

Scottish Women's Budget Group Response to Scottish Draft Budget and Equality Budget Statement 2016-17

Introduction

The Draft Budget 2016-17 and Spending Plans of the Scottish Government have been formulated in a difficult context of continuing austerity reflected in cuts to the Scottish Block Grant. SWBG recognises these constraints and the difficulties they present to the Scottish Government in setting its own priorities for spending allocation. Ultimately the Scottish Government makes its own policy choices and priorities. In this short paper, SWBG highlight ongoing areas of concern in relation to resource allocation, the budget process and the absence of robust gender analysis, and the limited engagement of the committees of the Scottish Parliament in equality analysis of the Draft Budget.

In addition to comments from SWBG, other women's organisations in Scotland including Engender and the Scottish Women's Convention (SWC) have made submissions to the Welfare Reform Committee and elsewhere which very effectively highlight concerns on the impact on women of budgetary decisions at the Scottish and UK level.

Draft Budget proposals

The UK government cuts have and will continue to impact on the resources available to the Scottish Government. In addition, as highlighted by the UKWBG of the £16.6 billion net cumulative spending cuts and tax rises under the Conservatives, £12bn, some 75% have been from women's incomes.

Key measures by the Scottish Government to mitigate the impact of austerity imposed by the UK government decisions in relation to social security and taxation transfers are very welcome. The protection of the Scottish Welfare Fund and the retention and protection of Council Tax Reduction scheme, and pressure to increase the implementation of the Living wage are welcome and significant. Similarly increased funding for short-term breaks for carers and rail travel concessions for job seekers and new starts are positive measures.

The new focus in the Scottish Government Economic Strategy, which presents equality and competitiveness as twin pillars was a welcome shift in the Scottish Government's approach, putting equality at the centre of economic policy. Although the strategy is yet to be reflected in practice, we recognise the significance of the shift that this represents in the Government's approach. However, SWBG is disappointed that this new approach has clearly not influenced the approach used for the Draft Budget and Equality Budget Statement. This response from SWBG discusses some of the group's key concerns, highlighting some areas of progress, and stressing key concerns arising from the comparative lack of ambition on equality which they represent, particularly in relation to women who have been hardest hit by UK government tax and spending decisions.

Equality Impact Assessment

The Scottish Government could have been and needs to be more ambitious and bolder. The equality outcomes produced by the Scottish Government in compliance with the Public Sector Equality Duty (PSED) should formulate an overarching equality strategy,

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drawing together and articulating a transformative vision for equality that encompasses a radical and systemic overhaul of social security provision to deliver social protection for all under new powers.

In relation to social security for example, the SWC offer compelling evidence on the implications of tax credit cuts for example, yet the language from the Scottish Government disappointingly does not reflect these concerns or the issues raised last year in the Welfare Reform Committee Inquiry. A clear element in the discussion during the Inquiry and the re-framing of the issues in the Committee report shifted the language and conceptual approach from welfare to social security. Despite assurances and expectations following discussions with officials and ministers, in the Draft Budget and Equality Budget Statement, the Scottish Government continues to use language of welfare, rather than social security.

There are clear and significant limitations to the Draft Budget and Spending Plans. Financially, the severe cuts to local government spending will have significant negative effects on women. Conceptually, the approach of the Scottish Government is limited to a focus on mitigation, important as that is, rather than a more creative use of available powers and resources. Politically, the aspirations and extent of commitments are limited by the time constraints of setting a budget 6 months ahead of the Scottish elections and within a reducing Block Grant from the UK government. Nevertheless, this Draft Budget and Spending Plan is a lost opportunity to set a progressive and redistributive budget.

Even a cursory attempt to assess gender impact on the allocated spend and cuts in this budget would have revealed the negative outcomes for women. A particularly egregious example is the impact on women and children experiencing domestic abuse of the disconnect between national and local spend. As mentioned, protection of spend in the national Violence against Women and Girls fund is very welcome, although year-on-year “level” funding and therefore “real” cuts has eroded the reserves of every domestic abuse service in the country. However, given that 58% of local Women's Aid services are funded through local authority contracts (and an even higher percentage in public sector domestic abuse services), this budget gives some money with one hand and takes away more with the other.

SWBG Main concerns

Local government cuts

The 7% real terms cut to local government is of real concern. These direct cuts will impact severely on women. These cuts come on top of the £3,150m¹ already spent on the cumulative cost of the Council Tax Freeze that SWBG has consistently criticised as being counter-productive and regressive in that it benefits people on higher incomes more than

¹ SPICE (2016) “Financial Scrutiny Unit Briefing: Draft Budget 2016-17.

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those in poverty. SWBG has constantly argued against the CTF. The EBS states that the freeze 'protects households from further reductions to their disposable incomes in difficult economic times.' There is no evidence led to support this assertion, particularly in relation to low income households.

Analysis by SPICE previously indicated potential gains to lower income households. This analysis does not take into account the potential losses incurred by households as local government spending cuts have resulted in reduction and withdrawal of services and the impact of those measures on women's employment as local government workers and contractors, and as service users, and the effect on women's labour market participation as their employment choices have had to change in response to changes in locally available services and lower quality employment.

This central funding has been found year on year to fund the freeze by local authorities. SWBG has consistently argued that this massive amount of money could have been directed elsewhere to better mitigatory and progressive effect. There are implications of these cuts to local government for the effectiveness of other mitigation efforts by Scottish Government resource allocation as well as on the provision of social care services. Furthermore, the imposition of the freeze undermines local choice, accountability and democracy.

The cuts to local government funding will impact on women's jobs, pay, women's access to services as service users and carers, and councils' ability to maintain levels of front line services provided by and relied upon by women. As SWBG proposed in the Plan F for a caring, sustainable economy, the Council Tax Freeze should be removed and council funding should be met from core provision to invest in a caring economy.

According to Scottish Government guidance, a budget reflects political choices, presented as pledges and commitments as *prioritised* by government in its allocation of resources. Parliamentary committees are asked to consider Budget proposals in terms of priorities, value for money, and accountability.

Considering the Scottish Government's priorities, how does the Draft Budget measure up? According to the Scottish Government's legislative programme "tackling poverty remains a key priority." The 2016-17 DB and Spending Plans show that the Scottish Welfare Fund, a key anti-poverty and mitigatory measure has been maintained (with a reduction of £100k).

In the First Minister's Foreword to the Legislative Programme she sets out a vision for a "fairer country, a proper living wage, fair work, and to use the new powers to improve the welfare system to mitigate some of the worsts impacts of the UK government cuts." A number of measures in the Draft Budget and Spending Plans 2016-17 do reflect these commitments, such as the Living Wage, the SWF, and maintaining the Equality Budget. However, a number of significant reductions reflect disjointed political decisions in relation

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to stated commitments to advance equality. The Social Justice budget is to be cut by 6% overall, including the 7.2% reduction for local government and the 5.8% reduction in spend on education. In cash terms this is a reduction of £774.1m to local government.² Pension funds are to be reduced by £156m. For further and higher education, cuts will affect provision for students and for institutions. The HE student support provision is to be reduced by £108m, and funding to the Scottish Funding Council reduced by £22.7m on top of reductions to further education colleges.

The proposals under these budget headings, along with Fair Work, Social Security, and Transport all come within the basket of variables (excepting Health) included in the model developed by Landman Economics, as applied in UK Women's Budget Group analysis developed by Professors Diane Elson and Sue Himmelweit. Howard Reed of Landman Economics gave compelling evidence to the Welfare Reform Committee in 2015 which does not appear to have influenced Scottish Government analysis.

Taking the data presented in the EBS and DB on Council Tax Reduction (CTR) as an overarching measure and proxy for the Landman model reveals the potential extended impact on women of the Scottish Government budget proposals. CTR data shows that women are the significant majority recipients of CTR which reinforces concerns raised by SWBG and evidenced by Howard Reed in the UKWBG analysis of the impact of the UK budget measures. Specifically, households where women predominate, particularly women pensioners and lone parents, and couples with children (as reinforced in evidence from Children in Scotland) will be the worst affected.

The UKWBG analysis of the UK government's Autumn Statement³ sets out the grim reality of the current spending cuts and political choices that impact women and provide the context for the Scottish Government budget. At the UK level, women lone parents stand to lose up to the equivalent of 4% of living standard as result of cuts to social care central funding and cuts in education spending. Women pensioners lose 5.5% of their living standard through UK cuts in health and social care. In cash terms, that is £1,300 for lone parent and £1,200 for pensioners, four times as much for single adults with no children that is 50% more than for men pensioners or pensioner couples. From 2010-2020 there will be a 10% reduction in living standards from cuts in public spending, and that figure worsens still further when the impact of changes in taxes and benefits are taken into account.

As for the Scottish Budget, the negative implications for women are serious. Local government cuts of 7% in real terms mean a loss of £10.1bn, a reduction of 5.2% of council revenue. Motorways and trunk roads will see an increase in allocation, revealing

² SPICE (2016) "Financial Scrutiny Unit Briefing: Draft Budget 2016-17, p. 13.

³ UK Women's Budget Group response to the Autumn Statement and Spending Review 2015. Available at: http://wbg.org.uk/2015-assessments/wbg_afs_csr_2015_report_2015_12_07_final3/

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expenditure in infrastructure intended to support economic development, but which in individual terms will benefit men as the principal road users. The budget for rail transport, a key form of public transport, is to be reduced, although subsidies to service providers will continue while investment in the public infrastructure they utilise that is funded by public resources is to be deferred.

The Fair Work policy area, a much heralded approach of the Scottish Government, is to experience a 5.1% real terms and 3.5% cash cut. Education is to be cut by 6% in real and 4.4% in cash terms. As already highlighted Social justice is to experience a 6.3% cash and 7.9% real terms cut; and social security cut by £100,000.

There is no evidence of gender analysis by the Scottish Government in the Draft Budget or the Equality Budget Statement. Applying the basket of variables from the Landman Economics/UKWBG model reveals that the proposed cuts to the Scottish Budget will significantly affect women and among them the most vulnerable and poor, including lone parents. The cuts in public pensions through the SPPA will affect women given their already lower incomes. Some of the impact on women pensioners may be mitigated in Scotland by the protections of the health budget, but any gains may be offset by the impact of reductions in local government funds and services.

Applying the gendered household types, as developed by Landman Economics and applied by the UKWBG analysis should form part of the Scottish Government's formulation of the Draft Budget as well as parliamentary committee scrutiny. If considered in a more systematic and integrated way, SWBG believes that different priorities and decisions should emerge that reflect better the needs and situations of women.

Welfare Reform

While there are welcome provisions around mitigating the impact of measures imposed by the UK government through its 'welfare reform' actions, SWBG had anticipated more of a discursive shift from the Scottish Government as well as substantive policy shift beyond mitigation towards direct action to develop a Scottish system and response to social security and social protection, as raised previously with this Committee and in discussions with officials through EBAG and elsewhere. SWBG is deeply concerned at the rupture caused by the introduction of UK government welfare reform measures and the disconnect with the devolution of powers under the current Bill.

The implications for individuals, particularly women of the introduction of PIP, transfer of Carers' Allowance and other benefits rolled up into Universal Credit are significant and have been consistently highlighted by women's groups, public health professionals and welfare rights advocates.

Childcare

The consistent commitment and focus on childcare provision from the Scottish Government, clearly and repeatedly articulate by the First Minister is very welcome. The

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Scottish Government is very clear on the links they see between childcare provision for the wellbeing of young children and for women's labour market access. According to the Draft Budget, the Scottish Government commitment to 1,140 hours is to be achieved within the term of the next parliament but no specific funding commitments have been outlined in this Draft Budget.

SWBG welcomes the Scottish Government and First Minister's continuing approach to childcare as integral to Scotland's economic infrastructure but the absence in the Draft Budget and EBS of specific comments and commitments supporting investment in childcare as core to Scotland's investment plan - as discussed in EBAG - are deeply concerning. The First Minister has stated that she considers investment in childcare to be of the same order political value as investment in the new Forth crossing. The infrastructure project of the bridge is valued at £1.6bn and yet neither the Draft Budget and Spending Plans nor the EBS contains an enumerated resource commitment to childcare investment. This is, of course, a pre-election Budget and the last one of the current parliamentary term. We therefore understand the reluctance/difficulty of making funding commitments beyond the term of government. However, in a budget that shows capital investment in infrastructure projects increasing (with the gendered implications of that spend which SWBG have previously highlighted), there is no similar explicit commitment to funding childcare infrastructure or social infrastructure more widely. The failure to directly allocate resources to these political commitments serves to undermine them. This failure to translate policy into practice through budgetary allocation renders them rhetorical or campaign slogans.

Universal Credit

There remains ongoing uncertainty about the administrative arrangements despite the very effectively argued proposals from Engender and the coalition of women's organisations for social security reform, and the evidence brought forward in the Committee Inquiry last year.

As highlighted in evidence to the Welfare Reform Committee, SWBG and other women's organisations are especially concerned about single household payments as proposed under Universal Credit. These have the potential to be seriously regressive from a gender equality perspective, attacking women's economic independence and resilience in the face of (ongoing high levels/ issues with) domestic abuse and other forms of violence against women.

Housing

SWBG welcome the £90 million spend on new housing announced – but without a gendered housing policy, the likelihood is that access and allocation processes will continue to disadvantage women. In the context of domestic abuse, lack of appropriate housing allocations at local level mean that every day in Scotland women are forced to

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declare themselves homeless in order to get even minimal housing support. Housing is a critical barrier to women seeking safety for themselves and their children.

Legal Aid

The downward trend of spend on legal aid continues in this budget. The impact on women's access to justice, especially women experiencing domestic abuse and sexual violence, will be profound. Women are disproportionately poor and therefore disproportionately unable to access robust, high-quality representation in our legal system. The government clearly understands that, given its support of the new Scottish Women's Rights Centre, which currently employs one solicitor. The current legal aid system, even if its budget were stable, comes nowhere near meeting the needs of women experiencing domestic abuse and, if the government continues to pressure the legal aid resource, local decisions about eligibility and quality of service will continue to deteriorate. This lack of access to appropriate legal services is critical barrier for women.

Enterprise

There is no specific commitment to supporting women's enterprise, business start-up or expansion. There is includes no mention of the Women's Enterprise Framework. Furthermore, there is no evidence led in the EBS to support the claim that there are "no equality implications" of the reductions in the budgets of the enterprise agencies.

SWBG considers this approach to be unhelpful and regressive. It is ongoing evidence of looking down the wrong end of the telescope when considering how public agencies can and should advance equality. SWBG argues, and have consistently pressed this point, that the enterprise agencies should be required to demonstrate how they are promoting and advancing equality, including specific measures to address the gender pay gap, occupational segregation, nature and quality of employment, and women's enterprise, beyond the important but singular issue of women on boards.

The Scottish Government has consistently missed, or avoided, the opportunity to activate gender mainstreaming and to direct the enterprise agencies to demonstrate a dynamic approach to gender analysis and advancing gender equality in their business and sectoral development, enterprise, and employability programmes.

Socio-economic duty

This Draft Budget and the Equality Budget Statement represent a missed opportunity to develop distinctive Scottish approach on socio-economic inequality with a renewed commitment to extending public sector equality analysis and compliance. Given the emphasis on socio-economic inequality in the recent Community Empowerment Act this lack of read across between policy areas and opportunities is particularly disappointing.

Such an approach would direct local authorities and other public agencies to improve the intersectional approach to policy development and implementation.

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Equality Budget Statement

SWBG welcomes the EBS as a “central component” of the Scottish Government approach. EBS is still not an equality impact assessment of the Scottish Budget and Equality Impact Assessment or Gender Impact Assessment are not provided elsewhere, as highlighted in the commentaries from other organisations, reinforcing this long-standing criticism by SWBG.

The Equality Budget Statement is potentially a powerful tool for the improvement of gender analysis in policy making and the decision making processes of the Scottish Budget. Furthermore it is evidence of a positive disposition and willingness to engage in transformational policy making and more open government. The existence of the EBS has drawn significant interest from many other countries – governments and gender budgeting advocates alike. However, as highlighted by others, including Engender, Fawcett, Children in Scotland there is no gender analysis of the mitigatory measures such as the Bedroom Tax offset and the SWF. The EBS says these measures are “likely to benefit women in particular” but offers no evidence as to how much or in what way.

Following this final Draft Budget of the current parliamentary term, SWBG is making specific recommendations to the Scottish Government and Scottish Parliament:

- to renew their commitment to building on significant achievements to date
- to maintain the commitment to integrating equality, specifically gender analysis, in the Scottish Budget process.
- to improve the Equality Budget Statement by improving the quality of impact assessment that has informed spending decisions, and by improving the demonstrable linkages between the Scottish Budget, Scotland's Economic Strategy, and Scotland Performs.
- to ensure all parliamentary committees engage in effective equality analysis of the Draft Budgets and Spending Plans in the future
- for parliamentary committees, including and especially the Equal Opportunities Committee to engage in proper and robust scrutiny of Draft Budgets and Spending Plans regardless of truncated timescales.

Building upon the Equality Budget Statement and the developments in process internally requires parliamentary committees to commit to and engage with the concept of equality budget analysis and to ensure that there is effective and robust scrutiny of public spending and revenue proposals from the Scottish Government and other public bodies.

The Equality Budget Statement, the Equality Budgets Advisory Group, and other developments within the Scottish Government over the last seventeen years represent significant commitment, dedication and progress on the part of numerous individuals within government and the tenacity of the Scottish Women's Budget Group and others. These are significant, unique and valuable contributions to transforming Scotland and realizing of equality, but they must continue to develop in order to make progress towards transformation in how budgets are discussed and set to take better account of gender.