



Finance and Public Administration Committee Pre-budget scrutiny: Scotland's Public Finances in 2022-23 and the impact of COVID

August 2021

The Scottish Women's Budget Group (SWBG) is an independent analysis and campaign group that aims to promote gender analysis in public policy and public finance decisions through budgetary processes. SWBG brings together a wide range of women from across Scotland who have an interest in women's equality and want to achieve better gender equality in our society and has focused on encouraging active gender analysis in the Scottish Budget process since 2000.

Introduction

The Covid-19 pandemic and resultant lockdown and economic crisis have highlighted and sharpened existing inequalities within our society. Women, black and ethnic minority communities and disabled people are economically the hardest hit by the crisis and the risk of deepening existing inequalities is high. As highlighted by the Women's Budget Group (UK) and feminist organisations in Scotland, women have been on the frontline of the Covid-19 crisis, making up the majority of health and care workers and the majority of workers at high risk of exposure to Covid-19. But all too often in jobs that are underpaid and undervalued. Alongside this, other sectors which have a predominately female workforce have been harder hit by the impact of lockdown and ongoing restrictions of social distancing, with risk of unemployment or reducing working hours remaining high.

Women's employment will be disproportionately impacted as a result of Covid-19, according to research by Close the Gap.¹ Multiple factors play into this disruption including: women more likely to work in shut down sector (particularly women from ethnic minorities and younger women); women making up the majority of key workers but often in undervalued, underpaid and under protected roles; increasing unpaid care and work responsibilities as a result of Covid-19 and high rates of women on furlough and potential job losses at the end of the scheme.

How should the Scottish Government's Budget for 2022-23 address the need for a fair and equal recovery from the Covid crisis?

This submission will cover process and structural areas for how to tackle these inequalities and producing a budget that seeks to build a fair and equal recovery.

Gender budgeting in the process of building a fair and equal recovery

The 2022-23 budget must be a recovery budget to start setting Scotland on a path towards fairness and equality. There is crucial analysis that must go into the budget decisions to help ensure that decisions made will work to improve equality, notably the role of gender budget analysis within a Human Rights Budgeting Approach. All portfolios across Scottish Government must take part in this analysis to ensure Scotland's spending decision all work towards goals of fairness and equality.

¹ Close the Gap (2020) Disproportionate Disruption: The impact of COVID-19 on women's labour market equality

The Committee has an important role to set the direction for the rest of the Scottish Parliament committees to ensure equality and human rights analysis are central to their scrutiny of the budget. The intersectional gendered effects of the health, social, and economic consequences of Covid-19 need to be front and centre in the process of policy, and in turn budget, decision making in all portfolios and in all the Committees. Within this process all committees should ensure gender impact assessments are undertaken with transparency of this information through the budgeting process and provide clarity on how they are using the Equality Fairer Scotland Budget statement to guide policy decisions.

The principle aim of gender budgeting is to integrate intersectional gender analysis into economic policy, through this process raising awareness of different impacts of women and men of publicly funded policies and programmes and challenging the assumption that budgets are 'gender blind'. Gender analysis of the policy and resource allocation process in the budget means examining how budgetary allocations affect the economic and social opportunities of women and men, and restructuring revenue and spending decisions to eliminate unequal gendered outcomes.²

Women and men continue to experience inequalities in pay, in employment and promotion opportunities, and in the harassment and abuse they experience, with women being more likely to experience poverty at all points in their life. Women still have more responsibility for unpaid work including childcare, care for older or disabled people, and domestic work. For many women, this means a greater reliance on public services and can limit the time they have for paid work and other activities. Spending commitments on policy and programmes have to come from an intersectional analysis of the needs based on the different lived experiences that come from the different inequalities that women experience. Failure to incorporate a gendered perspective within pandemic recovery budget efforts will deepen existing gender inequalities and worsen outcomes for women.³

In order to embed this type of analysis the Equality and Budget Advisory Group has published core recommendations for equality and human rights budgeting in this parliamentary session. These include important recommendations around the budgetary process, communications, organisation and culture, and knowledge and understanding. We urge the Committee to support the implementation of these recommendations as a matter of urgency.⁴ These recommendations are also relevant to build into Committee scrutiny processes.

Public clarity is needed from the Finance and Public Administration Committee on how it will build scrutiny from an intersectional gender perspective in the scrutiny of how Scotland's public finances are being used to drive and deliver a fair and just recovery.

Structural Investment

Alongside the process of gender budget analysis in order to deliver transformative change and work towards a gender equal economy there is a need to shift where public finances are invested to address the need for a fair and equal recovery.

² O'Hagan, A. (2018) [Gender Budgeting in Scotland – A work in progress](#)

³ Policy Scotland (2021) Consequences of the COVID-19 pandemic: exploring the unequal social and economic burden on women

⁴ [Equality Budget Advisory Group: recommendations for equality and human rights budgeting - 2021-2026 parliamentary session - gov.scot \(www.gov.scot\)](#)

Last year the UK wide Commission for a Gender Equal Economy published its culmination report *Creating a Caring Economy: A Call to Action*.⁵ This report sets out eight steps to create a caring economy, based on gender equality, wellbeing and sustainability, in the recovery from Covid-19. We share this alongside our submission and urge the Committee to review the key recommendations of the Commission.

The eight steps to creating a caring economy are:

- Re-envision what we mean by ‘the economy’, so that the centrality of care to the economy is recognised;
- Invest in social and physical infrastructure, so that public services address diverse needs on an equal basis;
- Transform the worlds of paid and unpaid work, to provide not just more jobs, but better jobs;
- Invest in a caring social security system which is based on dignity and autonomy;
- Transform the tax systems across the UK, to make them more progressive and fair;
- Refocus the overall fiscal and monetary policy framework on building a caring economy;
- Work to develop a trade system that is socially and environmentally sustainable;
- Work to transform the international economic system so that it is supportive of the creation of caring economies across the world.

Within this submission we would particularly like to comment on three areas in need of urgent investment to support the aims of building a fair and equal recovery.

Invest in care

In feminist economic models care is the backbone of society⁶. Care work is overwhelmingly carried out by women and is a key sector in our economy. Yet, because it is overwhelmingly carried out by women, it is undervalued and has suffered from chronic underinvestment. This lack of investment must be recognised as both a cause and consequence of an unequal society.

Investment in care infrastructure is a crucial part of building a fair and equal recovery. This refers to investment in the emerging National Care Service, an injection of funds to current adult social care services, and ongoing increase in funds to support expanding childcare.

Audit Scotland predicts that responding to the Feely Review will require an additional 0.4% GDP investment in care.⁷ This would bring Scotland’s investment to around 2.66% of GDP. This is a modest investment in comparison to some other northern European countries, for example Sweden invests 4.81% GDP in care.⁸ It is important to see this as an investment in care that also has economic as well as social returns and steps will need to start being taken from this budget cycle to increase investment in care.

⁵ UK Women’s Budget Group (2020) <https://wbg.org.uk/commission/>

⁶ European Women’s Lobby (2020) [Purple Pact](#)

⁷ Audit Scotland (2021) <https://www.audit-scotland.gov.uk/report/social-care>

⁸ De Henau, J., Himmelweit, S. (2020) *Stimulating OECD economics post-Covid by investing in care*, IKD Working Paper No. 85, The Open University

If we turn our attention to childcare, women are twice as likely as men to have to take unpaid leave due to school closures or having to self-isolate with children.⁹ Prior to the crisis the high cost of childcare meant that 25% of parents living in absolute poverty in Scotland have given up work, a third have turned down a job, and a further 25% have not been able to take up education or training.¹⁰ These figures show that expansion of public childcare must continue, we stand with other feminist organisations in Scotland calling for 50 hours free childcare per week, and designating child care a key growth sector, along with social care.¹¹ In addition to this there must be more flexibility built into the system that recognises the reality of working lives.

Across both adult social care and childcare investment in the workforce is a key element within these highly gendered sectors. Investing in fair wages, delivering fair work principles including access to decent sick pay, paid breaks, unsocial hours payment. A survey by GMB Scotland of the social care workforce found these to be priority issues for the workforce. Research within the Commission on a Gender Equal Economy found investing 2% of GDP in care would result in three times the number of jobs in construction,¹² ensuring these are decent jobs is crucial within the investment process.

It is also vital the budget process recognises the increase to unpaid care since March 2021. There are 1.1 million unpaid carers in Scotland according to Carers Scotland, 61% of whom are women.¹³ Access to Carers Allowance remains limited. Alongside increasing access and value of Carers Allowance there is an urgent need to reopen services, including respite services to give carers a break. A Carers Scotland survey found that 71% of unpaid carers have not had a break from their caring roles during the pandemic.¹⁴

Climate ready

There is much to be done to transition to a low carbon economy and a gendered analysis is a vital part of the planning process. There is a risk that investment in much needed infrastructure change within housing, transport and construction will widen labour market gender inequality, if a gendered analysis is not built into the planning process. Within the budget scrutiny process an equalities lens must be applied to how the climate emergency is being addressed and to recognising that sectors such as care provide green jobs. Transition to a green economy offers an opportunity to challenge inequalities with the right investment.

Caring social security

Covid-19 and the related economic crisis has shown us how quickly individuals' situations can change and in turn the importance of having a responsive, flexible social security system that supports people in times of change, including those who are self-employed, 'gig economy' workers and freelance workers, whose earnings are subject to sharp variations.

⁹ Women's Budget Group (2021) <https://wbg.org.uk/media/press-releases/3-in-10-low-income-families-have-lost-hours-at-work-because-of-the-pandemic/>

¹⁰ Scottish Government (2020), Towards a Robust, Resilient Wellbeing Economy for Scotland: Report of the Advisory Group on Economic Recovery

¹¹ Close the Gap (2021) [The Gender Pay Gap Manifesto](https://www.close-thegap.org.uk/the-gender-pay-gap-manifesto/)

¹² UK Women's Budget Group (2020) <https://wbg.org.uk/commission/>

¹³ <https://www.carersuk.org/scotland/news/covid-19-pandemic-392-000-become-unpaid-carers-in-scotland-in-a-matter-of-weeks>

¹⁴ <https://www.carersuk.org/scotland/news/worn-out-unpaid-carers-in-scotland-uncertain-the-services-they-rely-on-will-continue-post-pandemic>

Social security income is a central part of the income for many, and growing numbers of, households.

In particular single parent households, the vast majority of whom are women, migrant women with no recourse to public funds (NRPF) and disabled women have found that the safety net of social security has too many gaps and is not working on a level playing field. The challenge as we move into the recovery process is to fix these gaps and ensure that everyone is protected through a dignified and caring social security system.

There are specific challenges and dangers women can face in the current delivery of Universal Credit. The Scottish Government has committed to the delivery of split payments but at present these cannot be easily realised and payments in Scotland continue to be made at household level for the most part. Women who have experienced gender-based violence who leave their partner can end up waiting 6-8 weeks to receive Universal Credit. This leaves women with impossible decisions to make. Women with NRPF can face similarly dangerous decisions.

Immediate priorities include:

- Commitment to working with local authorities to mitigate the impact of the UK policy of No Recourse to Public Funds and ensure that those in need have access to emergency support and Scotland specific social security payments;
- Increase the value of the Scottish Child Payment, to £20 per week, in recognition of the new circumstances within which it is being delivered and fast-track the roll out of the new benefit;
- Increase the value and eligibility of Carers Allowance to provide support and protect carers from poverty;

Ensuring a caring social security system is delivered in Scotland will be crucial to the process of Human Rights incorporation. The government has a duty to ensure a “Minimum Core” is delivered to protect a person’s right to an adequate standard of living. By taking a Human Rights Based Approach to the budget scrutiny of areas, including but not limited to social security, will demonstrate where budget priorities need to sit.

Local Authority funding

Within these three areas recognition of the role of Local Authorities and their budget allocation is crucial to delivery across the sectors. Scrutiny is needed on how the budget decisions impact on the local government settlements. Local Authorities employ large numbers of women yet often receive no additional funding for pay increases, or to match increasing challenges in the delivery of care. Local Government funding has been hollowed out but the expectations are still very real and are directly relevant and directly impact on women’s economic and social experiences. Committee scrutiny of the funding commitments to local government from the perspective of delivering a fair and equal recovery and with the intersectional gender analysis will be an important element of this budget process. Improvement on the transparency on allocations to local government in the draft budget would be an important step forward.

How should the Scottish Government’s Budget address the different impacts of the pandemic across age, income and education groups and across places?

Conducting an intersectional gender budget analysis not only works to tackle gender inequalities but also seeks to highlight and then provide the information to address the different economic experiences people are facing across the range of age, gender, income,

education groups, race, disability and those undertaking unpaid care. There is a need for clear, transparent analysis and generation of data across all protected characteristic and need for leadership from this committee to ensure this analysis is part of the scrutiny process. We would urge the Committee to broaden the focus beyond just age, income, education groups and place.

Inequalities based on gender intersect with other forms of inequality based on class, race, disability and other factors so that some groups of women, particularly poor women, women from minority ethnic communities and disabled women face multiple disadvantage.

The Committee has an important role to play throughout the budget scrutiny process in ensuring that clear and transparent analysis across protected characteristics contributes to decisions.

Good practice for building a gendered analysis into the budget making process is ensuring appropriate data and assessments are used, that there is necessary understanding and staff capacity. Equality Impact Assessments (EQIAs) are one of the most important tools for delivering good practice in gender budgeting. Through these assessments Members of the Scottish Parliament can ensure that the different impacts of policy are taken into account in the decision-making process. EQIAs should be undertaken before decisions are made and not filled out retrospectively.

Some specific considerations based on evidence request

Low income

The next budget will be the last full year budget before delivery of interim Child Poverty Targets in 2024, this will be the last budget ahead of meeting these targets. Women's income and poverty are crucial factors in ending child poverty. Housing, bolstering social security and ensuring work becomes a route out of poverty for people who are able to work are all crucial elements to review. Employment of lone parents, the vast majority of whom are women, is a specific area where gendered analysis has an important role to play.¹⁵

Young women

The Young Women's Movement Status of Young Women Report highlighted the precarious nature of work many young women face. 51% of young women who responded to their survey said the pandemic had affected their work stability, either through furlough, redundancy, not being able to find work, or reduced hours.¹⁶

The budget needs to recognise the disproportionate affect of the pandemic on young women's work and income. Funds invested in job schemes, apprenticeships, green job guarantees have specific targets to promote equal access for women and men, to tackle workplace segregation and to support employment in a range of sectors.

For example the existing Modern Apprenticeship (MA) scheme has had to work over the years to build greater equality into the scheme. Initially the levels of women undertaking Modern Apprenticeships were low and those women that did undertake Mas often were on programmes that received significantly less training hours¹⁷. Specific effort and investment

¹⁵ Joseph Rowntree Foundation (2021) [Freeing low-income single parents from in-work poverty's grip](#)

¹⁶ Young Women's Movement (2021) Status of Young Women in Scotland 2021

¹⁷ Campbell J & Gillespie M (2017) Gender analysis of spending on the Scottish Modern Apprenticeship programme

was needed to be made to ensure the young women and men had equal access to training. This remains a journey for Skills Development Scotland, with almost 40% of Modern Apprenticeships in 2020/21¹⁸ were undertaken by women but much work continues to improve the gender segregation of work. It's important that budget decisions learn from this experience and build equality into programmes from the outset.

In 2022-23, it is likely that there will be reduced levels of available Covid-related financial support for the public and private sector. Given this, what should be the priorities for the Scottish Government's Budget?

Gender budgeting analysis considers both the impact of public spending and revenue raising when considering the impact on reducing inequality. The first step in considering this question is how to maximise available resources prior to considering priorities areas. This is important to ensure that the Government is complying with Article 2(1) of the International Convention on Economic, Social and Cultural Rights¹⁹, in ensuring first, that it has generated the "maximum of its available resources" to fund the realisation of rights through its policy agenda.

Progressive taxation

How our revenue is generated has an important role to play in tackling inequality. Just like decisions on how best to spend public money, decisions about how best to raise public funds through tax can affect women and men differently. Understanding these effects and analysis is needed in decision making. While Scotland does not hold the levers of power on all tax decisions there is more that could be done to realise a progressive tax regime in Scotland.

Local taxation is an area long overdue reform, to ensure local authorities are funded to provide vital public services that women disproportionately rely on and to tackle the regressive form of taxation currently in place. There is no time for further delay.

In Scotland, as across the UK, the unequal taxation of income from wealth and income from work represents a tax break for wealthy men. In order to reach a progressive fiscal settlement to support Scotland's recovery, governments at Holyrood and Westminster will need to look in detail at wealth taxes, including those that could be administered at the local government level across Scotland. It will also be vitally important that Scottish Government commitments to a progressive income tax regime are held strong, ensuring those that can afford to contribute more do so through the recovery.

What's more, as we consider the urgent action needed to tackle our climate and nature crises, governments will need to closely consider how progressive carbon taxes can be designed to limit pollution and fund a feminist green recovery.

As Scotland emerges from the Covid crisis, it is also important that we consider what to ask in return from businesses supported through the crisis. As Scottish Government considers the shape of future business support, this should include an assessment of how conditionality and/or tax relief could be used to incentivise fair work practices.

It is important that the government's obligation to deliver on Maximum Available Resources is highlighted and reinforced through the budget scrutiny process of all Parliamentary Committees. Covid-19 recovery and the impact of the climate crisis provide the necessity

¹⁸ Skills Development Scotland (2021) Modern Apprenticeship Statistics

¹⁹ See <https://www.ohchr.org/en/professionalinterest/pages/cescr.aspx>

and opportunity for transformational change in how revenue is raised within the powers of the Scottish Parliament.

Prioritisation

Prioritisation of sectors needs to be based on scrutiny of evidence as to what will deliver for governments' ambitions around equality and human rights. Schemes to support employees and the self-employed should be informed by an Equality Impact Assessment, drawing on evidence of existing inequalities. As detailed in answers to previous questions, decision making based on clear gender and equality analysis must be the basis for decision making. Views from across our membership are very clear that the prioritisation of investment in social care jobs and services, investment in childcare and delivering a gendered response to climate transformation are all vital areas of prioritisation in the 2022-23 recovery budget.

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