



Finance and Public Administration Committee pre-budget scrutiny

August 2022

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.

1. The Scottish Government's Resource Spending Review assumes that the current taxation policies are maintained while funding for health and social care and social security is prioritised. Are these the right priorities and approach for the Scottish Budget 2023-24 and until 2026-27?

The Resource Spending Review (RSR) sets out prioritisation of spend in a range of areas. Health, social care and social security are all critical areas that can directly impact on gender inequality. However, there is a need to embed human rights and equality as an overarching priority for Scotland's public spending and revenue raising decisions. It would also be wrong to assume that the prioritisation of these areas will address the problems related to the chronic underinvestment in social care or the impact of the cost of living crisis for those on universal credit and legacy benefits. As we enter a phase of high inflation and rising cost of living ongoing analysis will be needed as to how much investment is allocated on the priority areas in the forthcoming budget and how this compares to level of need.

Commitments on the Scottish Child Payment, Carers Allowance Supplement and Disability payments are all vital to supporting people on low incomes. These rates will need to continue to be monitored over the course of the spending review and for the 2023-24 Budget. Inflation has already surpassed the 6% rise in social security payments delivered in Scotland set at the start of the 2022-23 financial year.

Flat rate cash investment in Local Government spending means a real term cut of 7% by 2026-27.¹ Local government is responsible for delivery of numerous front-line public services which impact women and men differently. Investment, or lack of investment, in these services can serve to tackle or entrench inequalities. The real terms cut to local authorities will lead to a weakening of services at local government level. This cut in funding will have an impact on women both as service users and as workers within local authorities. Cuts to local authorities is likely to reduce the role in preventative spending measures as services are cut back.

It is not clear from the RSR of the full assessment process for decision-making within it and greater transparency of this process should be sought. Detail is provided below of the role

¹ Fraser of Allander Institute (2022) [First Spending Review in a decade provides welcome insight on Government priorities, and highlights scale of challenge facing public services](#)

that gender budget analysis can play in supporting the decision-making process to ensure that equality is at the heart of the process.

In relation to revenue raising and current tax policies the Government has an obligation under Article 2(1) of the International Convention on Economic, Social and Cultural Rights², in ensuring first, that it has generated the “maximum of its available resources” to fund the realisation of rights through its policy agenda. 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. The RSR indicates that decisions on taxation will be taken at the point that each budget is delivered, which therefore does not give a clear indication as to what the government’s taxation plans are.

From this point of view maintaining the current tax policies until 2026-27 does not appear to seek generation of maximum available resources. 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 taxation across beyond income tax the Scottish Government could include consideration of land value taxation, revaluation of property to support local tax reform, wealth taxes and the revenue of the Crown Estates. 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.

The 2023-24 Budget will be set as the country faces another crisis point with increasing growth in inflation, energy prices and the corresponding cost of living crisis. Current economic data indicates that this is leading to a recession. This is on top of the longer-term crisis presented by climate change. As budget decisions are made how these align with the National Performance Framework and the outcomes that have been identified as a measure of what Scotland values through its revenue raising and resource allocation are critical in developing an outcomes focused budget.

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 decisions all work towards goals of fairness and equality. Alongside cross-portfolio consideration of implications of decisions in one area across other portfolios – in both positive or negatives ways.

The Committee has an important role to set the direction for the rest of the Scottish Parliament committees ensuring an equality and human rights analysis is central to their scrutiny of the budget. The intersectional gendered effects of Covid-19 economic impacts, the cost of living crisis, and the climate crisis 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 equality impact assessments (EQiAs) are undertaken with transparency and updating of this information through the budgeting process. The process of producing the Equality Fairer Scotland Budget statement should act as a driver to guide policy decisions.

² See <https://www.ohchr.org/en/professionalinterest/pages/cescr.aspx>

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.³

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.⁴

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.⁵ 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.

2. The Scottish Fiscal Commission (SFC) notes that Scottish income taxes have grown more slowly than the rest of the UK and is forecasting Scottish taxes to be around £360 million less in 2023-24 than they would be without income tax devolution. The SFC is also forecasting that, as a result of forecast error, the Scottish Budget in 2023-24 could be £221 million lower. How should the Scottish Government's Budget 2023-24 respond to this challenge?

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. Additionally, 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.

³ O'Hagan, A. (2018) [Gender Budgeting in Scotland – A work in progress](#)

⁴ Policy Scotland (2021) Consequences of the COVID-19 pandemic: exploring the unequal social and economic burden on women

⁵ [Equality Budget Advisory Group: recommendations for equality and human rights budgeting - 2021-2026 parliamentary session - gov.scot \(www.gov.scot\)](#)

Understanding these effects and analysis is needed in decision making and prioritisation process. 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.

A gender budgeting approach to the tax system analyses how the tax system can be used to promote equality in society more widely. This means ensuring that the necessary data and analysis are brought into the decision-making process to consider the differing impacts of tax decisions on men and women, the differing experiences faced by women, and how those decisions can work to promote equality. As the 2023-24 Budget has to respond to slower than expected growth and forecasting errors analysis of the different impacts of the decisions to respond to the challenge must be at the heart of decision making. The Committee has an important role to play through the scrutiny process to ensure that this analysis is part of the process.

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. Over the next five years Scotland should consider what options for Wealth Tax could be implemented in the devolved context. As highlighted above the Scottish Government this could include consideration of land value taxation, revaluation of property to support local tax reform, wealth taxes and the revenue of the Crown Estates.

What's more, as urgent action is needed to tackle the climate crisis, governments will need to closely consider how progressive carbon taxes can be designed to limit pollution and fund a feminist green recovery. In Scotland use of powers for an Air Departure Tax could be a first step in this process.

3. How should the Scottish Government respond to inflationary pressures and the cost of living crisis in its Budget 2023-24?

The cost-of-living crisis is gendered and impacts will not be felt equally. Those on the lowest incomes will be hardest hit by the cost-of-living crisis and women are more likely to be poor, have lower levels of savings and wealth and be less able to increase paid work than men due to caring responsibilities. Particular groups of women will be hardest hit with poverty rates higher for Bangladeshi, Pakistani and Black ethnic groups, disabled people, single parents, survivors of abuse and women with no recourse to public funds.⁶ As the UK Women's Budget Group has found women are also often the shock absorbers of poverty, tending to have the main responsibility for the purchase and preparation of food for their children and families and for the management of budgets in poor households.⁷ Responding to the cost of living crisis must include an intersectional gender analysis of proposals to understand how they affect women and men differently, and the impacts on different women. To ensure that the responses can be targeted to tackle inequalities and not further entrench them.

⁶ Women's Budget Group (2022) '[The gendered impact of the cost of living crisis](#)'

⁷ Women's Budget Group (2005) '[Women's and children's poverty: making the links](#)'

In February and March 2022, the Scottish Women's Budget Group ran a survey targeting women which received 425 responses. This survey focused on women's local public spending priorities. It was clear from the responses that the cost-of-living crisis was an issue of key concern. Thirty-two per cent of those who responded said they were unable to manage energy costs before the latest increase on 1 April, and concern about future rises in energy bills was already impacting on people's household spending.⁸

In open response questions women highlighted the stark challenges they were facing: rising energy prices for carers and those with disabilities who are unable to reduce the heating without impacting their health; covering travel expenses to care for family members outside their household; choosing between heating and eating. Numerous women also highlighted their concern that they were unable to afford any extras to cover new clothes or outings. When asked to share their top 3 priorities for local action, anti-poverty measures were highlighted as the biggest priority for women who responded to the survey.

From this feedback SWBG has developed a research project with the Poverty Alliance which is ongoing hearing the experience of women on low incomes during the cost-of-living crisis. Key themes that are emerging from interviews in this project are women are already taking regular coping mechanisms like cutting off heating, reducing hot water usage for – showers and cleaning dishes etc, skipping meals– this includes women with health conditions for whom these types of coping mechanisms may have a bigger impact on physical health; all those sharing their experiences are highlighting mental health impacts including stress and anxiety; isolation/cutting off from others and feelings of stigma and shame; food, energy, transport, caring costs have all been highlighted as challenging to meet; rising debt is also emerging as an issue and challenges accessing services and systems.

4. The Spending Review identifies key areas of reform over the lifetime of the Parliament to support its priorities in the Spending Review, including delivering efficiency savings across the public sector. How should the Scottish Government approach each of these areas to achieve efficiencies while also maintaining effective public services?

- digitalisation
- maximising revenue through public sector innovation
- reform of the public sector estate
- reform of the public body landscape
- improving public procurement

Further clarity is needed in determining what 'efficiency savings' means across the public sector. The term often in reality means cuts in spending while trying to maintain the same level of public services. As highlighted above women are more likely to rely on public services through their lifetime and as such cuts to services will have a gendered impact and likely entrench wider inequalities.

⁸ SWBG (2022) [Women's Survey Results](#)

As outlined in response to question 1 SWBG believes that the use of gender budget analysis is vital in policy and budgetary decision-making processes. This includes considering how to achieve efficiency savings to determine the impact of reducing budgets on those who use the services.

Digitalisation

When SWBG conducted a women's survey in February-March 2022 some women highlighted that the use of a digital approach became a barrier to accessing services. Issues such as lack of internet access, unaffordable internet access and particular access requirements for some people with disabilities were all highlighted to demonstrate the challenge that digitalisation can bring to some people. Any digitalisation of services needs to be done carefully and should not be framed purely from an efficiency savings angle. Full equality impact assessments will be necessary for changes to services to understand possible mitigation measures some service users will need.

Improving public procurement

Improving public procurement services must be viewed from the angle of how this funding can best leverage improvements towards Scotland's National Outcomes and tackle inequalities that exist in our community.

Procurement processes have a critical role in helping to reduce inequalities. Consideration should be given to the inequalities that exist, how have they come about, and how the services/products being purchased with public money will be used and directed to alleviate and eliminate those inequalities, and proactively advance equality and the realisation of rights.

In a paper for the Women's Budget Group Dr Katharina Sarter found that to promote 'gender equality through public procurement there is a need for a continuous integration and acknowledgement of differentiated needs and impacts, from the design of a service and contract to the final evaluation.'⁹

5. How effective do you think these reforms will be in delivering efficiency savings in the Scottish Budget 2023-24, and beyond? If you have additional or alternative priorities for achieving efficiencies (for example within your public sector area), please provide details.

6. What impact will the Spending Review priorities have on the delivery of national outcomes in the National Performance Framework?

Through the publication Resource Spending Review the Scottish Government should have presented a clearer set of information about how the decisions made impacted on the delivery of the national outcomes. Unfortunately, there is limited connection of the decisions

⁹ <https://wbg.org.uk/wp-content/uploads/2019/11/Public-Procurement-and-Gender-Equality.pdf>

made to the national outcomes and the National Performance Framework. This is an area that needs ongoing scrutiny.

The Equality Fairer Scotland Statement (EFSS) published with the RSR does set out a section on National Outcomes and has made a good effort to provide connections to some of the relevant human rights and the nine areas of opportunity/concern. However, there is a lack of information to consider links between resources and the National Outcomes. This is the same for the main Scottish Budget and associated documentation.

Many of the national outcomes are making slow or no progress. This requires deeper investigation and evaluation of how past budget decisions have impacted, positively or negatively on the outcomes. SWBG would hope that the prioritisation of social security and care would support the recent downward trend in persistent poverty rates but there are no current documents produced by the Scottish Government that make explicit resource allocation links to the National Outcomes.

Later this year the Scottish Government will start a process of reviewing the National Performance Framework and the National Outcomes. This is an opportunity to look at how these sit alongside the budget process and work together, including how clear and transparent information linking the budget to the NPF can be put together.

7. How should the Scottish Government target spending in its budget to achieve net zero targets?

Taking an intersectional gender analysis approach to targeting spending in its budget to achieve a just transition will be critical to building equality into the changing economy. Using the tools of gender budgeting and understanding how decisions affect women and men differently because of their different experiences in family and household structures; paid employment and unpaid work; and caring and provisioning for others, to inform the decision-making process. 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.

In order to support this analysis sex-disaggregated data and data disaggregated by other sociodemographic characteristics, such as socioeconomic status, race/ethnicity, age, disability, gender identity and sexual orientation, needs to be incorporated into policy making and the process of complete equality impact assessments.

Decarbonising the economy remains an urgent task for government in responding to the climate crisis and actions to promote a just transition can also work to tackle challenges faces by those struggling with the rising cost of living.

In order to build a feminist just transition areas that should be considered for prioritisation include:

- Transforming high polluting, male-dominated industries of transport, energy and construction with clear transition strategy and working to tackle gender segregation;
- Investing in low-carbon, labour intensive, female dominated caring and services industries – social infrastructure investment as care jobs are green jobs;
- Tackling fuel poverty and improving energy efficiency, fast roll out of plans to retrofit homes – creating new green jobs in the process;
- As public transport is transitioned to low-emissions infrastructure free travel should be broadened to everyone receiving Universal Credit (and other low-income benefits);
- Invest in sustainable communities, bringing together the community wealth building agenda with the need for inclusive and sustainable local planning.

8. How has the Scottish Government reflected its commitment to fiscal transparency in the Spending Review and how can it best ensure that spending in the Budget 2023-24 can be properly identified and tracked?

The Scottish Government's ambition for greater fiscal transparency to the population and greater consultation and conversation with stakeholders is important. However, SWBG was disappointed not to see more of this transparency reflected in the RSR process itself.

The RSR made the commitment to greater transparency in future budget processes through steps such as publication of all Equality Impact Assessments (EQIAs) from the 2023-24 budget processes onwards. This is an important step and must be complimented with ensuring that the process of completing EQIAs includes ongoing monitoring and review to ensure policies have the impact intended. There is a concern that EQIAs can often be retrofitted to the policy process rather than being an integral part of the decision-making process. The Committee has an important role to play in ensuring the Government meets its commitments to transparency and holding Government to account in the forthcoming budget cycle.

The Scottish Government has committed to draw on expertise from groups including the Equalities Budget Advisory Group (EBAG) to support consideration on processes going forward. EBAG set out clear recommendations in July 2021 on how to build capacity, knowledge, resource and time to effectively build greater equality analysis into the budget process.¹⁰ A response from Scottish Government is expected soon.

Within this process ensuring particular efforts are made to hear from those who are marginalised and often excluded from such processes is vital. For example, ensuring that disabled women, women from ethnic minority communities, women on low incomes and carers are heard in the public conversation is particularly important from a gendered point of view. Organisations such as the Glasgow Disability Alliance have highlighted the importance of disabled women's voices and the role of disabled people's organisations in the formation on policy.¹¹

¹⁰ [Equality Budget Advisory Group: recommendations for equality and human rights budgeting - 2021-2026 parliamentary session - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/ebag-recommendations-2021-2026/pages/11.aspx)

¹¹ Glasgow Disability Alliance (2022) Triple Whammy: Disabled Women's Lived Experiences of Covid-19

Alongside this how information is presented is crucial. Producing a Citizen's Budget document annually to provide budget information in a clear, accessible way that links to everyday life would be an important step forward for the Scottish Government, and make it a leader within the UK in transparency of budget information.

Recent work by the SPiCE unit offer good examples of trying to make budget information more accessible.

Tracking budget spend once the budget has been delivered is an important step which at present there is a serious lack of public information on. This makes scrutiny and evaluation of budget spend difficult for external organisations or individuals. The complexity of spend in some areas through multiple public bodies contributes to the difficulty in accessing clear information. As part of wider budget scrutiny measures the Committee should look at budget review processes and tracking the impact of spend against national outcomes.