



Scottish  
Women's  
Budget  
Group

## **Submission to Advisory Council: Development of the National Strategy on Economic Transformation**

**August 2021**

The intention to deliver a 10-year National Strategy to drive Scotland's economic transformation is ambitious. This is a process that could set the direction for much needed change over the next decade and beyond. A strategy for transformation needs to be based on transformational intent, that means the Scottish Government and beyond must think differently, it means that care must be core to the economic transformation. The Scottish Women's Budget Group (SWBG) would like to input to the current consultation with brief comments on the process for developing the new strategy and the areas of structural change required to deliver a transformative agenda. We view this as a first step in participating in a long-term strategy.

We submit this response alongside support for [the call for greater public consultation in development of the national strategy](#).

### **Process**

Since this strategy will shape economic policy for the next decade and beyond, it is crucial that it is developed in an open, inclusive and participative way with input and scrutiny from a wide range of experiences, voices and perspectives. To ensure that the strategy built reflects the people of Scotland, delivering an economy for all of us, an economy that reflects what we value as a society and an economy that builds a fair, green and equal recovery.

This must include organisations such as SWBG who are focused on securing equitable economic outcomes. Creating such an open and participative process will make any long-term strategy all the stronger, and can build on the path-breaking work the Scottish Government has already undertaken on deep democracy.

### **In order to develop a transformative economic strategy for Scotland, the new economic strategy must:**

- Meaningfully engage people across Scotland;

A long-term economic strategy requires a national conversation and meaningful participation, especially from those at the sharp end of economic inequalities.

- Tackle the systemic nature of inequalities using equalities analysis;

The pandemic has deepened existing inequities in Scottish society. A future-focused economic transformation must centre the ambition to tackle inequalities across Scotland. Gender budgeting will be a vital tool to guide decisions to transform and equalise our economy.

- Prioritise feminist economic expertise and leadership

Women have been disproportionately impacted by the recent crisis, yet oversight for the new advisory group on a [10-year post-COVID economic strategy](#) has limited representation of expertise on equalities-driven and feminist economics. We believe the strategy for economic transformation has to be based on feminist economic principles.

## Structural change

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.<sup>1</sup> 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.

Recovery from Covid-19 will only be successful if driven by an economic transformation that recognises the central role care plays in sustaining our economy and thus values those that have been invisibilised in traditional, insufficient economic models.

Our input draws on the more extensive work published in 2020 of the [UK Commission for a Gender Equal Economy](#). The call from the Commission to create a Caring Economy for all presents a transformative and necessary alternative to our current economic model. A caring economy means acting together to improve wellbeing rather than to maximise economic growth.<sup>2</sup> It is about caring for people and planet to simultaneously deliver gender equality, sustainability and wellbeing.

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.

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

<sup>2</sup> UK Women's Budget Group (2020) [UK Commission for a Gender Equal Economy](#).

## **What is needed to deliver economic transformation in a post-Brexit, Covid-recovering Scotland:**

The new strategy comes following multiple reports and recommendations from groups convened by the Scottish Government in 2020. It is important that efforts that went into contributing to these pieces are not lost. The [Social Renewal Advisory Board](#) had many strong recommendations that would work to support economic transformation. With a commitment to fair work, extending provision of childcare and social care, delivering on long-term commitments to tackle climate change and delivering on the Human Rights agenda in Scotland, and ensuring the active implementation of gender and human rights budgeting.<sup>3</sup> Alongside this delivery of long-term action plans such as - [A Fairer Scotland for Women](#) - Scotland's first gender pay gap action plan is crucial to development of long-term economic transformation.

The [Gender and Economic Recovery report](#) published by Engender and Close the Gap and endorsed by SWBG and others in the women's rights sector outlines 9 Principles for economic recovery from Covid-19 and continues to provide important consideration for the economic strategy.<sup>4</sup>

We will focus the remainder of our submission on three key areas of economic recovery:

- Investment in care is at the heart of economic transformation;
- Delivers a Feminist Green Recovery;
- Provides a safety net that works for all women

These three points should be underpinned by the delivery of fair work for decent pay across all sectors, strengthening social infrastructure as a priority for economic investment and recategorising childcare and social care as key growth sectors, and recognising the transformative impact dealing with climate change could have if delivered correctly.

### **Investment in care is the heart of economic transformation**

Feminist economic models recognise that care is the backbone of society<sup>5</sup>. Care work is overwhelmingly carried out by women and is one of the largest employment sectors in our economy. Yet, it is undervalued and has suffered from chronic underinvestment. This lack of investment must be recognised as both a cause and consequence of a patriarchal society. The women who are working in the care economy have been underpaid and under-protected, and migrant women are over-represented in this low-paid work. Adequately investing in care helps tackle gender, income and ethnic inequalities.

Investment in care refers to both investment in whatever form the emerging National Care Service takes and requires an urgent injection of funds to current adult social care services, as well as increasing funds to support expanding childcare.

UK Women's Budget Group's research shows that increasing the numbers working in adult social care and childcare to 10% of the employed population (the level in Sweden and Denmark) and giving all care workers a pay rise to the real living wage would create 2 million jobs across the UK, increasing overall employment rates by 5 percentage points and

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<sup>3</sup> Scottish Government Social Renewal Advisory Board (2021) If not now, when?

<sup>4</sup> Engender and Close the Gap (2020) [Gender and Economic Recovery report](#)

<sup>5</sup> European Women's Lobby (2020) [Purple Pact &](#) UK Women's Budget Group (2020) [UK Commission for a Gender Equal Economy.](#)

decreasing the gender employment gap by 4 percentage points.<sup>6</sup> As the economic strategy is developed we need to be ambitious about the role care can play at the heart of economic transformation/recovery, understanding the impact care can have is crucial to this process. As part of the strategy development process we ask that the Scottish Government conduct similar analysis for Scotland for evidence-based decision making.

Audit Scotland predicts that responding to the Feeley Review will require an additional 0.4% GDP investment in care.<sup>7</sup> 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.<sup>8</sup> It is important to see this as an investment that has economic as well as social returns and steps must be taken from this budget cycle to meet these ambitions. A transformative economic strategy will embrace care at its heart, increasing current investment not only to deliver the recommendations in the Feeley Review on adult social care but to deliver across the ambition projected for Scotland's National Care Service and to meet current needs while the care service is developed, this must be seen as a key economic sector over the next ten years and beyond. The work on the economic strategy is taking place at the same time as an open consultation on development of a National Care Service, the contribution of one to the other is an important part of turning this into reality.

Action on childcare is critical for a gender-equal recovery. Through the Covid crisis, women have been twice as likely as men to have had to take unpaid leave due to school closures or to have had to self-isolate with children.<sup>9</sup> 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.<sup>10</sup> The lockdown revealed the economic as well as social dependence on a functioning, accessible childcare sector and that (many) women's economic activity relies on childcare. The spending commitments to childcare must be protected and augmented.

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.<sup>11</sup> 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.

It is also vital the economic strategy recognises the increase in unpaid care since March 2021, as services have been withdrawn and more people have come to rely on care. There are 1.1 million unpaid carers in Scotland according to Carers Scotland, 61% of whom are

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<sup>6</sup> Women's Budget Group (2020), A Care-Led Recovery from Coronavirus, available at <https://wbg.org.uk/analysis/reports/a-care-led-recovery-from-coronavirus/>

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

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

<sup>9</sup> 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/>

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

<sup>11</sup> Close the Gap (2021) [The Gender Pay Gap Manifesto](#)

women.<sup>12</sup> 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.<sup>13</sup>

If the economy is to represent what we value in our society it must recognise vital role of care within our lives and the economic system.

### **Deliver a feminist green recovery**

The recent IPCC report<sup>14</sup> was unequivocal in making the case for a rapid decarbonisation of economic activities to prevent the most devastating impacts of climate change and keep global warming below 1.5C. As an historic and current high-emitter that has economically benefitted 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. Scotland must be a champion of a 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. However, these 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-sensitive transition planning.

Furthermore, 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.

### **Provide 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. Through recovery, 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.

A vision for a stronger social safety net in Scotland - such as that offered through a Minimum Income Guarantee - must be designed to maximise women's economic security. But urgent

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<sup>12</sup> <https://www.carersuk.org/scotland/news/covid-19-pandemic-392-000-become-unpaid-carers-in-scotland-in-a-matter-of-weeks>

<sup>13</sup> <https://www.carersuk.org/scotland/news/worn-out-unpaid-carers-in-scotland-uncertain-the-services-they-rely-on-will-continue-post-pandemic>

<sup>14</sup> IPCC (2021) Special Report: Global Warming of 1.5C available at <https://www.ipcc.ch/sr15/>

action is needed to support women's incomes through recovery, and to mitigate against widening inequalities.

In particular single parent households (the vast majority of which are headed by 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.

The Scottish Child Payment is a welcome first step towards tackling child poverty in Scotland - but we know that to end child poverty, we must solve women's poverty. Doubling the payment now, and again by the end of this parliament, will set Scotland on a course towards meeting the parliament's interim child poverty targets. This action will be crucial to protect women's incomes, and to mitigate against the withdrawal of the £20 uplift to universal credit. 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. For women with NRPF there are even less options.

Covid-19 and the related economic crisis has shown us how quickly individuals' situations can change and in turn the importance of having an adequate, responsive, flexible social security system that supports people in times of change. Future innovations to Scotland's social safety net must be designed to maximise women's economic security - including through transitions in the labour market, or in household circumstances.

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. Economic transformation must build in a system that provides everyone with a minimum level of income that supports full participation in society, and access to basic services.

### **About us:**

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.

### **For more information please contact:**

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