

## **Draft Budget and Equality Budget Statement 2018-19 Initial response from Scottish Women's Budget Group**



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 has focused on encouraging active gender analysis in the Scottish Budget process since 2000 and has been instrumental in securing significant changes to the process and awareness amongst officials and elected decision makers. Part of an international network of gender budgeting campaigners and practitioners, SWBG has consistently drawn upon experience from elsewhere to inform and develop the approach to gender budget analysis in Scotland.

### **Draft Budget 2018-2019**

The comments here are necessarily brief and do not reflect the full range of questions and considerations that arise from the Draft Budget and Equality Budget Statement. This short response focuses on the following key areas

- Social Contract
- Taxation
- Local Government
- Housing and Homelessness
- Childcare
- Infrastructure
- Budget process

### **Social Contract**

Framing Scotland's finances as the means of cementing and securing the social contract between government and the people of Scotland is an important and welcome signifier of aspiration and intent. For it to be meaningful there has to be a deep understanding of the different lived realities of women and men in all our diversity. That means ensuring that the generation and analysis of essential data is properly resourced and applied in policy making, including in improved practice of equality impact assessment that robustly identifies and addresses enduring and intersectional inequalities between women and men.

It also means ensuring that the links across government economic and social policy, which are clearly articulated through the welcome commitment to inclusive economic growth, are sustained in the narrative, analysis and implementation of policy. There has been a significant amount of work by the women's sector in Scotland, including SWBG, and successive parliaments and government seeking to advance gender equality. Those efforts are not, however, consistently reflected in the narrative and policy focus evidenced in the budget documents. Two specific examples of where this inconsistency in operationalising gender knowledge undermines the positive rhetoric on gender equality are the limited definition on infrastructure investment and what constitutes economic activity.

First, the unprecedented and highly valued investment in public childcare provision appears intermittently as a core area, but otherwise social care is absent from considerations of investment. The principles for embedding gender analysis in investment proposed by SWBG, Engender, Women's Enterprise Scotland, Close the Gap and others in response to the consultation on the Scottish National Investment Bank have not been integrated into thinking on SNIB and investment more widely.

The second example is the persistence in referring to women as "economically inactive" (p.8, Equality Budget Statement). While the structural constraints of economic models and gendered roles are acknowledged, to refer to women who are not currently active in the labour market (in paid employment) as economically inactive, shows a disappointing lack of depth to the Scottish Government's understanding of women's economic reality and the enduring undervaluing of unpaid work in caring and provisioning. Furthermore, 'economically inactive' is a technocratic term that not only masks the contribution of the care economy, central to the social contract, but it also ignores the daily economic realities of everyone's lives as we pay our taxes on goods and services, pay for travel and utilities etc.

To be consistent and sincere about the social contract, the Scottish Government and parliamentarians must build and retain a robust and engaged understanding of women's economic activity, and recognise and value the contribution of unpaid care in sustaining a productive and inclusive economy. This Draft Budget, like budgets before it, lacks gender competence. Good intentions do not take the place of appropriate, informed, and evidenced analysis of need and spend *before* budgets are constructed. The failure to use tools such as gender budgeting force the budget process into a post hoc defensive response. Using public monies to address structural flaws in our economy, spend, and revenue generation and ensuring robust incorporation of gender budgeting in specific portfolios would build capacity and analytic infrastructure. SWBG, as always, is happy to support development of such gender budgeting to transform Scotland's budget process rather than continue to tinker at its edges.

## **Taxation**

SWBG have maintained over many years that setting tax policy and utilising Scotland's taxation powers is essential to delivering the 'strong public services' that the Scottish Government seeks to deliver. We welcome the proposals in the Draft Budget to introduce additional bands and particularly the four policy tests of progressivity, protecting low incomes, revenue generation, and economic growth. An obvious point to make here is to ensure that all tax policy proposals are subject to rigorous equality impact assessments given the different levels and sources of income of women and men.

The proposals on taxation rightly focus on protecting people on low incomes from unfair tax burden. Women, particularly women of colour, older, and disabled women tend to be amongst people on the lowest incomes. There are therefore significantly fewer women paying income tax than men. Data from HMRC shows that in Scotland in 2016-17 there

were 320,000 fewer women income tax payers in Scotland, increasing to 333,000 in 2017-18 (HMRC, 2017). Several factors contribute to this significant gap including women's lower wages, the enduring gender pay gap, women's working patterns (part-time hours, caring breaks), lower pensions, and greater reliance on social security income. All these factors reinforce the need for economic development and employability programmes to focus on stimulus and support for improved quality employment and earnings for women.

SWBG note the welcome uplift in the Economy, Jobs and Fair Work portfolio and the boost to employability programmes. At £698m of the total £33bn Draft Budget (before UK AME added) is a very limited stimulus to improving the quantity and quality of jobs in Scotland. Research and data over recent years has consistently evidenced an increase in precarious, low quality jobs in employment and an increase, particularly among women, in low paid and precarious self-employment (Campbell and O'Hagan, 2016).

There is a welcome and overdue increase in the Equality Budget, and within that the focus on gender equality is very welcome. However, these actions and spending commitments need to be linked across portfolios and committee scrutiny, including Economy, Jobs and Fair Work, Skills and Education, enterprise/economic development activity. It is unclear, for example, how the "miscellaneous" spend in the Justice budget, some of which is apparently apportioned to supporting Justice work on violence against women and girls (VAWG), will be distributed and how previous commitments over 2015-18 of £20 million for VAWG, not replicated in this budget, will be distributed across other portfolios or otherwise managed. Similarly, building on the experience here, SWBG strongly recommends that the welcome Tackling Child Poverty Fund is developed in a way that ensures effective (gender) equality analysis is integral from the outset.

Gendering economic development spend is critical to making progress against the Scottish Economic strategy. City Region Deals offer the potential for new collaborative regional partnerships, focused on long-term strategic approaches to improving regional economies. The failure to ensure initial EQIAs on the first round of City Region Deals was a significant omission and further evidence of a failure to mainstream gender and equalities analysis across programmes and spending portfolios. A specific allocation of funds towards the implementation of the newly refreshed Scottish Government Women in Enterprise Framework (2017) would be welcomed as developing women's enterprise forms a key part of local and regional economies. Segregation by sector is as evident in self-employment and enterprise as it is in other areas of the labour market, with women often directed towards lower valued sectors. Equality impact assessment for all protected characteristics is an essential part of economic development, and gender disaggregated data on all City Region Deal investments, targets and outcomes should be supplied to measure delivery. City Region Deals, the creation of the SS Enterprise body, and the refocusing of Scottish Enterprise on ensuring greater attention to and advancement of equality through its core business development work are all welcome. Also welcome is the new spend of £10 million to support the activities of the South of Scotland Economic Partnership (SOSEP), the interim arrangements established in advance of the new statutory South of Scotland Enterprise

Agency (SOSEA). With the commitment to a full equality impact assessment being undertaken to consider the full range of protected characteristics, it is hoped that positive impact will be measured across 2018/19. The activities and outcomes of these proposed areas of activity by a wide range of public authorities must form part of ongoing budget scrutiny by the parliamentary committees as set out in the recommendations from BRG. Committee scrutiny pre and post budget must include a clear focus on progress towards equality outcomes across local authorities, and national and regional economic development agencies and related programmes to ensure a consistent and current focus on addressing gendered imbalances in skills, employment and employment opportunities and economic development.

While the £4 million commitment 'Unlocking Ambition Challenge', is welcomed in support of Scottish businesses, it is disappointing to see stated in the EBS that there will only be efforts to, "...try to achieve a gender balance across mentors in order to help reduce specific barriers for women and address the gender gap in enterprise." With the numbers of highly successful business women across Scotland, a gender balance should not be difficult to achieve amongst a group of business mentors.

### **Local Government**

The Draft Budget emphasises the Scottish Government commitment to 'strong public services' delivered through local government. Women are both the majority users and providers of public services, including in low paid 'arms-length' job with poorer terms and conditions. Local government has seen a successive decline in funding from the Scottish Government and a re-directing of significant funds into social care. At the same time as there is an emphasis on community empowerment, including the introduction of very limited participatory budgeting, there has been a hollowing out of local government services which affects women as workers in local government and employment options more widely, and as care providers and carers.

The Finance and other parliamentary committees should ensure effective monitoring of the implications of local government finding settlements and seek to identify impacts in its own pre and post budget scrutiny.

A significant and positive decision to be funded in this Draft Budget is the overdue withdrawal of the freeze on public sector pay. This is a welcome move to ease the income pressures on public sector workers. Combined with the proposed changes in tax rates, these measures should still result in an increase in income of lower paid, public sector workers. The continuing gender pay gap and multiple equal pay cases still to be resolved are a matter of public finance management as well as economic and legal justice. Improving pay and conditions and assessing the impact on women's earnings and employment in the public sector must continue to be a focus on parliamentary pre and post budget scrutiny, consistent with the Budget Review Group recommendations to approach the budget process as a year-long cycle. SWBG considers it essential that the Finance and other committees monitor the impact of lifting the pay freeze on women's income and jobs through their own analysis and

draw on the evidence drawn from reporting on the Public Sector Equality Duty equal pay and mainstreaming statements.

### **Housing and Homelessness**

The Scottish Government's commitment to adequate housing for all is indeed welcome. Women and their children suffer homelessness in significant numbers. Their risk for homelessness and the choices women make to keep their children housed and safe are inextricably linked with women's economic dependence, enforced by structural and systemic elements of Scotland's economy. These experiences are very often framed by women's experiences of domestic and sexual violence. Indeed, thousands of women and children in Scotland are forced into homelessness by domestic abuse every year.

As in pretty much all areas of Scotland's budget, women's experiences of homelessness are fundamentally different from men's, especially women with children. Unfortunately, the government's current approach to homelessness lacks gender analysis, with no recognition of the gendered dimensions of homelessness and the structural conditions that shape women's routes into and out of homelessness. The focus on rough sleeping and temporary accommodation prioritises areas of homelessness where women and children are least likely to be visible. This is exacerbated by a programme of activity that aims to create easy routes for people to be involved but fails to offer specific routes and spaces that encourage and enable a diverse range of women's participation. Among other egregious effects, the failure to do a gendered analysis of homelessness and housing policy replicates women's invisibility in the system and covers up women's experience of homelessness as context for enabling domestic abuse and increasing danger for women and children. [see Evidence from Scottish Women's Aid to Parliament (<http://womensaid.scot/wp-content/uploads/2017/11/SWA-evidence-to-Scottish-Parliament-Local-Government-and-Communities-Committee-Homelessness.pdf>) and research report *Change, Justice, Fairness* (<http://womensaid.scot/wp-content/uploads/2017/07/Change-Justice-Fairness.pdf>)]

### **Childcare**

The Scottish Government's ongoing commitment to the expansion of publicly funded childcare is welcome and to be commended. The commitment of £150m plus and additional £52m capital is significant and the longer-term outcomes from this investment should be considered in terms of contribution to Scotland's infrastructure, economic and employment development for women and men, as well as increasing provision for children's wellbeing. The framing of childcare expansion is not consistently presented as investment in Scotland's economic infrastructure, and SWBG would encourage such a focus is preserved as part of the approach to inclusive growth, as well as early years provision.

In addition, a gendered approach to this funding would use cross-portfolio analysis to link increased availability and accessibility of childcare for women with gendered barriers to paid employment. Provision of additional childcare that reduces these barriers and that aligns

with gender-competent employability services would hugely increase the targeting and impact of additional childcare spend.

## **Infrastructure**

Throughout the Draft Budget the focus on infrastructure investment is on capital and digital expansion projects. SWBG have consistently argued this is a narrow construction of infrastructure, and that the Scottish Government should take a more expansive approach so that investment in social care, recognition of the value and contribution of the care economy, and investment in facilities and workforce development in social care and childcare are key components of investment in infrastructure for inclusive growth. SWBG, along with Engender, Close the Gap, WES and others developed principles for gender inclusive approach for the Scottish Investment Bank which we commend to the Finance and other committees.

The City Region Deals (CRDs) are substantial investment programmes with the potential to address significant structural issues in local skills and labour markets, enterprise and economic development opportunities. The failure to ensure the initial CRDs were informed by robust equality impact assessments is a significant omission that has led to remedial, post-hoc action to address equality considerations and build in actions to advance equality. This was a failure of process within government and within parliamentary scrutiny and potentially represent an opportunity lost to maximise the potential of the CRDs. It is imperative that the Finance and other parliamentary committees integrate equality analysis into their scrutiny of progress and outcomes of the CRDs. The [gender-aware principles developed to guide the work of SNIB](#) are clearly useful in this context, as well as the legal requirements of the Public Sector Equality Duty.

## **Budget process**

SWBG welcomes the significant commitments to embed equality analysis in the revised budget process. While EBAG has been remitted to develop further practical advice on developing the process, it is imperative that parliamentary committees actively engage in equality analysis of outcomes achieved over time from public spending and set a course of action that aims to advance equality and eliminate persistent inequalities and structural constraints.

## **References**

- **Campbell, J. and O'Hagan, A. 2016.** 'Women in Scotland's Changing Labour Market' Greens Employment Law Bulletin.
- **HR Revenue and Customs.** Number of individual income taxpayers by marginal rate, gender and age, by country and region, covering the period 1999 to 2000 to 2017 to 2018 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/616438/Table\\_2.2.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/616438/Table_2.2.pdf)