

Annex C:

Equality and Fairer Scotland and the Resource Spending Review

Introduction

In the [Resource Spending Review \(Equality and Fairer Scotland analysis\)](#), published in May 2022, we said we would set out progress on impact assessments related to the proposals outlined within the spending review. The proposals are diverse in nature and at different points in terms of their development.

This section therefore provides an update on the work underway to assess the equality and Fairer Scotland impacts of these proposals. There are two main areas for consideration – firstly, work aimed at improving efficiency and secondly, the main platforms of reform across the public sector.

Efficiency levers

1. Shared Services

We have a Shared Services Programme underway, which includes engaging with public bodies to examine the potential for further sharing of services. Phase 1 of the Scottish Government's Shared Services Programme will deliver an Enterprise Resource Planning platform capable of significantly improving the management of financial and human resources within the core Scottish Government and 36 customer organisations, all of which are existing public bodies. By adopting standardised processes and the implementation of Enterprise Resource Planning technology, we will enhance organisational efficiency and effectiveness.

We appraised the approach using the HM Treasury Five Case model. The model incorporates consideration of economic and social impacts and the Public Sector Equality Duty as part of a structured approach.

An equality impact assessment for the discovery and design of Phase 1 of the Shared Services Programme is in progress. This recognises that equality impact assessments remain live resources and considers potential impacts on current and future staff who will interact with and benefit from the Enterprise Resource Planning.

Amongst other dimensions, the design stage of Phase 1 is specifically considering system accessibility, including accessibility user research and ensuring products are compliant with digital accessibility standards compliant.

Further iterations of the evolving equality impact assessment have been built into the programme. These will further consider, among other things, equality of system access and data improvements to strengthen the Scottish Government's vision of being a world leading diverse employer. Further phases of the Shared Services Programme have not yet progressed to business case. The equality impact assessment will continue to be updated as part of that work.

2. Effective Procurement

We are currently working with a cross-sector group to develop the first Public Procurement Strategy for Scotland. As part of this, we have made use of the impact assessment work set out below. We are in the very early stages of looking at an equality impact assessment and a Fairer Scotland Duty assessment to cover the Public Procurement Strategy for Scotland. This initial work will begin with the screening questions and engagement is scheduled with an analyst.

When procurements are undertaken across the Scottish Government, the central procurement team asks the customer if an equality impact assessment has been undertaken. If an equality impact assessment has been undertaken, then the outputs will be captured in the Procurement Strategy. If not, the individual business areas are challenged. Similar to the equality impact assessment, a Fairer Scotland Duty assessment is the responsibility of the customer to carry out. As background we have published the [Scottish Procurement Policy Note guidance](#).

We have guidance on producing impact assessments, including equality impact assessments and Fairer Scotland Duty assessments for every Scottish Policy Notice issued. The Fairer Scotland duty is included in our [equality supporting guidance](#) (at policy and legal context), and we include a link to the [guidance for public bodies](#) which includes guidance on assessments.

We understand that early completion of a high quality impact assessment can remove the need for rework or contract changes further down the line. This helps Scottish Government both meet our legal requirements under the Public Sector Equality Duty and the Fairer Scotland Duty and deliver value for money.

3. Scotland's public sector asset base

We are currently progressing a programme of change and improvement for ministerial property, for which we will provide an equality impact assessment and a Fairer Scotland Duty assessment.

Property and Construction Division and its Property Controls Team assist with, review and endorse public sector property business cases for Scottish Ministers' approval. This can include acquisition of new premises, building closures and relocations and co-locations, all of which can impact staff and their working environment. In these situations, the public body in occupation is expected to undertake an equality impact assessment to support the business case. This should also include the Fairer Scotland Duty assessment, including where new public bodies are being set up. Factors such as socio-economic disadvantage as well as availability of work force and suitable property are taken into account when making strategic decisions. This can also include staff views collected through surveys, networks or team meetings. If the business case is under the auspices of HM Treasury Green Book, regard must be had to the Public Sector Equality Duty with its attendant wider requirements.

The Property and Construction Division constantly reviews the approach taken for public sector property acquisitions and disposals which includes a presumption in favour of co-location and maximum use of existing public sector property, where appropriate, to ensure an efficient public sector estate and deliver best value to the public purse. Public bodies are expected to give consideration to any impacts, positive and negative, on staff resulting from a change in their working environment. This includes factors such as travel to work, environmental impact, public transport links, quality of office, hybrid working, space requirements, office environment including internal facilities and local external facilities. These factors are reflected in Scottish Government Estates Strategy and guiding principles for how the estate should be managed.

Guidance is being updated to reflect the need to consider equality impacts, including the need to determine the extent and level of equality impact assessment and Fairer Scotland Duty assessment required by considering and answering screening questions for both duties. This evidence will then be included, as appropriate, in business cases to ministers. Where there are wider repercussions across the property sector, the Property and Construction Division will undertake and co-ordinate an equality impact assessment and a Fairer Scotland Duty assessment.

4. Digital Public Services

Access to digital connectivity opens up a range of potential benefits for all of society, including marginalised groups, with increased access to education, skills training, and financial benefits linked to savings accessible online. Through continuing the digital connectivity programme families will be provided with digital access linking them to a wide range of services essential to reducing household costs, increasing earnings and improving wellbeing.

The 2021 Digital Strategy for Scotland ([‘A Changing Nation: How Scotland Will Thrive In A Digital World’](#)) sets out the actions the Scottish Government will take on digital inclusion and connectivity, developing a strong digital economy, and enhancing the approach to delivering public services through investment in digital transformation.

As part of this, the Connecting Scotland programme is developing its full business case. A more in-depth study on the impact on equality is also being taken forward. Initial findings note that people who have received devices and connectivity have felt less marginalised and more able to participate fully in a digital society. The evaluation phase is still being conducted on the Connecting Scotland programme: preliminary findings show that it is having a positive impact on reducing digital exclusion.

There will continue to be investment in connectivity infrastructure and digital adoption across the economy. This will include continued investment in improved broadband and mobile coverage for residential and business premises.

We are also developing CivTech® Challenges on a number of fronts including developing world-leading processes and tools to ensure everyone in Scotland can understand and have a say about how Artificial Intelligence is used to deliver better public services. This will include a public register of trusted algorithms used in the Scottish public sector. We will also commission the design of an innovative mechanism to ensure civil society’s full participation in the delivery of our Artificial Intelligence Strategy.

Platforms for reform

5. Public Bodies and Public Services Reform

The overarching purpose of the public bodies reform and public service reform work-stream is to deliver fiscally sustainable services that adhere to reform principles. Those principles include an emphasis on prevention, reducing inequalities of outcome and involving people in the decisions and changes that matter to them.

Our focus thus far has been on ensuring that public services continue to meet the needs of those who require support and are done in a person-centred and place-based way. The overarching purpose is designed to mitigate against negative impacts on particular equality or socio-economic groups.

Nonetheless, as the work to balance budgets and improve outcomes progresses, the relevant policy leads, with public bodies, will factor in equality and Fairer Scotland impact assessments. They will also demonstrate that their recommendations for meeting the budget challenge do not impact unfairly on those communities who need those services the most.

Given the wide range of functions and responsibilities, this analysis is best done by those responsible for supporting the bodies/services in question, to reflect the specific contexts they are working in and to promote mainstreaming of equality and Fairer Scotland considerations as well as overarching considerations. In our co-ordination and reporting role, we will ensure that equality and Fairer Scotland requirements are included in our commissions to both policy leads and public bodies as the work progresses. We will also work towards ensuring that equality information is collected in a consistent way, to enable any future cumulative analysis.

6. Agree a New Deal for Local Government

The New Deal is expected to be comprised of two core pillars:

- a fiscal framework for local government, which is intended to establish agreed ways of working in the fiscal relationship, supporting greater transparency and accountability.
- a partnership agreement, underpinned by the fiscal framework, which provides the framework for policy specific agreements, based on a shared value-based overarching agreement on outcomes

The New Deal between Scottish Government and Local Government will cut across portfolios, supporting the key aims of:

- working together to achieve better outcomes for people and communities
- balancing greater flexibility over financial arrangements with improved accountability
- providing certainty over inputs, outcomes and assurance, alongside scope to innovate and improve services

Given that local government has critical functions which cut across a number of national priorities including tackling poverty, driving Net Zero, reducing inequality and generating economic growth. Each possible policy discretion, flexibility, or arrangement that flows from the New Deal will need to be assessed individually on its own merit alongside overarching assessment. However, one of the core aims is capturing improved accountability (which will build on the evidence generated through impact assessments, including for equality), coupled with the delivery of greater flexibilities for local government.

The work of the New Deal is still ongoing and given the inherent nature of any negotiation and the importance of co-design with Convention of Scottish Local Authorities, it is not possible to predict the outcome nor assess impact of the wide range of directions which discussions may take.

As negotiations progress, alongside overarching assessment, each policy idea will require individual consideration of its impact on equalities. It may be necessary to revisit an equalities impact and the Fairer Scotland Duty in regards existing policies delivered through local government to take account of any changes resulting from any negotiated policy flexibilities associated with the New Deal.

7. Revenue Raising and Innovation

The Scottish Exchequer is working across the Scottish Government and with relevant public bodies to identify areas of focus and priority options for revenue raising.

To ensure a consistent approach is taken across the organisation, we propose to apply a similar set of criteria to those which shape the decisions we make on tax (and as set out in the decision making matrix in the Scottish Government's [Framework for Tax](#), and summarised in the table below).

Table 1: Matrix for tax decision making	
Fiscal Impacts	Proposals must be accompanied by a policy costing, including an estimate of the impact on our funding position and, where appropriate, an analysis of the distributional impacts. This should include the potential for long-term economic impacts, as well as any impacts on future budgets and the tax base.
Principles and Objectives	Policy options should be considered against the Principles of Good Tax Policy Making, with a clear rationale for any deviation, as well as our strategic objectives and the core policy objectives of the proposed change, identifying any conflicts or trade-offs.
Policy Alignment	Proposals should be considered in the round alongside: other devolved and local tax policies; our economic strategy; spending plans; social security commitments; wider devolved and local government policies; and UK tax and fiscal policies. Analysis should seek to identify any conflicts or trade-offs.
Affordability and Value for Money	Policy costings should be assessed for affordability and value for money, particularly if tax reliefs or exemptions are being considered.
Impact Assessment	The policy development process should surface and consider potential impacts, including unintended consequences, and include applicable impact assessments. For example, in relation to equality, business and regulation, the environment, human rights and the Fairer Scotland Duty.
Deliverability and Administration	Issues pertaining to delivery, administration and collection should be identified and considered at the earliest opportunity, in consultation with the relevant tax authorities, including consideration of the administrative burden on taxpayers and other delivery partners. Assessment should also be given to any legal, operational or political concerns and impact on the Fiscal Framework or in relation to devolution. Timing of a proposed intervention should be considered in relation to fiscal and economic cycles.

8. Pay and Workforce

The Resource Spending Review set out the need for targeted workforce growth in priority areas as part of an approach that balances investment in systems and processes, investment in our people, and the reform and redesign of services, so that they deliver efficiently and effectively. It also set out that if the total size of the workforce continues to grow in the way it has in the recent past, it will increasingly squeeze our capacity to maintain services and increase rates of pay in the public sector.

To support this, the proposal in the Resource Spending Review was broadly to hold the total public sector pay bill (as opposed to pay levels) at around 2022-23 levels whilst returning the overall size of the public sector broadly to pre-COVID-19 levels. This excluded local government given the separate responsibilities they have for pay and workforce. This was a broad approach, not a target, within the overall ambition to focus any workforce growth in priority areas.

Since the Resource Spending Review, we have developed our proposition around targeted workforce growth in priority areas. In respect of the 2023-24 budget it is for individual public bodies to balance their overall pay bill with investment in systems and processes, wider investment in people, and the reform and redesign of services, so that they deliver efficiently and effectively, within the context of their overall budget allocation.

On that basis it is for individual public bodies to determine locally the target operating model for their workforce and to ensure workforce plans and projections are affordable in 2023-24 and into the medium term. Workforce change, and the reasons behind it, should be included as part of any regular meetings with Scottish Government. Public Sector employment statistics are already published on a quarterly basis by the Scottish Government.

This approach recognises that the 2023-24 budget allocations reflect our priorities as well the accountability of public bodies to deliver efficiently and effectively within their total available resource.

In line with promoting mainstreaming of equality and Fairer Scotland considerations, it will be for individual public bodies to ensure their policies and practices and systems comply with employment Fairer Scotland and equality requirements.

At a Scotland level, strategic collaboration around pay and workforce will continue through dialogue with trade unions and employers.