FINANCE COMMITTEE

AGENDA

24th Meeting, 2006 (Session 2)

Tuesday 3 October 2006

The Committee will meet at 10.00 am in Committee Room 1 to consider the following agenda items:

1. **Items in private:** The Committee will decide whether to consider agenda items 5 and 6 in private.

2. **Cost of the local authority single status agreement:** The Committee will consider a response from Unison to its report on the cost of the local authority single status agreement and correspondence from the Equal Opportunities Commission.

3. **Cross-cutting expenditure review of deprivation:** The Committee will consider a response from the Scottish Executive to its report on its cross-cutting expenditure review of deprivation.

*Not before 11 am:*

4. **Budget Process 2007-08:** The Committee will take evidence from—

   Angela O'Hagan, Convener, Scottish Women’s Budget Group; Dr Ailsa McKay, Caledonian Business School; and Rona Fitzgerald, Visiting Professor, Caledonian Business School.

5. **Work programme:** The Committee will consider its work programme.

6. **Commissioned research on the impact of the Scottish Budget on the Scottish Economy:** The Committee will consider arrangements for the publication of its commissioned research.

7. **Aquaculture and Fisheries (Scotland) Bill (in private):** The Committee will consider its draft report on the Financial Memorandum of the Aquaculture and Fisheries (Scotland) Bill.

Susan Duffy
Clerk to the Committee
Room T3.60
Extn 85215
The papers for this meeting are:

**Agenda Item 2**

Response from Unison and correspondence from the Equal Opportunities Commission  
FI/S2/06/24/1

**Agenda Item 3**

Response from the Scottish Executive  
FI/S2/06/24/2

**Agenda Item 4**

Submission from the Scottish Women’s Budget Group  
FI/S2/06/24/3

PRIVATE PAPER

**Agenda Item 5**

PRIVATE PAPER

**Agenda Item 5**

PRIVATE PAPER
Finance Committee

24th Meeting 2006, Tuesday 3 October 2006

Inquiry into the Single Status Agreement – responses

1. At its meeting on 23 May 2006, the Committee considered the Executive’s response to its inquiry into the financial implications of the Single Status Agreement.

2. The Committee agreed at that meeting that further letters should be sent to COSLA and to the relevant trade unions, seeking their views on the report’s recommendations. A response has been received from Unison and this is attached. Also attached is correspondence which has been received from the Equal Opportunities Commission in relation to the findings of the Committee’s inquiry.

3. Members are invited to consider both items of correspondence.

Susan Duffy
Clerk to the Committee
Correspondence from Unison Scotland

UNISON Scotland broadly welcomed the Finance Committee’s report into single status. In particular the committee’s recognition of the delay by most local authorities in implementing the agreement coupled with the funding requirement to implement single status and meet the cost of past discrimination.

As the Finance Committee recognised the agreement has to be implemented across 32 local authorities and it is therefore inevitable that progress will vary. Authorities can be divided into several broad groupings as follows:

- There remains only one authority that has concluded an agreement.
- There are several authorities that have presented final proposals. For authorities in this group there are active negotiations or the proposals have been the subject of membership ballots.
- The largest group of authorities are those still developing their proposals. This would include detailed discussions with the trade unions largely around the structure of the job evaluation scheme.
- There remains a significant group of authorities who appear to have made very little progress in developing their proposals.

From the above it can be seen that we remain extremely concerned over the slow rate of progress towards reaching agreement in many local authorities. We remain focussed on pressing this issue but it is the responsibility of local authorities to develop proposals.

We remain of the view that funding is a significant concern for most local authorities and this is a factor in delays or will result in unacceptable proposals that will further extend negotiations. This still needs to be addressed by the Scottish Executive.

There is another development we would like to bring to the attention of the committee. That is the Best Value duty on local authorities, the central role of equality in Best Value and the assessment of best value by the Audit Commission.

Best value reports by Audit Scotland do not identify the financial implications of pay inequality, nor do they record the fact that significant failings on equality suggest that authorities are not delivering best value as defined by the 2003 Act. Perhaps most worryingly, recent best value reports by Audit Scotland do not reflect the seriousness of the problems identified by the Finance Committee investigation. We are inclined to the view that Audit Scotland ought to play a more prominent role in rectifying problems identified by the committee and we have drawn this to their attention.
I hope the above is helpful to the Finance Committee.

Yours sincerely

Carol A Judge
Scottish Organiser – Local Government
Correspondence from Equal Opportunities Commission

I am writing to you, as Convenor of the Finance Committee, to inform you that Equal Opportunities Commission Scotland has recently written to all local authorities in Scotland and to Tom McCabe MSP, Minister for Finance and Public Service Reform, alerting them to our concerns regarding the implementation of the Single Status Agreement and subsequent implications for achieving equal pay.

The EOC is charged under the Sex Discrimination Act and Equal Pay Act with a duty to work towards the elimination of discrimination and to promote equality of opportunity between men and women. A key strategic priority of the EOC over the years has been to narrow the gap between women and men's average earnings. Average earnings for women working full time are 12% lower than for men working full time, this gap increases to 34% for women working part time in Scotland. This pay gap persists because women are concentrated in low paid, low status sectors, and the skills involved in the jobs that women do tend to be undervalued compared with the skills involved in jobs where men dominate.

The EOC has long been concerned about the pay gap in the public sector in particular and we therefore welcomed the Single Status Agreement, which we understood was designed to ensure a non-discriminatory pay system for local government. In April 2004, following an announcement that the implementation of the agreement was to be further delayed, we wrote to all local authorities expressing our concerns about these delays.

We are pleased to see local authorities now moving to undertake job evaluation exercises and to make proposals to implement the Single Status Agreement and to modernise pay and grading structures to comply with the Equal Pay Act. However, we are increasingly worried from the intelligence we are hearing, both from individuals contacting our helpline and from other interested parties, that there are aspects of the results of the job evaluation and pay and grading process that would give us cause for concern. If the information that we have is accurate, it would appear that in undertaking job evaluation exercises and in making proposals regarding pay and grading, local authorities are failing to carry out a gender impact assessment of the results, or to follow the EOC's Code of Practice on Equal Pay in relation to conducting pay reviews.

We have therefore written again to all local authorities advising that we would expect them to carry out a gender impact assessment of any job evaluation results and their translation to pay and grading systems. Failure to do so can lead to unequal pay processes being perpetuated through job evaluation schemes paving the way for future claims. We would consider the carrying out of a gender impact assessment to be a requirement of both the best value provisions of the Local Government (Scotland) Act 2003 and in order to comply with the gender equality duty, which is due to come into force in April 2007.
As the statutory body working to eliminate the gender pay gap we welcomed your Committee’s report of 23 March 2006 ‘Report on the Financial Implications of the Local Authority Single Status Agreement’. In our letter to the Minister we have asked him to advise us as to what extent he has taken steps to implement the recommendation contained within the report that the Executive enter into discussions with COSLA or with individual councils to consider whether any additional funding can be made available.

We have expressed our feeling to the Minister that although we are aware that the responsibility for complying with the Equal Pay Act lies with local authority employers, the Scottish Executive has a leadership role to play to support local government to deliver equal pay. We have noted that other parts of the public sector, most notably the NHS Agenda for Change modernisation programme and the Teachers’ McCrone Agreement, have received financial support from the Executive in recognition of the costs of pay modernisation.

Please do not hesitate to contact me if you wish to discuss this further.

Yours sincerely

Rowena Arshad OBE
EOC Commissioner for Scotland
Correspondence from COSLA, 1 June 2006

In am writing in response to your letter dated 25 May 2006. I am confused and disappointed that the Committee has misrepresented COSLA’s position in relation to our response to the Committee’s report. Your letter states that COSLA failed to respond when in fact I wrote to you, albeit in private, outlining COSLA’s position on 10th April. In this letter I provided detailed comments on the Committee’s report representing COSLA’s position. Whilst this letter was marked ‘private and confidential’ I did advise that COSLA was happy for these comments to be shared with your political colleagues on the Committee but asked that the detail not be discussed in any public forum. COSLA had taken the political decision that these comments be considered in private, as we did not want our comments debated publicly. As detailed in my original letter I did also offer to have a private political discussion with you and colleagues from the Committee as was required.

With reference to the points made in your letter, can I assure you that the issue of resolving both equal pay and single status is a high priority for Leaders and is being discussed at each Leaders’ meeting. A task group has been established and is charged with providing guidance to Councils and monitoring progress on implementation. However we would currently wish to keep the exact details of where we are private at this time, as indeed this is a negotiation process and we would not want to expose our position publicly. Nonetheless I can reassure you that COSLA is clearly focussed on identifying and unblocking barriers in order to progress to a smooth resolution as soon as possible and I hope that these efforts are not underestimated.

Discussions on single status and equal pay retrospection are local issues and are rightly matters between employers, their employees and trade unions. As a result we do not believe that further deadlines, as proposed in your letter, are necessarily helpful or within the Committee’s remit to do so. Our understanding was that the Committee would specifically consider the affordability and funding issues surrounding equal pay and single status. We feel that the lack of options provided on how to move forward, in terms of funding, has been a disappointing result for local government.

I am happy for this letter to be discussed in public and I would wish that the record be set straight in relation to our response. Should you wish to discuss the contents of this letter further please do not hesitate to contact me.

Yours sincerely

Councillor Pat Watters
President
Correspondence from COSLA, 28th September 2006

I refer to previous correspondence of 10th April and 30th May 2006 regarding the Finance Committee’s investigation into equal pay and single status in Scottish local government.

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

I understand that your Committee will be debating this issue tomorrow and I hope this update is helpful.

Yours sincerely,

Councillor Pat Watters
President
Finance Committee

24th Meeting 2006, Tuesday 3 October 2006

Response from Scottish Executive to the Cross-Cutting Expenditure Review of Deprivation

The Finance Committee’s report on its cross-cutting expenditure review of deprivation published on 13 April made a number of recommendations to the Executive.

Following our letter of 5 June 2006 and the Parliamentary debate on 7 June I now attach (Annex A) the Executive’s response to the report’s recommendations.

I also attach at Annex B a paper which updates the statistics provided in table 7 of the Committee’s report.

If you have any questions about the response, or require any additional information, please let me know.

Malcolm Chisholm
Annex A

Response from Scottish Executive to the Finance Committee’s cross-cutting expenditure review of deprivation

Introduction

1. The Executive is firmly committed to tackling the poverty and disadvantage which affects too many individuals, households and areas across Scotland. This is reflected in the Partnership Agreement, in our spending proposals for 2005-08, in the most recent Budget document and in our approach to Closing the Opportunity Gap (CtOG). CtOG focuses on the most important challenges in terms of tackling poverty and disadvantage in Scotland today; and it recognises explicitly that deprivation has both an individual and an area dimension. Indeed, seven of the ten specific CtOG targets focus on the needs of particular groups, such as young people not in education, training or employment.

2. This approach to tackling deprivation is underlined in the Executive’s recent Regeneration Policy Statement (February 2006), which makes very clear that our aim is to grow the economy and, by doing this, to tackle the poverty and disadvantage that still hold back too many of our communities. The statement also identifies three key geographic priorities for regeneration in the medium-term - the Clyde Corridor, Ayrshire and Inverclyde. These are areas where there is real economic opportunity but also significant concentrations of deprivation; areas where a focus on regeneration, involving the public, private and voluntary sectors and local communities, has the potential to deliver lasting positive change with an impact at national, as well as local, level.

3. The Executive therefore welcomes the Finance Committee’s review of spending on deprivation; and the opportunity to respond to the Committee’s report. Our response focuses on the Committee’s recommendations as set out in the Executive Summary: these are highlighted in bold italics below (and in some cases have been grouped together for ease of reference).

Response

4. There is a need to recognise that a majority of individuals and families who are deprived in Scotland do not live in the 15% most deprived communities, although there is no doubt that deprivation is most concentrated in these predominantly urban areas. Deprivation exists in rural as well as urban areas, but unlike urban deprivation, rural deprivation cannot be tackled by focusing investment on areas where deprivation is concentrated. Despite the inclusion of an access domain, the SIMD is not suitable as a basis for allocating resources to tackle rural deprivation.

5. Closing the Opportunity Gap explicitly recognises that the majority of deprived individuals and families do not live in the most deprived 15% communities; and also that deprivation exists in rural as well as urban areas. We also recognise that in
both rural and urban areas deprivation cannot just be tackled by focusing investment on areas where deprivation is concentrated.

6. We do, however, believe that the scale and extent of deprivation in the most deprived areas provides a compelling case for policies, programmes and funding which are targeted at, or at the least take account of, the particular problems facing these areas. Whilst the majority of employment- or income-deprived individuals do not live in the 15% most deprived neighbourhoods, it is still the case that 33% of employment-deprived individuals and over 37% of income-deprived individuals live in the 15% most deprived areas. In other words, compared to Scotland as a whole, someone living in the most deprived 15% of neighbourhoods is more than twice as likely to be income- or employment-deprived. What is more, our recent Social Focus publication clearly showed that it is at the 15% ‘cut-off’ that most socio-economic indicators get significantly worse; and that the most deprived 15% of neighbourhoods fare significantly worse than the rest of Scotland on nearly all socio-economic indicators. These areas then face a wide range of multiple problems which reinforce each other at the local level. Our policies have to respond to that stark reality.

7. In relation to the use of the Scottish Index of Multiple Deprivation, the Executive has always been clear that the index is not designed as a ‘one size fits all’ tool to measure deprivation, be it in rural or urban areas: but as a measure of concentrations of deprivation. We use the index to inform policies and resource allocations where the aim - as with the Community Regeneration Fund - is wholly or partly to target area concentrations of multiple deprivation. We also use other measures of individual deprivation to inform policies and resource allocation: for example, in work under CtOG to improve the quality and accessibility of services in rural Scotland, where funding will be provided to 22 Rural Services Priority Areas, identified from the SIMD on the basis of their combined level of overall deprivation and disadvantaged access to services.

8. The Committee looked at issues of delivery and the problems associated with short term funding of social economy and voluntary delivery agencies. It recommends that the Executive examines how the process by which funding is either granted or withdrawn from projects could be made more transparent, with the aim of improving quality and value for money. It would be particularly helpful if a mechanism could be put in place so that successful pilot projects that meet clear evaluation criteria could be considered for longer term funding. Consideration should also be given to establishing an innovation fund which would encourage delivery organisations to take new ideas forward to the pilot stage.

9. The Committee raise important points concerning the commissioning of services and funding of the voluntary sector. Our Vision for the Voluntary Sector (December 2005) recognises the vital role that voluntary organisations play in the delivery of services and commits us to continue work to address funding issues affecting the sector, in particular ensuring that funding practices are fair, that procedures are streamlined, and that the sector can fairly access public procurement processes. Practical steps we are taking to develop better funding based on
contractual or service level agreement outcomes-based funding models include the work we are taking forward with COSLA and SCVO through the Strategic Funding Review of the voluntary sector and through the Funders’ Forum.

10. The Strategic Funding Review aims to improve the availability, effectiveness and sustainability of voluntary sector funding. The review has identified key actions and is now progressing with implementation across a number of priority areas. These include:
   - Movement towards an investment approach based on the achievement of agreed outcomes and funding of the full costs of delivering agreed services;
   - A commitment by the Scottish Executive and CoSLA to move towards 3 year funding packages - already generally the base position for Scottish Executive grants;
   - Continuing to encourage the development of relationships between the voluntary sector and local public bodies to mainstream successful approaches piloted in the voluntary sector; and
   - Engagement with the voluntary sector in early stages of policy development processes at both national and local level.

11. The Funders’ Forum, chaired by the Big Lottery Fund, has been established to bring together government, local authorities, wider public sector bodies, lottery distributors and grant making trusts to take a strategic overview of the funding environment, to create a debate on agreed approaches to funding, and to roll out existing good practice.

12. Although the Executive is not a significant direct provider of services, our funding of the voluntary sector in Scotland totalled £523 million in 2006-07. Clearly, organisations should not expect Executive funding to continue in perpetuity as there will always be a finite level of resource available and a balance is required between funding those initiatives that have proved successful and new and innovative projects. Social economy and voluntary sector service delivery agents engage with a wide range of other funders beyond the Executive - notably local authorities, lottery distributors, health boards, enterprise companies and the private sector – and we would expect these bodies to work in partnership with voluntary organisations to agree delivery contracts which are reasonable and effective to both sides.

13. Where we do provide funding, we have introduced a common funding application pack to ensure that the examination of grant applications is both transparent and consistent across the Executive. This helps organisations minimise the level of form filling and introduces a common approach to the level of detail and content on grant applications. In parallel, a common assessment form has been developed and rolled out to Scottish Executive grant-providing areas. This enables individual scheme managers to score grant applications in a consistent and uniform way against Scottish Executive objectives and specific criteria for individual schemes. The form also requires scheme managers to examine the financial robustness of applications while also checking that there are clear and measurable outputs and outcomes alongside appropriate monitoring and evaluation arrangements.
14. Futurebuilders Scotland, the main grant funding programme for supporting the social economy, has very clear and transparent criteria with applicants required to show how the project will meet closing the opportunity gap objectives and develop the financial sustainability of the organisation.

15. Work has also started on a pilot ‘lead funder’ initiative, providing organisations with a single point of contact within the Scottish Executive on grant funding issues, and work is also underway on the development of good practice guidance on funding for use across the Scottish Executive.

16. The Executive agrees that there is a need for innovation funding to encourage delivery organisations to take new ideas forward to the pilot stage though this needs to be balanced with the need for the longer term funding of successful projects. A number of funds, such as the Seedcorn Fund of Futurebuilders and Communities Scotland’s New Ideas and Seeing is Believing Funds as well as funding through the Big Lottery Fund, Voluntary Action Fund and Social Investment Scotland, already do this.

17. **A shift to more extensive use of a contractual approach, where providers tender to deliver clearly defined outputs would greatly increase transparency and improve performance. The introduction of competition between delivery agencies would necessitate a robust performance monitoring framework linking allocations to expected outputs to ensure money is used to best effect.**

18. We agree with the Committee that more extensive use of a contractual approach is one way to increase transparency and improve performance among service providers. This is reflected in our guidance on Best Value which requires the public sector to examine its procurement decisions and to consider the potential service delivery role of the voluntary and social economy sector alongside the parameters set by procurement and competition law and improved accountability in the use of public funds. Over time, we aim to develop a more varied pattern of public service delivery across Scotland, finding the optimum complementary roles which can be played by each of the public, private and voluntary sectors. In parallel, the Strategic Funding Review for the voluntary sector is encouraging a shift to a more contractual approach based on an appreciation of the full costs and social added value of the contracted service.

19. As far as the Community Regeneration Fund (CRF) is concerned, performance management has also been at the heart of the development and delivery of Regeneration Outcome Agreements (ROAs) for the Fund. Guidance from Communities Scotland emphasised that the services/projects supported by the CRF and related outputs should be the most effective way of delivering the desired outcomes agreed by Community Planning Partnerships (CPPs); and required CPPs to consider the effectiveness of projects and services previously funded through other funding in delivering the strategic outcomes set out in the ROA.

20. This emphasis on effectiveness in developing the ROA and deciding how the CRF should be allocated is reinforced by the requirement for CPPs to establish effective systems to monitor, review and evaluate the performance of projects. At the
strategic level Communities Scotland’s national Performance Management Framework (PMF) seeks to ensure that allocations are being used not only to fund outputs but also that these outputs are strongly and directly linked to the outcomes set out in the ROA.

21. **The Committee recommends that there should be much greater clarity in the roles and responsibilities of partners – particularly local authorities and Communities Scotland.**

22. **There is a fundamental conflict in the roles of Communities Scotland in the process of approving and monitoring the new Regeneration Outcome Agreements (ROAs) as they are simultaneously strategic partner, project sponsor and adjudicator.**

23. The cross-cutting nature of deprivation clearly requires effective partnership working between the public, private and voluntary sectors; and partnership between organisations and local communities. This partnership approach requires all organisations to perform a variety of roles at different times - ranging from strategic planning, to service delivery, to grant recipient and ‘accountable body’, to monitoring and evaluation. There is inevitably some risk of ambiguity in roles and responsibilities: but the Executive believes that the position in relation to ROAs is sufficiently clear, and set out clearly in the terms and conditions of grant for the CRF:

- The local authority has the lead role in coordinating the ROA and, as grant recipient, is the ‘accountable body’ for the CRF;

- It is the responsibility of the partners that make up the CPP to jointly develop the ROA, to agree the most effective use of the CRF and their own resources towards the outcomes set out in the ROA and to monitor and evaluate the delivery of the ROA;

- And the role of Communities Scotland, set out in formal guidance from August 2003 onwards, is to support the integration of Social Inclusion Partnerships and CPPs; assessing draft ROAs and providing feedback to ensure they meet the requirements of the ROA guidance; providing guidance and support to CPPs in relation to the financial and performance management of the CRF and ROAs; and undertaking research and evaluation to inform policy development and good practice at the national and local level. Locally, Communities Scotland participates on Community Planning Partnerships across Scotland through its network of area offices.

24. In this context, it is important to emphasise that as an agency, Communities Scotland is formally part of the Executive and is directly accountable to Ministers. It sponsors the overall CRF programme and makes recommendations to Ministers on the overall ROA, but does not act as a project sponsor. As set out above, it is for CPPs to decide which projects are funded though the CRF and to monitor and evaluate the effectiveness of these projects.
25. The Executive does not accept that there is any fundamental conflict in the role of Communities Scotland, for a number of reasons. First, the CRF is allocated to CPPs on a formula basis, reflecting the level of concentrated multiple deprivation in their area: individual allocations are not a matter for Communities Scotland. Second, there is a clear distinction (supported by internal procedures) between the role of Communities Scotland at the centre and the role of local offices as CPP partners. Third, while Communities Scotland receives reports on the ROA from the CPP and provides advice to Ministers as a result of these reports, it is the CPP as a whole that is responsible for monitoring the ROA. Finally, it should be recognised that Communities Scotland’s roles are essentially no different from many other organisations working in a partnership context: local authorities and other public sector organisations contribute to the development of the ROA and other strategies where they may also have a role in monitoring, assessing or playing an accountable body role for funding. (In fact, Communities Scotland has less potential conflict than may be the case for other members of Community Planning Partnerships because it does not itself receive any CRF funding.)

26. **Despite claims from Ministers, the new system does not appear capable of “bending the spend”**.

27. The Executive considers this assertion to be premature. We are very clear that whilst the CRF and other specific funding streams can make an important contribution to tackling deprivation, it is the core budgets and services of organisations such as local authorities and health boards which have the greatest potential to make an impact. We accept that ROAs have not yet ‘bent’ the spend of these mainstream partners to the degree or extent we would like to see: but they represent a new approach, and since they have been in place for less than a year, it seems rather early to conclude that the new system isn’t working.

28. We have made plain from the outset that moving from the previous local, project-based funding to a more strategic approach will take time, commitment and effort. There is certainly room for improvement: we will review the issue of “bending the spend” alongside other issues as we evaluate the 2005-08 ROA process, and we will ensure that lessons are learned – both by partners and by Communities Scotland. But we remain confident that the ROA system itself provides a clear mechanism for partners to consider and act on how resources can be ‘bent’ and/or used more effectively for the benefit of deprived communities.

29. **The bureaucracy involved in the allocation of CRF monies is massively disproportionate, especially for those local authority areas which receive small sums from the Fund and even in those areas that receive substantial sums the approval system is seen as unnecessarily burdensome**

30. The process of developing and agreeing the first-ever round of Regeneration Outcome Agreements has been a challenging one for all concerned; and it has taken longer than anyone would have liked. However, this is to a large extent a reflection of the fundamental change in approach and culture that the ROAs represent: to an extent, therefore, the process can be seen as a one-off investment of time and effort to lay the foundations for an ambitious new approach which should
yield real dividends over the longer term. Having said that, there is certainly no
cause for complacency, and there are certainly lessons to be learned. To that end,
Communities Scotland has embarked on a wide-ranging review of the process,
involving local authorities and their local partners; and we will ensure that the
conclusions shape our approach for the future.

31. In terms of ongoing monitoring, Communities Scotland’s Performance
Management Framework for 2006-08 will take account of the issue of proportionality
raised by the Committee. The reporting arrangements for CPPs will reflect to a
greater extent the relative scale of the issue being tackled, while maintaining an
important check on the effectiveness of the ROA and the contribution of the CRF
within it.

32. **In order to link projects to national, strategic priorities and outcomes
more effectively, the Committee has advocated the use of outcome
agreements. The Committee felt that in order to facilitate a more co-ordinated
and strategic approach both at Executive and at local level, the proposed
system of Local Outcome Agreements (LOAs) should be brought together with
ROAs. The Committee believes that there should be a single agreement
arrived at by the Community Planning Partnerships (CPPs).**

33. **Councils and their partners should agree their intended outcomes and the
steps they will take to ensure these are delivered and seek approval from the
Scottish Executive as part of their contribution to achieving agreed national
outcomes. The approval process should include those deprivation specific
funding elements currently covered in ROAs and agreed through CPPs and
depprivation linked monies given to local authorities through Aggregate
External Finance (AEF).**

34. ROAs link broad national priorities for community regeneration to local
outcomes agreed by the CPP and, in turn, services and projects funded through the
CRF and partners’ resources. They are also approved by Ministers. We are
therefore pleased that the Committee is recommending a similar approach.

35. We are keen to use the ROAs that are now in place in all local authority areas
across Scotland as the foundation stone for effective joint working on community
regeneration and as the basis for simplifying and rationalising funding streams
focused on the most disadvantaged communities. We also wish to roll out an
outcome agreement approach more widely and to explore with local government and
others how this should be developed. Our intention is to develop pathfinder
agreements with a small number of local authorities and partners in 2007-08,
alongside the development of pathfinders for the public service reform agenda and
in order to inform subsequent wider roll-out of reform and the outcome approach.

36. It is possible that pathfinder outcome agreements may be of different scope
and scales, covering anything from a major and/or cross-cutting area (such as
regeneration or deprivation) to a single agreement covering everything that a local
authority does. These pathfinders may be developed with a local authority, with a
CPP, with several local authorities jointly, or even with a wider grouping of partners.
The First Minister and the Minister for Finance and Public Service Reform have encouraged local authorities and their partners to come forward with proposals for new and better ways of working together for shared and integrated service delivery. This exploration of local initiatives will continue as part of the dialogue process following the publication of ‘Transforming Public Services’ in June 2006. The key point is that the pathfinders would be developed within the fundamental principles of reform and around the local priorities and mix of services which local partners see as best addressing local issues. For this reason and at this stage we cannot say what the scope of such outcome agreements would be.

37. In terms of deprivation-linked monies given to local authorities through Aggregate External Finance (AEF), careful consideration would need to be given to this, as it would diminish the sum available to meet universal needs, with any shortfall having to be made up from increased council tax and/or fees for use of services. This might have the effect of making it harder to bend mainstream funding outside any targeted “deprivation fund”.

38. The Committee was strongly of the view that the approval and monitoring of the implementation of such outcome agreements should be a matter for the Executive rather than Communities Scotland.

39. As noted above, as an agency Communities Scotland is formally part of the Executive and is directly accountable to Ministers. Moreover, as the Executive’s main delivery agency for housing and community regeneration, it is right that Communities Scotland has had the lead role on ROAs. It has managed this highly challenging process well and has had close links with Executive Departments throughout. However, as the outcome approach is extended to cover a wider range of funding streams and outcomes it is likely that, whilst there would be a clear lead, a wider range of different Executive Departments and Ministers would be involved in the approval and monitoring of such agreements; and we will therefore need to keep the arrangements under review.

40. Authorities with significant levels of deprivation do receive additional support through both Revenue Support Grant (RSG) and specific grants. While there is some added flexibility in the use of specific grants, as a result of the introduction of the new ROA system, the Committee believes greater accountability and better effectiveness can be achieved by removing ring-fencing of resources allocation, giving local partners greater scope to identify local priorities and implement partnership outcome agreements.

41. The Executive welcomes the Committee’s acknowledgement of the greater flexibility in use of specific grants provided through the ROA system. Such flexibility is at the heart of our approach to tackling worklessness. Indeed, Workforce Plus, the Executive’s Employability Framework for Scotland, sets out our intention to encourage and facilitate increased flexibility of funding which supports people into work. This is complemented by the UK Government’s Cities Strategy which will operate in 3 Scottish cities from next year - Glasgow, Edinburgh and Dundee. Local consortia will be looking to have more flexible use of funding to support their local delivery plans. We are committed to supporting that process. Our 7 target areas for
Workforce Plus, which in the case of Dundee and Glasgow overlap with Cities Strategy planning, also have to demonstrate in their plans how they will support the most disadvantaged people in their areas into work. This process will be a test of the extent to which further flexibility is needed.

42. We also want to give local partners greater scope to identify local priorities before developing agreements which will deliver both local and national priorities. The subsequent identification and consolidation of relevant funding streams, and the rationalisation of specific planning and reporting requirements in order to provide local freedom and flexibility to deliver outcomes, should therefore not be pre-determined but should reflect and deliver the agreed outcomes. We therefore intend to evaluate the impact of a single outcome agreement for a local authority, funded by consolidating the funding streams and planning and reporting requirements from the Scottish Executive, as part of the public sector reform pathfinder work which we are taking forward with local government.

43. As it is some time since deprivation weightings were reviewed for Grant Aided Expenditure (GAE) purposes, the Committee recommends that they be revisited before the next Spending Review allocations. In particular the Committee recommends that Executive reviews the scope for additional weightings within the funding formula, as there are a number of treatments where a deprivation weighting does not exist but appears plausible.

44. The needs-based local government finance distribution methodology is under constant review and any proposals for improvement are carefully considered. As recommended by the Committee, a review of the deprivation weightings within the core local government finance settlement will be undertaken and the results reported to the joint Scottish Executive/COSLA Three Year Settlement Working Group on Local Government Finance for consideration and approval. That review will be completed in time to inform the next three year local government finance settlement.

45. The Committee may also wish to note that since 2000, 75% of the budget of NHS Boards has been distributed via the Arbuthnott Formula. This provides funding for Hospital and Community Health Services and GP Prescribing. The Arbuthnott Formula distributes this money based on a weighted capitation approach that starts with the number of people resident in each NHS Board area and then makes adjustments for the age/sex of the NHS Board population, their needs based on morbidity and life circumstances (including deprivation) and the additional costs of providing services in remote and rural areas.

46. The NHS Scotland Resource Allocation Committee (NRAC) was established in 2005 to improve the current method used to divide the NHS budget among the NHS Boards. NRAC are currently examining how to refine and extend the formula by evaluating new sources of evidence to determine healthcare need in different groups of people and use new information to identify items that influence the costs of healthcare provision. One of the major research programmes within this committee is to improve how healthcare needs due to deprivation are accounted for in the formula. Research has been commissioned into the best indicators and data to be used in accounting for deprivation levels within Health Boards.
47. The Committee recommends that the National Priorities Action Fund, the former Excellence Fund and the Anti-Social Behaviour programme should be reviewed as they were identified as benefiting deprivation, but this does not appear to be reflected in the allocations to authorities with high levels of deprivation. The Committee also recommends initiating a more fundamental review of the whole system, recognising that major structural changes could only be implemented in the longer term.

48. As indicated above, the Executive will review the deprivation weightings within the core local government finance settlement and is also examining how healthcare needs due to deprivation are accounted for in allocations to Health Boards.

49. The National Priorities Action Fund (NPAF) is a specific grant within the core local government finance settlement. It provides additional financial support to local authorities to raise standards in schools and promote social inclusion. The Fund, around £450m over the period 2006-08, does benefit deprivation but also has wider educational objectives. A review of the Fund is currently underway and the Committee’s views will be considered as part of this process. Meanwhile, the former Excellence Fund, which is also part of the core local government settlement but not a specific grant, will be examined as part of the overall review of deprivation weightings within the settlement.

50. Scottish Executive funding to enable community planning partnerships to tackle antisocial behaviour over the period 2004-08 was allocated at local authority level on the basis of deprivation and crime rates. Initiatives funded to tackle antisocial behaviour are typically a mix of council-wide and neighbourhood-focussed services. This reflects the fact that while antisocial behaviour problems occur everywhere they tend to be most acute in deprived neighbourhoods. The funding then has deprivation objectives but also wider objectives in terms of tackling antisocial behaviour across all of Scotland. Decisions about funding beyond 2008 will be made as part of the Spending Review process and informed through monitoring and evaluation of the current programme.

51. The Committee recommends that the current safety netting for authorities which sets a minimum level of increase in GAE should be reviewed in line with the way in which the Barnett formula works for Scottish Executive spending to provide those authorities with a population loss a longer timeline to manage any reductions.

52. The current safety netting (‘the floor’) which provides a minimum grant increase for all local authorities is currently being reviewed as part of the work programme of the Executive/COSLA Three Year Settlement Working Group on Local Government Finance. One of the reasons behind the introduction of the floor in the first instance was to provide local authorities with falling populations (or any other significant needs loss) with a period of protection to enable them to manage the need for change over a longer period of time.
53. In line with the leader of Glasgow City Council’s suggestion that “it would be more productive for the Executive to allocate funds having taken account of deprivation issues and not to specify exactly how they should be spent but what outcomes they should deliver” the Committee recommends that CPPs should be given more discretion in determining how the balance of available funding should be directed toward area as opposed to individual or family deprivation.

54. Deprivation is already taken into account in the distribution of the core local government finance settlement and, as outlined above, the deprivation weightings for this will be reviewed.

55. Paper 4 of the Executive’s June 2005 submission to the Committee (now replicated at paragraph 29 of its report) showed how specific funding streams, including some which have wider objectives, take account of deprivation issues through a range of individual and area based deprivation measures. As these and other funding streams are reviewed and possibly rationalised we will consider how to best take account of deprivation issues.

56. In respect of the table at paragraph 29, the Committee will wish to note that in terms of the Health Pilot Studies for Unmet Need, each pilot has its own arrangements for monitoring and evaluation and that the effects of the pilots are to be monitored and evaluated either through routinely available data and/or data collected throughout the pilot. The Committee may also wish to be aware that since submitting its evidence in May 2005 the Executive has allocated up to £25m over the period 2005-08 for ‘Prevention 2010’. This is a preventative medicine approach delivered through NHS Primary Care to those at greatest risk of disease in deprived communities. It will identify people at particular risk of preventable ill health and provide access to services and treatments appropriate to their needs. The first set of pilots will be located in 5 sites in the 4 NHS Board areas which have the largest populations in the 15% most deprived areas of Scotland – Greater Glasgow, Lanarkshire, Tayside and Lothian. The Executive has also allocated £62 million for additional teachers with allocations taking some account of area deprivation; £10.6m (2006-08) for financial inclusion; and £20.6m (2006-08) to tackle the problems of worklessness and young people not in education, training or employment (NEET).

57. As noted above, the Executive recognises that deprivation has an individual and an area dimension. This is already reflected in our approach to ROAs which allows CPPs to spend up to 20% of their CRF allocation on thematic approaches to tackling deprivation. This could, for example, focus on the needs of young people or those out of work across the whole CPP area. The ROA Guidance also provides further flexibility if it can be clearly demonstrated it will be more effective in tackling deprivation. We are therefore sympathetic to the Committee’s recommendation that CPPs should be given more discretion in determining how available funding is directed between area and individual approaches. However, under an outcome-based approach this would need to take place in a way that linked national and local priorities. In that context, we are clear that people living in the most deprived neighbourhoods face particularly acute and reinforcing problems which need to be tackled if we are to have a significant impact on deprivation in Scotland as a whole.
It would also be necessary to ensure that the impact of deprivation funding is not diluted by being spread too widely.

58. To complement this, the Committee recommends that the Executive needs to simplify and better co-ordinate the funding streams it has initiated with the aim of tackling deprivation and Closing the Opportunity Gap. To bring together funding streams coming from different Executive departments, the Committee recommends that the Executive should consider establishing a single deprivation fund which should supplement existing area-based programmes with funding to tackle the wider problems of household deprivation. Therefore, a single deprivation fund could incorporate all schemes aimed at tackling deprivation (Community Regeneration Fund - £106m, Housing Estate Regeneration Fund - £17m, Working for Families Fund - £12m, Tackling Anti-Social Behaviour - £30m and Education Deprivation from GAE - £65m) plus new monies to deal with wider problems of deprivation which could come from the growth monies in the next Spending Review.

59. The Executive is firmly committed to better co-ordination and alignment of funding streams wherever possible. We have already made progress in simplifying and coordinating funding streams through the ROA process. ROAs bring together five previously separate funding streams (SIP, BNSF, Tackling Drugs Misuse funds, Community Voices Programme and Asylum Integration Funding) under the CRF – streamlining funding and reducing bureaucracy. In addition, funding for financial inclusion has also been aligned with the mechanisms in place for the CRF and reporting on outcomes has been integrated into the ROA Performance Management Framework. We are currently considering how this approach can be extended to funding recently allocated to tackle the problems of worklessness and young people not in education, training or employment (NEET).

60. The Committee may also wish to be aware that Communities Scotland’s consultation paper on a new strategic housing investment framework proposes a consolidated housing investment programme which would incorporate the current Development Programme, Community Ownership Programme and Housing Estate Regeneration Fund. This programme will also allow for firm financial commitments over a 3 year period compared to existing annual allocations.

61. As part of the Executive's Efficient Government plan and the overall reform of public services Ministers are committed to the rationalisation of funding streams. As part of the follow through on the Regeneration Policy Statement we will also seek to realign and consolidate the range of funding streams that support regeneration. We will therefore consider carefully the Committee’s proposal for a 'single deprivation fund', as part of the spending review process. It is the Executive’s view that, if such a Fund was introduced, this would be best done from 2008 rather than by bringing together existing funding streams where commitments and reporting processes have already been agreed with partners.

62. In considering the proposal for a single deprivation fund and/or wider funding rationalisation linked to outcome agreements the Executive will take account of the points on area and individual based approaches to deprivation set out above. We
will also take account of the fact that whilst some funding streams, such as NPAF and funding for anti-social behaviour, take account of deprivation in terms of allocations they also have wider objectives. It will therefore be important to consider how a single deprivation fund which incorporated such funding might impact on these wider objectives.

63. It will also be important to distinguish pilot work from the simplification and co-ordination of other deprivation funding. Our outcome based approach will give greater freedom and flexibility to local partners to decide how to deliver agreed outcomes. Within that context pilot funding can allow us, in specific circumstances, to work with local partners to test and develop new ways of working and to assess the effectiveness of particular policy interventions which, if successful, can be adopted more widely across Scotland. For example, through the Working for Families Fund local partners are piloting approaches to helping disadvantaged parents into employment. Within a broad framework of overall aims and outcomes for key client groups there is considerable discretion over how and where to allocate funding. Indeed, following research into local needs and services, several authorities have shifted from an initial focus on areas of multiple deprivation to a wider area in order to benefit a greater number of families.

64. There is also an issue of timing to be addressed with regard to incorporating existing programmes into a wider deprivation fund. As indicated above, we are currently piloting a variety of deprivation policy interventions to assess their effectiveness. Once we have tested what works and what doesn’t work most effectively we will be able to incorporate this learning into mainstream policy and programme spend, and to simplify processes and reporting mechanisms accordingly. We would then be better able to look at simpler and more co-ordinated funding streams to meet agreed outcomes, but always ensuring that robust monitoring and evaluation systems are in place to review progress.

65. This fund could also require some element of matching funding from the local authority to demonstrate clearly that this constitutes additional funding over standard spending on public services.

66. Many local authorities and their community planning partners already provide match funding for CRF projects and services. This match-funding reflects local priorities and circumstances rather than an imposed requirement. As noted above, any centrally-imposed requirement for match-funding would need to be approached with care, since it would inevitably diminish the sum available to meet universal needs, with any resulting shortfall having to be made up from increased council tax and/or fees for use of services.

67. The introduction of a single deprivation fund requires that alongside outcome agreements reached locally, there should be a narrow range of national performance indicators which can be monitored annually so that progress with deprivation can be monitored systematically. The current Spending Review approach using targets means performance for SR2004 will not be reported within the current session of Parliament. The Committee wants to move to a situation where the money spent on deprivation can be
monitored so that it delivers better results to suit local circumstances and priorities.

68. We agree with the Committee that seeking to achieve a narrower set of key outcome indicators is necessary. Although the Guidance on ROAs included a menu of national indicators which CPPs could choose from and for which local data was already available, many CPPs chose to use specific local indicators. This illustrates the need to balance a national framework with local circumstances - that is something we will be working hard to achieve as we build on ROAs and develop other outcome based approaches.

69. A project board has been set up to look at an improved performance management framework for local government. The project board is chaired by the Scottish Executive, and comprises representatives of COSLA, SOLACE, Audit Scotland and the Improvement Service. Our overall aims for the revised framework are to ensure that it better reflects the national priorities of Ministers, allows more flexibility at local level to reflect local needs and circumstances, reduces the overall burden on councils of performance monitoring but ensures appropriate performance management and performance reporting, and is much more meaningful for the Executive, local authorities and communities. The formulation of the framework is being taken forward in consultation with councils, and across the Executive, to ensure appropriate buy-in.

70. Such an approach, combined with the introduction of partnership outcome agreements would inevitably help to break down barriers and would bring together a variety of funding streams and would make it easier to track spending on deprivation.

While we welcome the Committee’s support for an outcome based approach to funding, we recognise that delivering outcomes, which demonstrably improve the experiences and perceptions of communities, requires substantially longer timescales than delivering outputs. Our move toward a stronger outcome based approach to funding will mean that some agreed outcomes, particularly those for deep-seated social and economic problems, may not be delivered within relatively short time periods such as three year funding cycles. In defining and agreeing expected outcomes we will therefore work to develop interim measures of relevant outputs which will clearly demonstrate that delivery is on track. We would thereby hope to move from a focus on tracking expenditure toward a focus on tracking the impacts of that expenditure.

Scottish Executive
September 2006
Annex B

Finance Committee's cross-cutting expenditure review of deprivation

Trends in Single Deprivation Indicators

Tables 6 and 7 in the Finance Committee Cross-cutting Expenditure Review of Deprivation final report show a number of single deprivation indicators. The tables below show corrected and current data for these indicators.

Table 7 in the report shows the percentage of population aged 16 plus receiving income support in 1999 and 2003 (November 2002 data). In October 2003 the Minimum Income Guarantee (MIG) component of income support was replaced by Guaranteed Pension Credit (GPC). Both benefits are/were paid to people aged 60 and over who are living on low incomes and guarantees all pensioners an income above a certain level. Consequently any time series analysis of income support recipients post October 2003 must take into account the move from MIG to GPC. Due to these changes and differences in eligibility of GPC compared to MIG, time series analysis of income support/pension credit post 2003 is often separated into people aged 16-59 claiming income support and people aged 60 and over claiming either MIG or GPC (shown in table 2 and 3 below).

1. Percentage of population aged 16 plus receiving income support or MIG/guarantee pension credit and Indices of Relative Deprivation (Scotland = 100), 1999-2005.

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dundee</td>
<td>12% (126)</td>
<td>13% (128)</td>
<td>14% (129)</td>
<td>14% (128)</td>
</tr>
<tr>
<td>Glasgow</td>
<td>19% (191)</td>
<td>19% (184)</td>
<td>19% (179)</td>
<td>19% (178)</td>
</tr>
<tr>
<td>Inverclyde</td>
<td>14% (140)</td>
<td>15% (139)</td>
<td>15% (137)</td>
<td>15% (138)</td>
</tr>
<tr>
<td>West Dunbartonshire</td>
<td>14% (138)</td>
<td>15% (143)</td>
<td>15% (140)</td>
<td>15% (141)</td>
</tr>
<tr>
<td>Scotland</td>
<td>10% (100)</td>
<td>10% (100)</td>
<td>11% (100)</td>
<td>11% (100)</td>
</tr>
</tbody>
</table>

Notes: August data.
Source: DWP - WPLS 100% data.

2. Percentage of population aged 60 plus receiving MIG/guarantee pension credit and Indices of Relative Deprivation (Scotland = 100), 1999 – 2005.

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dundee</td>
<td>18% (117)</td>
<td>21% (119)</td>
<td>23% (117)</td>
<td>23% (117)</td>
</tr>
<tr>
<td>Glasgow</td>
<td>26% (169)</td>
<td>32% (180)</td>
<td>35% (177)</td>
<td>35% (180)</td>
</tr>
<tr>
<td>Inverclyde</td>
<td>19% (126)</td>
<td>23% (130)</td>
<td>25% (128)</td>
<td>26% (130)</td>
</tr>
<tr>
<td>West Dunbartonshire</td>
<td>21% (135)</td>
<td>25% (144)</td>
<td>27% (140)</td>
<td>28% (141)</td>
</tr>
<tr>
<td>Scotland</td>
<td>15% (100)</td>
<td>17% (100)</td>
<td>20% (100)</td>
<td>20% (100)</td>
</tr>
</tbody>
</table>

Notes: August data.
Source: DWP - WPLS 100% data.
3. Percentage of population aged 16 to 60 receiving Income support and Indices of Relative Deprivation (Scotland = 100), 1999 – 2005.

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dundee</td>
<td>10% (129)</td>
<td>10% (132)</td>
<td>10% (137)</td>
<td>10% (136)</td>
</tr>
<tr>
<td>Glasgow</td>
<td>16% (207)</td>
<td>15% (195)</td>
<td>15% (193)</td>
<td>14% (191)</td>
</tr>
<tr>
<td>Inverclyde</td>
<td>12% (148)</td>
<td>11% (145)</td>
<td>11% (142)</td>
<td>10% (143)</td>
</tr>
<tr>
<td>West Dunbartonshire</td>
<td>11% (140)</td>
<td>11% (143)</td>
<td>11% (141)</td>
<td>10% (143)</td>
</tr>
<tr>
<td>Scotland</td>
<td>8% (100)</td>
<td>8% (100)</td>
<td>8% (100)</td>
<td>7% (100)</td>
</tr>
</tbody>
</table>

Notes: August data.
Source: DWP - WPLS 100% data.

The report suggests that a time series analysis of claimants of Job Seekers Allowance (JSA) is not possible. Though there have been a number of changes to the benefits and credits systems, only the dependents premium of JSA has been affected by these changes. JSA is payable to people under pensionable age who are available for, and actively seeking, work of at least 40 hours a week with some exclusions. In addition, the claimant must: be in Great Britain; be capable of work; not be in relevant education; and be working less than 16 hours a week on average.


<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dundee</td>
<td>6% (151)</td>
<td>5% (155)</td>
<td>4% (147)</td>
<td>4% (156)</td>
</tr>
<tr>
<td>Glasgow</td>
<td>6% (151)</td>
<td>5% (146)</td>
<td>4% (146)</td>
<td>4% (145)</td>
</tr>
<tr>
<td>Inverclyde</td>
<td>5% (122)</td>
<td>5% (168)</td>
<td>5% (170)</td>
<td>4% (160)</td>
</tr>
<tr>
<td>West Dunbartonshire</td>
<td>6% (144)</td>
<td>5% (148)</td>
<td>4% (146)</td>
<td>4% (139)</td>
</tr>
<tr>
<td>Scotland</td>
<td>4% (100)</td>
<td>3% (100)</td>
<td>3% (100)</td>
<td>3% (100)</td>
</tr>
</tbody>
</table>

Notes: All data is August data. Includes both Income and Contributory based JSA recipients.
Source: DWP - WPLS 100% data.

Instead of JSA the report states that it uses the unemployment rate which is based on the claimant count, which includes JSA claimants and people receiving other unemployment related benefits divided by the number of economically active people. The data included in the report was inaccurate and an updated version using data currently used by ONS and SE, is shown in table 5.
5. Annual claimant count, by local authority area and Indices of Relative
Deprivation (Scotland = 100), 1999 – 2005.

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dundee</td>
<td>7.1% (143)</td>
<td>6.0% (162)</td>
<td>5.4% (153)</td>
<td>5.2% (162)</td>
</tr>
<tr>
<td>Glasgow</td>
<td>7.7% (155)</td>
<td>6.0% (163)</td>
<td>5.8% (165)</td>
<td>5.3% (165)</td>
</tr>
<tr>
<td>Inverclyde</td>
<td>5.2% (104)</td>
<td>6.5% (175)</td>
<td>6.3% (180)</td>
<td>5.7% (177)</td>
</tr>
<tr>
<td>West Dunbartonshire</td>
<td>6.9% (139)</td>
<td>5.7% (155)</td>
<td>5.3% (151)</td>
<td>4.9% (153)</td>
</tr>
<tr>
<td>Scotland</td>
<td>5.0% (100)</td>
<td>3.7% (100)</td>
<td>3.5% (100)</td>
<td>3.2% (100)</td>
</tr>
</tbody>
</table>

Note: Unemployment rates are all people claiming unemployment related benefits,
divided by the number of economically active people.
Source: Office for National Statistics


<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2003</th>
<th>2004/5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dundee</td>
<td>9.5% (170)</td>
<td>7.9% (172)</td>
<td>9.1% (187)</td>
</tr>
<tr>
<td>Glasgow</td>
<td>7.2% (129)</td>
<td>7.7% (168)</td>
<td>10.7% (220)</td>
</tr>
<tr>
<td>Inverclyde</td>
<td>2.2% (40)</td>
<td>2.8% (61)</td>
<td>2.9% (61)</td>
</tr>
<tr>
<td>West Dunbartonshire</td>
<td>5.4% (96)</td>
<td>4.8% (104)</td>
<td>3.6% (73)</td>
</tr>
<tr>
<td>Scotland</td>
<td>5.6% (100)</td>
<td>4.6% (100)</td>
<td>4.9% (100)</td>
</tr>
</tbody>
</table>

Source: 1999/2003 data from Finance Committee Report, 2004/5 data from SEED.

Table 7 in the report includes an indicator described as ‘No Standard Grades 1-3’,
this indicator should have been described as ‘No Standard Grades’, the 2004/5 academic year data is shown in table 6. Table 7 below shows standardised mortality ratios included in the report plus 2004 data which is now available.

7. Standardised Mortality Ratios (UK = 100), 1999 – 2005

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dundee</td>
<td>119 (101)</td>
<td>120 (105)</td>
<td>120</td>
</tr>
<tr>
<td>Glasgow</td>
<td>144 (122)</td>
<td>139 (122)</td>
<td>143</td>
</tr>
<tr>
<td>Inverclyde</td>
<td>132 (112)</td>
<td>129 (113)</td>
<td>130</td>
</tr>
<tr>
<td>West Dunbartonshire</td>
<td>138 (117)</td>
<td>131 (115)</td>
<td>134</td>
</tr>
<tr>
<td>Scotland</td>
<td>118</td>
<td>114</td>
<td>116</td>
</tr>
</tbody>
</table>

Source: Regional Trends
Finance Committee

24th Meeting 2006, Tuesday 3 October 2006

Budget Process 2007-08: Submission from the Scottish Women’s Budget Group

1. Introduction

This brief paper has been prepared by SWBG in response to invitations by the Equal Opportunities and Finance Committees of the Scottish Parliament to give evidence in relation to the Committee’s consideration of the budget process 2007-08.

This paper should be considered alongside our comment on the Draft Budget 2006-07, which we submitted November 2005. In that commentary we expressed our recognition of how the specific allocations reported within the Draft Budget reflect the more strategic and longer term spending plans in the multi year spending review, thus there is limited scope for change. However, our comments are intended to contribute to the overall budget scrutiny process and thus a number of concerns we have consistently raised are worth restating with specific reference to current budget documents.

Detailed below, therefore, are a number of key points which we believe should form the basis for further discussion focused on monitoring progress made in promoting a more gender sensitive approach to the budget within a Scottish policy context.

2. EPBPAG and the Pilot Studies

Excerpt from SWBG commentary on DB 2006-7:

SWBG commends the work of the Equality Proofing Budgets and Policy Advisory Group (EPBPAG) in progressing with the development of a gender sensitive approach to budgeting within a Scottish public policy context. The ongoing pilot studies in the areas of health and sport are indicative of the Scottish Executive’s commitment to promoting a more gender aware approach to the resource allocation process. The pilot studies have developed in line with an approach that makes explicit the interdependence of the policy and spending processes as well as recognising the work as part of an overall mainstreaming agenda.

Given the significance of the pilot studies in assisting the Scottish Executive with moving towards gender sensitive budgeting processes and practices SWBG considers that the outputs and learning from the work should be disseminated appropriately. For this reason SWBG welcomes the inclusion in the Draft Budget Document 2006-07 of an update on the pilot work, both in the introductory section and in the relevant portfolio chapters. SWBG considers this to be a positive development as it effectively incorporates this work into a key aspect of the resource allocation process – the annual budget...
Scrutiny of the Draft Budget 2007-2008

- The outputs from the pilots are not yet in the public domain.
- Reporting on further progress in this area amounts to one line in the Introduction that implies that work in this area is now considered to be complete. The development of tools for ‘equality impact assessment’ is welcomed but this is a complementary measure in developing gender budgeting, not a substitute.
- There is no reference to the pilots in the Tourism, Culture and Sport portfolio chapter nor does there seem to have been any impact in terms of learning from the pilots: why golf and football for girls? The evidence gathered during the course of the pilots highlighted the relevance of gender differences in determining sporting preferences but it is not clear this has been employed in informing current policy priorities and resulting spending allocations. Will such evidence be used effectively in the future?
- Reference to the pilots is contained within the Health portfolio chapter and explicit reference is made to how smoking and physical activity are disproportionately a problem for women. However, there is no evidence that the recognition of gender inequalities is leading to action, specifically that which will be supported by adequate spend. Furthermore in terms of informing policy priorities the link between sport participation and smoking should be carefully monitored. That is given the existing evidence boys may respond better than girls to initiatives that make explicit and inflexible connections.

3. Equality, Closing the Opportunity Gap, Gender Mainstreaming and Gender Sensitive Budgeting

As SWBG have previously stated, with reference to an overall gender mainstreaming agenda the continued practice of presenting policy priorities and spending allocations aimed at promoting equality in conjunction with the theme of ‘Closing the Opportunity Gap’ remains a cause for concern. Although there is a strong commitment in theory to promoting a gender mainstreaming agenda and following such through with initiatives in developing a more gender sensitive approach to the national budget, the practice indicates otherwise.

For instance, the Modern Apprenticeships (MA) strategy has as a focus increasing women’s participation in the scheme, but research shows that the occupational streams remain segregated by gender. Thus, this flagship programme is contributing to sustaining gender segregation in employment while spending on closing the pay gap is trying to reduce gender differences.
This serves to highlight the contradiction that exists between the Scottish Executive’s own commitment to ensuring equality considerations are systematically integrated into the practices and processes associated with the national budget and the way in which equality considerations are subsumed within the Scottish Executive’s Closing the Opportunity Gap frameworks and performance targets.

Scrubun of the Draft Budget 2007-2008

- There exists a significant evidence base with reference to the negative economic impact of occupational segregation on overall economic performance. In a Scottish context the problems associated with occupational segregation and the MA programme have been formally reported. Current and past spending plans with reference to addressing gender based inequalities in the labour market do not adequately reflect a commitment to gender mainstreaming but rather are representative of an ‘add women and stir approach’. What about gender specific targets broken down by occupation?
- The support for women’s business is welcomed but again is it indicative of an ‘add on’ strategy? Adequate account should be taken of the nature of industries supported in this programme to ensure that spend does not disproportionately benefit industries that remain highly gender segregated and thus unattractive to women.

3. Concluding Comment

*The coming Spending Review in 2007 is likely to provide far more limited increases in public expenditure than was the case during 2000, 2002 and 2004. In this context, it is even more important that we get the best possible value for every pound that we spend, and that we watch our priorities to meet the needs of the Scottish people.* (DB 2007-08 Final Report on Spending Review Targets Sept 2006 pg 2)

Given the absolute reduction in available resources it is crucial that equality considerations remain a key focus of the practices and processes associated with the national budget. This is particularly the case with issues relating to the promotion of gender equality given the tendency to misrepresent such with in a ‘Closing the Opportunities Gap’ theme. This, combined with the function of the Spending Review in setting priorities and allocating spend over the longer term leads SWBG to urge the Committee to set in place formal mechanisms for scrutinising the Scottish budget process and associated outcomes in a gender focused manner.

SWBG would be pleased to discuss these comments further.