has an effect on a lot of single parents, who cannot go out to work because they do not have childcare up to that age.

I know that there is a focus on the early years, but that focus is to prevent, or help to eradicate, poverty. What is being done to ensure wider childcare provision, up to an older age, to help women to get into and stay in work?

John Swinney: You make a fair point about the practical issues. In many circumstances, people will be dependent on family members to provide support for young people at that age—although I am sure that, in many cases, that support is vigorously resisted by the young people themselves. However, that support will not be available to all people in all circumstances.

One of the things that I am interested in exploring as part of the Government's public service reform agenda is the extent to which we

can encourage and motivate other forms of provision that can perhaps involve the third sector more actively in providing some of the rather more temporary support required for a relatively short period of time during the day or after or shortly before the school day. We are encouraging partnership working on that with local authorities in the formulation of their single outcome agreements, which is now undertaken through community planning partnerships. That gives us an opportunity to bring together provision through the statutory sector, the third sector and the community sector to try to create a way in which more inventive models can be put in place to provide support. Obviously, that is something that would not be relevant in all circumstances. I think it would be difficult for the state to provide such provision across the board, because there quite simply will not be the requirement for it, given all that I said about family circumstances and other requirements. However, some inventiveness in the public service reform agenda and the partnerships with the third sector could take forward that particular issue.

Siobhan McMahon (Central Scotland) (Lab): I offer my apologies to the committee and the cabinet secretary for being late this morning.

Cabinet secretary, we all believe that the modern apprenticeship programme is a good one to have in order to deliver the training that our young people deserve. My questions will be about the scheme and what more can be done with regard to the detail. I want to make it clear, at the outset, that no one is saying anything against the scheme itself; we are just asking for a bit more detail.

You will be aware that information on the modern apprenticeship spend by gender is not currently available. Why is that, and what steps are being taken to address the issue?

John Swinney: As I have already done, I can give the committee the figures on starts in modern apprenticeships. As I said—perhaps it was before Miss McMahon arrived—in 2008-09 27 per cent of modern apprenticeship starts were women, but the figure is now 43 per cent, which is obviously a welcome change. Of course, that is 43 per cent of a much larger number, because it is 43 per cent of 26,000.

The information is therefore available. If there is a desire for further information to be made available, I will of course explore the practicalities and possibilities of putting such information in the public domain.

Siobhan McMahon: My following questions will be specifically on the information that we need. A Scottish Parliament information centre briefing from 19 September states:

“it is clear from 2011/12 starts data that MA spend will support more male modern apprentices over the coming years than females.”

What policies in the draft budget will rectify that? The briefing points out that the reason for the situation is that females are less likely to start apprenticeships at levels 3, 4 and 5. In fact, during 2011-12, in the 16-to-19 group, females took up only a third of the available level 3 plus apprenticeship places. How will that be addressed, given that the spend is greater for those in levels 3, 4 and 5 and that females are not taking up those levels at present?

John Swinney: The first point is that we have to look at the numbers in the round. The fact that, as I said, female starts in apprenticeships have reached 43 per cent is a welcome development. Within that overall figure, there will be imbalances that we could highlight, but the general position of the achievement of that high level of female participation is to be welcomed.

On the question of how we change some of the underlying factors, much of the answer comes back to what I said to Mr Robertson. The Government can make a range of interventions to change perceptions and awareness and to encourage different aspirations for women to enter sectors of the labour market in which, historically, they have not been significantly involved.

The Government is involved in that effort through a range of programmes to try to change traditional patterns of employment. For example, women will be more preponderant in activities such as childcare and less preponderant in engineering or construction, and the male imbalances will be a mirror image of those figures. The initiatives that the Government is taking to encourage men into childcare, for example, are an illustration of how that work can be taken forward. Equally, efforts have been made through the careerwise Scotland intervention, which focuses on encouraging more women to enter science, engineering and technology. That is one of the active steps that we are taking to change existing practice.

Siobhan McMahon: I welcome that. You have pointed out that females and males are likely to go into traditional roles. At level 3 plus, male starts are at 66 per cent and female starts are at 34 per cent. How will that be addressed and what policy will do that? Angela O'Hagan, the convener of the Scottish women's budget group, said in evidence to the committee:

“it seems that the way in which the modern apprenticeships scheme is structured and how it is administered and activated at all its different levels is reinforcing occupational segregation; it is reinforcing that channelling of women and men into segregated occupations and the outcomes that follow from that.”—

[Official Report, Equal Opportunities Committee, 4 October 2012; c 660.]

Cabinet secretary, you have acknowledged that more females have been in roles such as childcare and males have been in their traditional roles. What policies in the draft budget will rectify that?

09:45

John Swinney: Before I answer that, I want to make a couple of comments about Angela O'Hagan's point. First, it is important to put on record that nothing in the design of the modern apprenticeship schemes inherently prevents women from fully participating in any of those programmes. We are wrestling with and trying to counter a deeper issue in our economy of very traditional forms of employment segregation.

That brings us back to a number of points that I have already made about initiatives that we are putting in place, such as careerwise, that encourage more women to become involved in science, engineering and technology. Our focus on science, technology, engineering and mathematics—or STEM—activities in the school curriculum, particularly through curriculum for excellence, is a very important attempt to change at an early stage the traditional perceptions of what are appropriate destinations for women in the labour market. After all, such perceptions have to be tackled. There will also be some counterbalancing measures to encourage more men to think less about engineering and more about childcare.

I do not think that there is anything to inhibit women's participation in the broad range of different modern apprenticeships other than the deep-seated occupational segregation obstacles that we face, and a number of the Government's interventions are trying to counter that as effectively as possible.

Siobhan McMahon: I understand exactly what you are saying, cabinet secretary, but I was asking about the direct policies that you are putting in place to counter such matters.

John Swinney: I am trying to be as helpful as I can by setting out the steps that we are taking through careerwise. I should say that I participated in what I found to be a dynamic and focused event in Parliament for an organisation that the Government supports to encourage women into the renewable energy sector, and it was substantially well attended by women from across the country and the industry. By coincidence, later today I will be taking part in a women in enterprise event in Glasgow. The Government is actively trying to use a whole range of policy activity and policy interventions to tackle the underlying

problem of traditional forms of occupational segregation.

The Convener: I have a supplementary question about gender segregation. What initiatives have been put in place to encourage men to enter traditionally female-dominated roles? Do you have any examples of particular female-dominated industries that men have gone into?

John Swinney: One practical example that I have already mentioned is the funding that the Government is giving to the men in childcare initiative, whose work is very much focused on encouraging men to enter into what is perceived as a predominantly female area of employment. Men are also employed in other areas of employment, such as the nursing profession, that have traditionally been perceived as predominantly female.

The men in childcare initiative is one of a number of Government initiatives designed to tackle the issue from a male perspective. However, it is equally important, if not more important, that we take steps to encourage women into areas where they have not traditionally been preponderant in their participation.

The Convener: Has the men in childcare initiative been particularly successful, to take that as an example? How many men are now going into childcare?

John Swinney: I do not have the detail on that, convener. If I have data on that, I will write to the committee and provide the necessary detail.

The Convener: That would be helpful, cabinet secretary. Thank you.

Dennis Robertson: Cabinet secretary, in one of your responses to Siobhan McMahon, you mentioned curriculum for excellence. I am sure that you are aware of a programme for secondary 2 pupils in the north-east, mainly within Aberdeen city and Aberdeenshire, called your energy in future. It offers young adults—I suppose that we would call them that at S2 level—the opportunity to explore the wider range of career prospects in the energy sector. It is not all about hard hats and overalls as there are also jobs in project management and as helicopter pilots and so on. There is a wide range of opportunities, and the programme encourages young people to consider the subjects that they will need for their future careers.

Do you support that type of initiative? Is there any money available in the budget to help external facilitators to bring such modules into schools, not just in relation to energy but to encourage young people to look at the STEM subjects in general? The earlier that we do that, the sooner we will begin to change the culture.

John Swinney: That approach is a good example of two things. The first is the opportunities through curriculum for excellence to deliver a curriculum that is sufficiently flexible and dynamic to address the needs of the labour market. I make no apology for saying that I believe that the country's education system needs to be substantively focused on supporting the labour market within the country and ensuring that we have that alignment.

Secondly, that example is an illustration of the approach that I am talking about, which is about creating a different focus and a different sense within the different groupings in our society about how they can make a contribution to the economy.

I am not sure that the issue hinges on what resources are available to support such a proposition, because curriculum for excellence is well supported by local authority expenditure and provision within the economy. The way in which I think that it would be substantially enhanced is through participation in that curriculum by people outwith the school community who are active in some of these sectors. I cannot think of anything more effective or potentially impressive to a group of young women in a school than for them to hear from and talk to a woman who has developed a successful career in science, engineering or technology, of which there are many within Scotland—there are not enough, but there are many.

My observation from some school programmes in which external mentors are brought in to encourage greater awareness among school pupils of the opportunities that exist is that they can be of enormous significance in changing their perceptions. The initiative that Mr Robertson mentioned is a welcome one and it could certainly be taken forward with active support and mentoring from individuals who are involved in the business community.

My experience from the women in renewables event that I attended is that there are a group of very charismatic and persuasive women who are pursuing significant project management roles—Mr Robertson was correct to mention that—within renewables. Indeed, the other week, I was in Thurso to open the offices of a new renewables consultancy called Renewables at No 10, which suggests an interesting comparison. It is led by a woman who is involved in project management activity in renewable energy projects. That is a strong example of the type of individual to whom Mr Robertson refers.

Marco Biagi: I have two slightly divergent questions. The first relates to the employment market. There is a lot of focus in the budget on job creation and job protection, but for people who are in employment there are issues, which have a

disproportionate impact on women and young people, about the sustainability of that employment and about their pay, prospects and security.

In setting the job creation priority, how was the balance struck between concerns about the quantity of work and the need to protect the quality of work?

John Swinney: My priority in the areas over which I have operational and budget control—in what is clearly a very constrained environment in terms of the public finances—has been to maximise public sector employment as much as I can. For example, my rationale in taking forward pay constraint in principle was to provide us with the opportunity to protect as much public sector employment as we possibly could.

Within that pay constraint, we have clearly applied much greater pressure to the higher levels of pay than to low pay. Of course, Mr Biagi will be familiar with the patterns of employment whereby women are predominant among those who are in lower income employment. We have tried in principle through our interventions to protect public sector employment and, within that, to do as much as we can to support those on low incomes, whether that is through pay policy or the provision that we make by, for example, freezing the council tax or through other measures.

Although the Government has relaxed some of the constraints on pay policy for 2013-14, we have maintained the constraints at the higher end of the pay spectrum. In relation to the balance that is struck, there is a continuation of disproportionate activity to protect people on lower salaries.

Marco Biagi: As a follow-up to that, there is a very strong emphasis on the construction industry and supporting employment in that sector as a path to recovery. Given that the construction industry is male dominated in its employment pattern, is there any concern that that may have a differential gender impact?

John Swinney: I recognise that argument and I have seen it deployed in the evidence that the committee has taken. I acknowledge that employment in the construction industry is male dominated, but I have also seen that construction activity tends to have a very broad effect within local economies, so construction activity spins off a whole range of other factors and inputs into the economy.

My central economic concern is that, if we do not have a vibrant and successful construction industry, a whole host of other support and supply sectors, which are not male dominated, will be undermined as a consequence. I can understand the concern, but I do not lay the emphasis on developing the construction sector purely and

simply so that we have a vibrant construction sector but because it triggers much broader and much more significant economic activity and therefore includes a broader range of economic forces and population groups than just those who participate in the building of the capital infrastructure.

Marco Biagi: If there are no supplementaries to that question, I will go on to my second question.

The Convener: Can I ask a brief supplementary before you move on, Marco?

Cabinet secretary, can you give us specific and tangible examples of where prioritising capital spend has resulted in an increase in jobs and has offset the loss of jobs in the public sector? If so, can you indicate in particular where the jobs are and how sustainable they are?

10:00

John Swinney: The evidence is very clear from the labour market statistics between 2008-09 and 2010-11. In that period, I was able, in dialogue with the United Kingdom Government, to accelerate substantial amounts of capital investment. My strategy in 2008-09, when the private construction sector stopped activity almost overnight, was to replace that as much as I could with public sector construction activity. Through a series of dialogues with the UK Government, we came to agreement about how we could accelerate capital expenditure and ensure that it created a beneficial economic impact.

We can see from the labour market data of that time a much slower rise in unemployment than we could ordinarily have expected from the economic shock that the economy took in 2008-09. My strategy was based on the assumption that, by 2010-11, the private sector would be recovering and therefore the consolidation of public sector finances could be done reasonably.

I have freely and openly conceded that that assessment and that assumption were wrong. I do not think that I was wrong to make that assumption, but my assumption and my prediction were wrong. After 2010, unemployment started to rise again with the United Kingdom's reductions in public expenditure—particularly capital expenditure. The labour market data patterns speak very clearly about the two different periods, the first being between 2008-09 and 2010-11 and the second after 2010-11.

Members will be familiar with the budget propositions that I have made to Parliament. In the spending review and the budget statement in 2010 I converted a range of projects to the non-profit-distributing model, in the spending review in 2011 I prioritised capital expenditure, and in my

statement to Parliament in June and the budget statement in September I intensified that capital development support. I strongly hold the view that that approach will encourage economic recovery, but I concede that we support and encourage capital investment in the economy to encourage more economic confidence, from which other economic activity can flow, and that the weakness of our position is that, fundamentally, that economic confidence is not improving. That is not just about the Scottish economy; it is about the United Kingdom economy and the eurozone economy, and it has wider causes—even relating to the Chinese market.

As I said to Mr Biagi, the emphasis on the construction sector is designed to get more activity into the economy and trigger other subsequent, confidence-building activities, but that is undermined by the general lack of confidence in the economy.

The Convener: Thank you, cabinet secretary. I will bring Marco back in for his second question.

Marco Biagi: Globally, climate change and its impacts clearly have equalities impacts that affect different groups in different ways. Last year the Scottish Government published its report on policies and proposals, and this year there will be an updated report. Both documents are intended to be read alongside the budget. How have you incorporated equalities concerns in our action to tackle climate change, in particular in dealing with climate change concerns in the budget and alongside the work on the forthcoming report on policies and proposals 2?

John Swinney: We essentially go through an iterative process in applying equalities considerations while formulating the budget. We consider equalities issues as we proceed through the budget process, and we have tried to reflect that in the equalities budget statement. Obviously, the choices that we make in that respect are cognisant of our obligations in connection with climate change.

Essentially, we go through an integrated policy framework where we test the choices that we make on the budget alongside the considerations required of us in relation to equalities and tackling climate change, so that we can be satisfied that we are moving as effectively as we can to support those directions. In that process, as we begin to assemble some of the themes of the budget, we look at all the information that emerges.

The other dimension is how we embark on the budget process. When we embarked on the budget process this year, we were following a policy approach and framework that was consistent with what we put forward in the spending review. The spending review focus was

very much about economic recovery and tackling the challenge of climate change. Essentially, we have created a policy framework, within which the spending review operates, that enables us to make progress on these questions with an analysis that moves hand in hand with the different questions with which we have to wrestle.

Marco Biagi: In terms of the overarching budgetary objective of low-carbon economic growth stimulating low-carbon industries, in what way are equality concerns—not least gender in employment in those industries—taken into account?

John Swinney: I would contend that across a range of different policy areas in the budget—energy efficiency in the private domestic sector through insulation schemes, public sector energy efficiency programmes, the emphasis on renewables research and development, and the work undertaken on changing the balance of travel patterns in our society—a range of different steps are being taken to support the development of a low-carbon economy. The challenge that we have talked about the whole of this morning is how we ensure that, as we embark on that direction of travel, we do not go into it with traditional occupational segregation dominating what we do. On that, I would have to accept that we are at a work-in-progress stage.

Essentially, the low-carbon economy is a new economy for us, so we have to ensure that we do not go into it with the structures and imbalances of the old economy, if I may express it in that way. Some of the interventions are designed to avoid our locking in some of the constraints and characteristics of the old economy in a way that means that we miss the opportunity to change some of the employment patterns in the creation of a new industry.

John Finnie: Good morning, cabinet secretary. If I noted you correctly, you said that you are constantly trying to improve the data available. We heard evidence on that subject previously from Stephen Boyd of the Scottish Trades Union Congress and Jackie Brierton of the women's employment summit. Could you comment on what Mr Boyd said? He said:

"Our work on the labour market is consistently frustrated by the lack of quality information at Scotland level. That is primarily an issue for the Office for National Statistics rather than the Scottish Government. I know that the Scottish Government pushes the ONS, and indeed funds it, to produce more Scotlandified statistics but, to be frank, the ONS fails to do that."—[*Official Report, Equal Opportunities Committee*, 4 October 2012; c 657.]

John Swinney: The labour market statistics that we use give us a picture at Scotland-wide level essentially on employment, unemployment and economic activity split by gender and by age.

We support other strands of information gathering that can emerge in this process. However, the fact that this is driven by survey data means that you have to be careful because, whenever you come down from the Scotland-wide level, you start to deal with smaller sample levels at which the quality of the information might not be as robust—I suspect that Mr Biagi will be conversant with many of those issues.

We press for strong and robust data. We have to be careful about constructing something on the basis of data that is not as robust as it could be.

John Finnie: If I understand the situation correctly, I think that Mr Boyd was suggesting that there is an insufficiency of evidence at a Scotland-wide level.

John Swinney: I see. I would be interested in exploring the substance of those concerns and the particular areas in which we could improve the data. I am happy to work to improve the quality of data that is available. For example, when we established the national performance framework in 2007 and there were a range of different indicators that we thought were important to enable us to judge improvement in the performance of Scotland, that data did not exist, and we had to create the new data sets. We now either have them all or are just one short of having them all.

We are certainly committed to finding new forms of data to enhance the debate.

John Finnie: Could you comment on the funding that is allocated to research and analysis regarding data?

John Swinney: Across the Government, we have a range of analytical teams that undertake that work. We also have the Government statistical service, which produces a comprehensive range of statistics on our behalf. Of course, all of that is assessed and analysed, in the interests of the public debate, by the office of the chief economic adviser. The chief economist and his team are actively involved in the scrutiny of the information.

John Finnie: Do you believe that the data is of sufficient quality to enable us to track issues around gender and the other matters with which this committee is concerned?

John Swinney: We would have to be clear about what particular elements of information the committee is interested in seeing. I would not want to give a cast-iron commitment in relation to a consideration of gender segregation in particular sectors of the economy because, methodologically, that might be difficult to do reliably through a survey approach. If there are particular areas about which the committee wishes to make suggestions to the Government, I would

happily consider them and determine whether we can fulfil those requirements.

Dennis Robertson: Would you be able to give the committee data on people with disabilities? We are told that the UK welfare reform initiative is intended to get people off benefits and into work. However, we know that various groups within what might be called the disability range have different experiences when it comes to getting into the employment market. For example, those with learning disabilities or sensory impairments find it much more difficult to do so. Basic arithmetic suggests that, if the welfare reform agenda goes ahead, it will be much more difficult for those who are coming off benefits to find work.

I know that there are various initiatives, but will you be able to address the issue within the budget constraints that you have? Can you produce data on disability? Data on the gender split would be welcome, too.

10:15

John Swinney: The Deputy First Minister has given a commitment to work with the Parliament's Welfare Reform Committee to ensure that we constantly refresh our understanding of the implications of the welfare reform agenda in the context that you described. That is an on-going priority as welfare reform continues to be rolled out.

I entirely accept your fundamental point. Our difficulty will lie in dealing with all the consequences that flow from a welfare reform agenda that does not take account of the key sensitivity of analysis about which you talked. We will carefully collect data in the area, because it is clear that people with disabilities will be most affected by changes to incapacity benefit and disability living allowance and that the consequences will be significant.

Siobhan McMahon: The UK Government has taken a horrendous decision on welfare reform. I appreciate that the situation is not of your making. The Welfare Reform Committee and stakeholders have expressed concern that £2.5 billion will be taken out of the Scottish economy because of the UK Government's decision.

In the draft budget, the issue is mentioned only in a note on page 131 about the successor arrangements for the social fund. As you said to Dennis Robertson, you will continue the dialogue in an attempt to mitigate the impact of the loss of money in the economy. What direct policies are there in that regard in the draft budget? We know some of what will happen, if not the extent to which it will happen. How are we protecting disabled people, elderly people, single parents and the most vulnerable people in our society? In

particular, what additional spend will be given to local authorities to mitigate the impact of the responsibilities that they must take on as a result of the reforms?

John Swinney: I must say at the outset that it will be impossible for the Scottish Government to mitigate all the effects of welfare reform. It will not be possible to do that. That is why I take the political position that I do. Such issues would be best determined by the people of Scotland. I agree with you that the agenda is wrong. It does not take account of the material and sensitive issues that Mr Robertson raised and it runs contrary to the values and attitudes of people in Scotland. That is why I so much resent its imposition on our country.

On your point about budget protection, we are doing a number of things. The Deputy First Minister set out some of the steps that we will take on the social fund. She gave further detail on that at the weekend. We have also reached an agreement with local government on the protection of council tax benefit successor arrangements, and we will contribute towards the process—that is in the budget documents, as well as the reference that you mentioned.

We will continue to work with local government on how we address the long-term implications of welfare reform. The support that is available through investment in housing services is designed to help in that respect. Some steps that are being taken on housing as part of the welfare reform agenda are ludicrous and deeply harmful to individuals' wellbeing and self-esteem. Through their focus on delivering the best outcomes for individuals, the Government and local government will do as much as they can to mitigate the effects of those policies, but I cannot in all honesty say to the committee that we can protect people in Scotland entirely from the effects of the welfare reform agenda.

Jean Urquhart: Your response to Siobhan McMahon's question has answered some of my question. The equality statement claims that

"significant issues of concern for equality groups have not changed substantially from our analysis for ... 2011."

I understand that the issues of concern may stay the same, but I guess that the landscape has changed fairly dramatically since that analysis. There have been changes to employment; wages, benefits and tax credits have been cut; and services have been withdrawn.

What specific measures can you take? I guess that it comes back to what you can do about the Welfare Reform Act 2012.

John Swinney: I would like the opportunity to set out a little bit more of the context of the

comment to which Jean Urquhart referred, which is from the equality statement. The statement that

“significant issues of concern for equality groups have not changed substantially from our analysis for Spending Review 2011”

is accurate. I make that statement not to suggest that nothing has changed but to say that the issues that we raised in the spending review—the issues of which we were aware—remain issues of concern. It does not in any way suggest that the challenge has not become greater. It is just that the issues that we identified when we constructed the equality statement for the budget in 2011 are the concerns that we had when we wrote the present statement.

Those concerns were about the degree of public sector financial consolidation, the pressures that that would create on employment in the public sector and the consequential pressures on incomes in the public sector. However, as I explained a moment ago in my answer to Mr Biagi, we have taken action to try to mitigate those effects. The comment in the equality statement is designed to reiterate the fact that we consider ourselves to be in the same territory of difficulty.

Of course, there are also other problems that we must address. That is why the Government has done things differently in a range of different measures. For example, in 2011, we were not committed to putting more money into local government to try to deal with the consequences of the council tax benefit successor arrangements. Nor were we putting in place the resources to support some of the social fund replacement activity.

We have taken a number of steps to try to address the situation aside from the wider economic investments that we are making. We are trying to strengthen the ability of people to enter the labour market, to find the training opportunities that will support them in doing so and to create sustainable employment opportunities for them.

We must take all those factors into account.

Jean Urquhart: I have personal experience of the frustration of trying to get pay equality in a local authority. Will you comment on how difficult that has been? For the past 20 years—I do not know how many years—women have made the case for equal pay for an equal job throughout local authorities. Is that case made harder by the recession in which we find ourselves?

John Swinney: I talked earlier about efforts to deal with the issue of equal pay, which, to be frank and blunt about it, I think public authorities have taken too long to address. That is simply a matter of record and is beyond dispute. Ironically, even if we assume that the equal pay measures have been put in place—notwithstanding Mr

Robertson’s earlier point about the potential for further legal challenge—the way in which we have structured support for people on low incomes has been relatively helpful in supporting people on low pay and they are predominantly women. After all, there are more women than men in low-pay occupations. The priority that we have put on those on lower incomes will continue in our pay policy over the coming period. I think that we have made the necessary priority to try to support people on low pay in the pay remit that the Government has presided over since 2007-08, and it has been our fashion to try to do as much as we can to support people on lower incomes.

The Convener: I have some questions on a number of issues that no one has raised. First, can you give us any practical examples of, or demonstrate in some way, how the equality budget statement has impacted on the resource allocation process? How has it changed thinking on that matter or demonstrated changes in policy or process?

John Swinney: I have gone through these issues with previous Equal Opportunities Committees in the years I have occupied this post, so you will have to forgive me, convener, if I express things in much the same fashion.

Coming back to my response to Mr Biagi’s question, I point out that every year we go through an orderly budget process that brings us to an orderly conclusion while along the way taking into account our obligations and aspirations with regard to equalities, tackling climate change and ensuring that our measures are consistent with the national performance framework, to which I attach significant importance. I am trying to avoid a situation in which we reach the end of the budget process, think, “Right—let’s test this for equalities,” and then find something shocking that makes us say, “Oh my goodness. We can’t deliver this because it conflicts with our equalities obligations.”

I have avoided that kind of disastrous outcome, but our approach means that when, at different stages of the policy process, we evaluate the right way to move forward, we inevitably say, “Doing this this way will have a greater impact on equalities than doing it that way.” I have resisted the temptation to share some of those choices publicly; after all, I am here to explain the equalities judgments that we have made, not the relative choices. Clearly, the Government could make other choices in spending the money in the fashion we have set out in the budget document. We essentially explain and try to justify those choices and are, of course, open to other and better choices that can be made.

However, I assure the committee that, throughout the process, I am applying four different tests to the budget, the first of which is

the rather fundamental question whether it will balance. I was going to say that these tests are in no particular order, but actually that is in a particular order. The other tests are whether the budget is consistent with our national performance framework; whether it fulfils our equalities obligations; and whether it supports our climate change objectives. Those are the four main tests that I apply constantly to our measures. During the budget process, I have different discussions with colleagues on those issues. I meet officials to test where we are in relation to different landmarks in the process to guarantee that we are taking the correct steps.

10:30

The Convener: The lack of confidence in the economy that you mentioned earlier could be taken as further evidence of a failure of our economic models. What alternatives do you have? What other things are you looking at?

John Swinney: Looking at the range of interventions that the Government makes, I would contend that the Government is trying to change the models of economic activity in Scotland. The emphasis that we have put on encouraging and nurturing the social enterprise sector is a significant part of that. The social enterprise sector is more significant to our economy than it was when we came into office. For me, that is an extremely important objective, on which we have made progress, although we are certainly not at the end of the road. That progress is welcome, because it changes the model of economic activity in Scotland.

In the renewables sector, for example, we are seeing the development of a much greater level of community interest in renewables. Community ownership of such facilities results in communities receiving income streams, which contributes to the strengthening of communities. We encourage and nurture different models of economic activity.

In what I have said to the committee, I have placed a lot of emphasis on the national performance framework, which I think is a much underassessed part of the Government's framework of policy. I have heard the criticism being made that the Government is focused solely on gross domestic product—if my memory serves me right, that criticism was made in previous evidence to the committee. The Government is not focused just on GDP; we cannot be focused just on GDP. Of course we want to deliver GDP growth—I would like us to be delivering more GDP growth than we are doing at the moment—but the national performance framework spans a range of factors. I think that people might call it a balanced scorecard.

I offered my thinking on this in the members' business debate that Ken Macintosh led on the humankind index some weeks ago. I tried to make the point that, since 2007, the Government has followed a broad set of policy indicators and objectives—one that is not focused solely on delivering GDP growth. A set of indicators that was focused just on GDP growth would not give a proper and true account of the balance of the Government's policy framework.

The Convener: Thank you very much for that, cabinet secretary.

As members have no further questions, I thank you very much for coming along. It has been an extremely useful and informative session.

10:33

Meeting suspended.

10:37

On resuming—

European Union Engagement 2011-12

The Convener: Item 2 is consideration of a draft response to the European and External Relations Committee on European Union engagement 2011-12. The paper has been circulated and we have been asked to consider the draft response, to indicate and agree any changes and to approve the response. Would committee members like any changes to be made to the paper?

Members: No.

The Convener: Do we agree to the paper?

Members *indicated agreement.*

Work Programme

10:38

The Convener: Item 3 is consideration of the committee's work programme. The committee has been asked by MECOPP—the Minority Ethnic Carers of People Project—to sponsor an exhibition in June 2013 focusing on Gypsy Travellers and carers, which is timed to coincide with carers week. Is the committee content to sponsor that event?

Members *indicated agreement.*

The Convener: Our next meeting takes place on Thursday 8 November and will include consideration of a draft report on the Scottish Government's draft budget 2013-14.

Meeting closed at 10:38.

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e-format first available
ISBN 978-1-4061-9768-6

Revised e-format available
ISBN 978-1-4061-9785-3

Printed in Scotland by APS Group Scotland
