



Pre-Budget Briefing
December 2021
Scottish Women's
Budget Group



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Introduction

The Covid-19 pandemic and the resultant economic turmoil has shone a bright light on the persistent and deepening inequalities within Scottish society. Women, black and ethnic minority communities and disabled people are economically the hardest hit by the crisis,¹² putting real equality further out of reach. As Scotland recovers from the health and economic impacts of Covid-19, the priority must be to dismantle these inequalities. This budget is a critical crossroads on the path to a more equal society, and the opportunity must be taken to reject austerity and direct recovery efforts towards creating a caring green economy with equity at its core.

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-19.³ But all too often these jobs are underpaid and undervalued. Furthermore, other sectors that were hardest hit by the impact of lockdown, such as hospitality and retail, have a predominately female workforce,⁴ surfacing the reality of systemic vulnerability women workers have faced before and during the crisis. As a consequence, women, particularly women from black and ethnic minority communities and disabled women, are facing a rising tide of poverty,⁵ highlighting the importance of a gender-transformative approach to the economic crisis and recovery packages put in place.

A gender transformative budget must prioritise:

- **Investment in social infrastructure such as care (adult social care and childcare) and those who work in these sectors;**
- **Delivery of fair work principles and real living wage focusing on women's precarious employment;**
- **Recognition and valuing of unpaid work;**
- **A caring social security system that provides a genuine safety net when needed most;**
- **Progressive and fair taxation to support the recovery are vital elements of a caring recovery.**

Crucial to ensuring a gender-transformative recovery is robust gender analysis and gender-sensitive sex-disaggregated data on the impacts of Covid-19 incorporated into policymaking and recovery planning.

¹ Engender (2020) Women and Covid-19

² Glasgow Disability Alliance (2020) Supercharged: A Human Catastrophe

³ Warren, T. and Lyonette, C. (2020) 'Carrying the work burden of the Covid-19 pandemic: working class women in the UK, Briefing Note 1: Employment and mental health' (October). Working Paper No 2020/1, Nottingham University Business School

⁴ Close the Gap (2021) [One Year On: How Covid-19 is impacting women's employment in Scotland](#)

⁵ Engender and Close the Gap (2021) [Joint briefing on the impact of COVID-19 on women with childcare responsibilities in Scotland](#)

A budget process that challenges inequality

The 2022-23 budget must be a recovery budget to reset Scotland on a path towards fairness and equality. Integrating gender budget analysis, within a Human Rights Budgeting Approach, into the budgetary process is crucial to ensure that decisions made will work towards building a more equal society.

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.⁶ 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. Inequalities based on gender intersect with other forms of inequality such as class, race, and disability so that some groups of women face multiple and compounded disadvantages.

To address these systemic inequities, spending commitments on policy and programmes must be designed with the help of an intersectional gender analysis that can ensure new initiatives respond to the different lived experiences that women experience. Failure to incorporate a gendered perspective within pandemic recovery budget efforts will only deepen existing gender inequalities and worsen outcomes for women.⁷

We recommend:

- **Alongside the Equality and Fairer Scotland Budget Statement the publication of all Equality Impact Assessments that have informed the budget process across all departments;**
- **Implementation of the Equality and Budget Advisory Group recommendations for equality and human rights budgeting in the Scottish Budget process.⁸**

Suggested Question

Can the Cabinet Secretary explain how an intersectional gender analysis was incorporated into the budgetary process?

What is intersectional gender analysis?

Intersectional gender analysis considers the lived realities of women and men in their diversity. While 'lived realities' is meant to recognise differences between women and men, the addition of 'in their diversity' recognises how other characteristics such as age, socioeconomic situation, disability, race, ethnicity, religion and rural or urban location can also affect women and men in their lived realities.⁹

⁶ Women's Budget Group (2020) [Creating a Caring Economy: A call to action](#)

⁷ Policy Scotland (2021) Consequences of the COVID-19 pandemic: exploring the unequal social and economic burden on women

⁸ [Equality Budget Advisory Group: recommendations for equality and human rights budgeting - 2021-2026 parliamentary session - gov.scot \(www.gov.scot\)](#)

⁹ European Institute for Gender Equality (2020) [Gender Budgeting: Step-by-step toolkit](#)

The principle aim of gender budgeting is to integrate intersectional gender analysis into economic policy. Through this process raising awareness of different impacts on women and men of publicly funded policies and programmes and challenging the assumption that budgets are 'gender blind'.¹⁰

Invest in care

Care is the backbone of society.¹¹ 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. The women who are working in the care economy have been underpaid and under-protected, and marginalised women, including poor and migrant women are over-represented in this low-paid work.¹² Adequately investing in care is critical to tackling gender, income and ethnic inequalities.

It is welcome news that the Scottish Government intends to invest in care infrastructure in this term by establishing a National Care Service, increasing funds for adult social care services, and expanding childcare.

Audit Scotland predicts that responding to the Independent Review of Adult Social Care will require an additional 0.4% GDP investment in care.¹³ 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.¹⁴ Investing in care has economic as well as social returns and Scottish society will suffer if steps are not taken from this budget cycle to increase investment in care and improve working conditions. As an example, research within the Commission on a Gender Equal Economy found that investment in care would result in 2.7 times the number of jobs as equal investment in construction.¹⁵

Action on childcare is critical for a gender-equal recovery. Through the Covid-19 crisis, women are twice as likely as men to have to take unpaid leave due to school closures or having to self-isolate with children.¹⁶ Prior to the crisis the high cost of childcare meant that 25% of parents living in absolute poverty in Scotland had given up work, a third had turned down a job, a further 25% of parents had not been able to take up education or training.¹⁷ To address these persistent challenges, we stand with other feminist organisations in Scotland calling for 50 hours of free childcare per week, and designating child care a key growth sector, along with social care.¹⁸

¹⁰ O'Hagan, A. (2018) [Gender Budgeting in Scotland – A work in progress](#)

¹¹ European Women's Lobby (2020) [Purple Pact](#)

¹² Women's Budget Group (2020) [Creating a Caring Economy: A call to action](#)

¹³ Audit Scotland (2021) <https://www.audit-scotland.gov.uk/report/social-care>

¹⁴ De Henau, J., Himmelweit, S. (2020) *Stimulating OECD economics post-Covid by investing in care*, IKD Working Paper No. 85, The Open University

¹⁵ Women's Budget Group (2020) <https://wbg.org.uk/commission/>

¹⁶ 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/>

¹⁷ Scottish Government (2020), *Towards a Robust, Resilient Wellbeing Economy for Scotland: Report of the Advisory Group on Economic Recovery*

¹⁸ Close the Gap (2021) [The Gender Pay Gap Manifesto](#)

Across both adult social care and childcare, investment in the workforce is a key element within these highly gendered sectors, including investing in fair wages and delivering fair work principles including access to decent sick pay, paid breaks, and unsocial hours payment.

It is also vital the budget process recognises the increase in unpaid care since March 2021. There are 1.1million unpaid carers in Scotland according to Carers Scotland, 61% of whom are women,¹⁹ yet 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.²⁰

Immediate priorities include:

- **Cash injection to support social care in the short-term, while considerations on establishing the National Care Service continue;**
- **Expand public childcare funding to increase provision of free hours in line with maternity leave with 50hours of free childcare per week;**
- **Commit to a minimum of the real living wage for everyone employed within the childcare sector and delivery of fair work principles across all care settings;**
- **Transparent allocations to local government in the draft budget to support reopening of services and delivery of care across the country.**

Suggested Question

Can the Cabinet Secretary explain how this budget responds to the urgent funding needs across care services in Scotland?

Climate ready

COP26 has seen the global shortfall in the commitments needed to keep global warming below 1.5C. Over the course of the next year, and beyond, advanced economies like Scotland need to make serious and rapid efforts to decarbonise. This budget is the time to demonstrate Scotland's commitment to meeting its' climate targets.

As an historic and current high-emitter that has economically benefited from a high-carbon economy, Scotland has a responsibility to its citizens and all of humanity to use every tool at our disposal to meet this goal and secure a prosperous future for future generations. However, such a momentous structural and societal transformation must not come at the expense of those who have already been rendered vulnerable by our highly unequal and extractive economic system, whether closer to home, or in other parts of the world.

¹⁹ Carers Scotland (2020) [Covid-19 pandemic: 392,000 become unpaid carers in Scotland in a matter of weeks](#)

²⁰ Carers Scotland (2021) [Worn out unpaid carers in Scotland uncertain the services they rely on will continue post-pandemic](#)

Scotland must be a champion of a feminist just transition, that simultaneously tackles emissions and inequalities with the help of a comprehensive green industrial strategy, creating a wave of decent green jobs and strengthening social safety nets around the world in preparation for climactic disruption. Securing the just transition, however, is often focused on physical infrastructure: transitioning to renewable energy sources, adapting our lived environments to a new reality of climate impacts, retrofitting our homes to be more efficient, prioritising planning for low-carbon public transport and advancing research and development of low-carbon or renewable technologies. Though vital, these initiatives can and must be complimented with investment in green social infrastructure. A comprehensive just transition policy would also expand socially necessary and low-carbon jobs, such as those in the caring economy. Following this line of thinking, care jobs are green jobs and must be considered a crucial pillar in climate and gender-transformative transition planning.

There is a risk that the unprecedented investment in decarbonising economic activities will widen labour market gender inequality if a gendered analysis is not built into the planning process. Within the economic strategy an equalities lens must be applied to climate policy to ensure it does not reverse progress on gender equality in high-value sectors while also committing new investment to traditionally feminised 'green' sectors such as care. Transition investment offers an opportunity to thus secure a greener more equal economy.

Immediate priorities include:

- **Delivery of a feminist just transition, meaning transforming high polluting, male-dominated industries of transport, energy and construction as well as investing in the low-carbon, labour intensive, female dominated caring and service industries;**
- **The Green Jobs Fund should include a portion to specifically support people from areas of socio-economic deprivation, women, lone parents, those belonging to minority ethnic communities, refugees, disabled people, carers and young people to train for and get green jobs;**
- **Incorporate a gendered analysis into the plans for transition to net carbon zero to enable policy makers to maximise the opportunities for poverty reduction and tackling inequality that the transition presents.**

Suggested Question

Can the Cabinet Secretary outline how gender analysis has been built into just transition planning and what changes have occurred based on this analysis?

Providing a safety net that works for all women

Women are disproportionately likely to rely on social security in Scotland. This stems from women's economic inequality, which is rooted in the undervaluation of care work across our economy, and women's inequality in the labour market. In the 2022-23 Budget, there is an urgent need to boost women's incomes

through action on fair work, and crucially, action to strengthen Scotland's social safety net, through social security and collective services.

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 through crises, including those who are self-employed, 'gig economy' workers and freelance workers, whose earnings are subject to sharp variations. Social security income is a central part of the income for a growing number of households.

Delivering a caring social security system 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.

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.

SWBG welcomes the recent announcement to increase Scottish Child Payment to £20 per week from April 2022 as a vital step towards tackling child poverty in Scotland. We know that to end child poverty, we must solve women's poverty. This action will be crucial to protect women's incomes, make progress towards interim child poverty targets, and to mitigate against the withdrawal of the £20 uplift to universal credit.

Immediate priorities include:

- **Creation of a human rights-based system of disability assistance;**
- **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 and eligibility of Carers Allowance to provide support and protect carers from poverty.**

Suggested Question

Can the Cabinet Secretary share how Scotland's social security powers are being used to deliver greater equality in Scotland?

Raising revenue to tackle inequality

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. Regressive taxes place greater pressure on those on lower incomes,

with wealthy men the most likely to benefit. Women make up a higher proportion of those on low incomes and therefore tax changes to realise a more progressive tax system will improve efforts towards gender equality.

Evidence from the Office of the Chief Economist demonstrates that changes made in Scottish income tax in 2021-22 compared to a scenario of no tax changes since 2016-17 mean that in 2021-22 85% of women will pay less tax, compared to 72% of male taxpayers.²¹

However, other taxes within Scotland are regressive. Council Tax is a particularly regressive form of taxation that is within the control of the Scottish Government. According to data from the Office of National Statistics, households in the bottom quintile pay 4.6% of their income on Council Tax, whereas those in the top quintile pay just 1.4% of their income on this tax.²² Efforts to reform Council Tax into a progressive form of local taxation would benefit those on low incomes.

The forthcoming rise in National Insurance Contributions (NICs) at a UK-wide level will raise revenue for Scotland, however, it is another example of regressive taxation. NICs start at a lower threshold than income tax and a higher rate threshold beyond which employees pay a lower rate. This change in NICs will disproportionately impact those on lower incomes, of which women make up a higher proportion.

The Government has an obligation under Article 2(1) of the International Convention on Economic, Social and Cultural Rights,²³ in ensuring first, that it has generated the “maximum of its available resources” to fund the realisation of rights through its policy agenda.

Covid-19 recovery and the impact of the climate crisis provide the necessity and opportunity for transformational change in how revenue is raised within the powers of the Scottish Parliament. Alongside local tax reform, 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. Research conducted for Oxfam and the Institute for European Environmental policy demonstrates that the richest 10% in high-emitting countries have substantially higher than global average per capita emissions.²⁴ Considering the role of wealth taxes in Scotland’s revenue raising can be an effective green redistribution policy to help curb emissions and inequality.

In Scotland, as across the UK, the unequal taxation of income from wealth and income from work represents a tax break for wealthy men.²⁵ In order to reach a progressive fiscal settlement to support Scotland’s recovery, governments at

²¹ Office of the Chief Economist [Income Tax: Cumulative Impacts on Income Levels and Equality](#)

²² Office of National Statistics (2020) [Taxes as a percentage of gross income, disposable income and expenditure for all individuals by quintile groups Scotland 2018 to 2019](#)

²³ See <https://www.ohchr.org/en/professionalinterest/pages/cescr.aspx>

²⁴ Oxfam and Institute for European Environmental Policy (2021) [Carbon Inequality by 2030](#)

²⁵ Women’s Budget Group (2020) [Creating a Caring Economy a Call to Action](#)

Holyrood and Westminster should establish wealth taxes, including considering those that could be administered at the local government level across Scotland. Such taxes would be consistent with the Scottish Government commitment to a progressive income tax regime by ensuring those that can afford to contribute more do so through the recovery. Scotland should consider what options for Wealth Tax could be implemented in the devolved context. In this area Scotland could work to use its influence beyond its borders, working across the UK to establish mechanisms for wealth tax.

As Scotland emerges from the Covid-19 crisis, it is also important that we consider what to ask in return from businesses supported through the crisis. As the 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.

An intersectional gender budgeting analysis should underpin any new revenue-raising strategy, to ensure that redistribution strategies tackle all forms of inequality.

We recommend:

- **Reform of local taxation and options for local revenue raising should be agreed over the course of the 2022-23 budget year;**
- **Freezing the higher rate band for income tax;**
- **Establishment of devolved Air Departure Tax and rate setting;**
- **Consideration of options for a Wealth Tax to deliver at the devolved level.**

Suggested question:

How do the proposals on tax set out in the draft Budget aim to reduce inequality and what analysis has been used to support this decision making?

For further information please contact:
Sara Cowan
Scottish Women's Budget Group Coordinator
Sara.cowan@swbg.org

