



## **Welfare Reform Committee scrutiny of the Draft Budget 2015-16 Joint response, November 2014**

*Since 2010, 74% of cuts to benefits, tax credits, pay and pensions have been taken from women. Women will pay 81% of 'savings' raised by the Treasury in 2014-15.<sup>1</sup>*

### **1. Introduction**

Engender, Close the Gap, Scottish Refugee Council and Scottish Women's Aid welcome this opportunity to submit written evidence on the Scottish Government Draft Budget 2015-16. Tackling women's economic inequality within the social security system is a key pillar of our work and we have called on the Scottish and UK Governments to address the enormous gender impact of 'welfare reform', alongside other women's organisations in Scotland.<sup>2</sup>

Cuts to public spending on the benefits and taxation system under the banner of 'welfare reform' have predominantly been taken from women's incomes. Analysis by the House of Commons Library shows that of the initial £8 billion raised in changes to taxes and benefits by the UK Government, £5.8 billion will be paid by women and £2.2 billion by men.<sup>3</sup> Yet, this extremely unequal gender impact has not been reflected in the Scottish Government's work to mitigate the worst effects of welfare reform.

We welcome ongoing commitments on welfare reform mitigation within this Draft Budget. However, despite the higher profile given to welfare reform issues more broadly, gender remains unaddressed. In fact, a degree of incoherence emerges. Welfare reform is appropriately integrated as a key issue across portfolios, including in terms of Equalities (chapter 5) and Training, Youth and Women's Employment (chapter 8), yet this is not reflected in the substantive discussion and breakdown of spending in chapter 12 on Investment, Infrastructure and Cities.

It is imperative that gender issues are reflected in allocation of the resources ring-fenced for welfare reform mitigation. Without targeted support for women, patterns of inequality and discrimination that explain the gender imbalance of 'welfare reform' in the first place will be further entrenched. Failure to explicitly acknowledge gendered discrimination in the top-level policy response to 'welfare reform' makes women's inequality invisible and risks compounding it. This can be redressed by use of gender mainstreaming, the integration of gender as a principal concern in decision-making

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<sup>1</sup> Women's Budget Group (2012) [The impact on women of Autumn Financial Statement 2012 and Welfare Benefits Up-rating Bill 2013](#)

<sup>2</sup> Engender (2014) [Gender and 'welfare reform': A joint position paper](#)

<sup>3</sup> House of Commons Library (2012) [How have Coalition budgets affected women?](#)

from the outset. Critically, without such an approach, the Scottish Government's broad range of commitments on gender equality stand to be undermined.

## 2. Why it matters for women

74% of the initial £14.9 billion pounds of cuts made to the welfare budget and to public sector pay and pensions has come from women's incomes. Key reasons for this include:

- Women are more financially dependent on social security than men, with 20% of women's income coming from the benefits and tax credit system, compared with 10 per cent of men's.
- Women have fewer financial assets and less access to occupational pensions than men and there are considerably more women than men in the lowest income decile in the UK.
- 92% of lone parents are women, and 95% of lone parents dependent on Income Support are women.
- Women comprise nearly 60% of unpaid care providers within the home and 64% of care providers in the wider community.
- The gender pay gap in Scotland, which is 13% for full-time work and 34% for part-time work, signifies persistent and widespread differences in women's experience of the labour market.<sup>4</sup>

The impacts of welfare reform are wide-ranging and accumulative, and are ultimately undermining progress made on gender equality. Gendered risks include:

- Deeper and sustained poverty for women and children
- Increased vulnerability to physical and financial abuse
- Significant strain on women's mental health and wellbeing
- Entrenchment of gendered employment patterns, and thus the pay gap
- Excluding women from participating in society
- Breaching women's rights

Furthermore, different groups of women are being impacted in particular ways, often because of multiple discrimination. Lone mothers, rural women, older women, women affected by violence, women struggling to access the labour market, and refugee women with newly granted status, disabled women and unpaid carers face particular challenges.

## 3. Recommendations

We are calling on the Welfare Reform committee to:

- Raise gender as a critical issue within its scrutiny of this Draft Budget
- Monitor the commitments made in this Draft Budget to invest in services to support equality communities to respond to welfare reform
- Advocate for diversification of third sector funding, to include more community-based organisations, including women's organisations

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<sup>4</sup> Engender (2014) [Gender and 'welfare reform' in Scotland: A joint position paper](#)

- Call for the issues identified in the Equality Budget Statement to be strategically linked to the spending decisions set out in the Draft Budget
- Advocate for the following recommendations to Scottish Government to redress the gender impact of welfare reform where possible.

### 3. Key points

#### 3.1 Inequality

‘Tackling inequality’ is identified as one of three overarching aims of the Draft Budget in the Foreword and Chapter 1 on Strategic Context.<sup>5</sup> Within this, ongoing commitments to mitigate the impacts of welfare reform are made central and linked to broader anti-poverty strategies. However, the link with gender inequality, and discrimination against other protected groups and others who may be not explicitly protected but face multiple discrimination e.g. refugees and asylum seekers, as key vectors of poverty, is not made at this top-line level. This sets the context for the approach taken throughout the document.

It simply is not enough to frame inequality only in terms of income at the strategic level. Tackling income inequality fundamentally requires understanding of different forms of inequality, how they interact, and the systemic factors that cause and sustain them. Failure to integrate these perspectives in broader anti-poverty policy and programming in Scotland has fed into the current gender impact of welfare reform, which sees policy changes *exacerbate*, rather than *cause* women’s financial inequality.

This lack of gender mainstreaming filters down throughout the document. For instance in chapter 5 on Equalities, the following commitment is made:

‘In 2015-16 we will prioritise spending in the following areas:

- Investing in specific funds to support frontline services which address the needs of communities, enable early intervention and prevention, help address the barriers faced in employment or other forms of participation and ***contribute to the capacity of equality communities to respond to issues such as poverty, social exclusion and the impacts of welfare reform***<sup>6</sup>.

However, the impact on women is not correspondingly referenced in the substantive discussion on welfare reform in Chapter 12 and no funding is mandated for this purpose. Ultimate allocation of funding in previous years of the programme shows that this blanket approach is not delivering for women at the sharp end of welfare reform.

#### 3.2 Poverty

Alongside welfare reform, child poverty and fuel poverty are the thematic lenses through which anti-poverty spending are presented in this Draft Budget. Evidently these are vital areas of focus and it is positive that the link between welfare reform impacts and child poverty imperatives is set out as a matter of strategic importance

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<sup>5</sup> Scottish Government Draft Budget 2015-16, page v

<sup>6</sup> Ibid, p36

in the Foreword and context-setting chapter. It is striking, however, that gender is omitted as a key link between the two policy agendas.

Projections that child poverty is set to rise as a result of welfare reform hinges to a large extent on women's reduced incomes. Lone mothers are particularly reliant on social security and women's caring responsibilities for children partly explain the disproportionate gender impact.<sup>7</sup> More broadly, the links between women's and children's poverty are well-established.<sup>8</sup> The Scottish Government's own analysis recognises the extent of women's disadvantage and its links with child poverty,<sup>9</sup> but spending plans do not take either set of issues into account.

### **3.3 Incoherence**

A third cross-cutting issue linked to the increased profile of welfare reform in this Draft Budget is inconsistency. The narrative focus on welfare reform issues is relatively superficial and a degree of incoherence subsequently emerges. As noted above, the commitment to invest in the capacity of equality groups, made in the Equalities brief in chapter 5 is not reflected in the detailed breakdown of spending in chapter 12. Nor is gender or any other protected characteristic reciprocally highlighted as a key issue in the detail provided on specific mitigation activities.

Equally, references to welfare reform elsewhere are not substantiated or cross-referenced in the paragraphs dedicated to welfare reform. For instance, in chapter 8 on Training, Youth and Women's Employment, the section on national outcomes includes the following claim:

'We will [...] adopt workplace policies which demonstrate the value we attach to our workforce. A sustainable recovery will be built on higher levels of skills and participation. Such moves will also help to mitigate the impact of UK welfare reforms on unemployment and inactivity.'<sup>10</sup>

Furthermore, £0.8m of funding for Employability and Welfare has not been maintained under Level 3 spending plans in the Training, Youth and Women's Employment portfolio.<sup>11</sup>

By contrast, specific commitments to maintain access to justice for individuals and businesses in chapter 9 are appropriately echoed in the stated budgetary commitments for welfare reform mitigation:

'We have maintained access to justice for individuals and businesses through the Legal Aid system and are also investing in advice services to help people deal with the impact of the UK Government's radical welfare reforms.'  
(Chapter 9: Justice)<sup>12</sup>

[...]

'In 2015-16 we will:

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<sup>7</sup> Engender (2014) *Gender and welfare reform: A joint position paper*

<sup>8</sup> Women's Budget Group (2005) *The links between women's and child poverty*

<sup>9</sup> Scottish Government (2013) *The gender impact of welfare reform*

<sup>10</sup> Scottish Government Draft Budget 2015-16, page 71

<sup>11</sup> Ibid, Table 8.03: More Detailed Spending Plans (Level 3), page 72

<sup>12</sup> Ibid, Chapter 9: Justice, page 74

- With Scottish Legal Aid Board (SLAB) and Money Advice Service (MAS), continue to support the Making Advice Work grant funding programme and the new Tackling Money Worries grant funding programme<sup>13</sup>

Finally, the failure to mainstream gender throughout the Draft Budget, including in terms of welfare reform, also stands to undermine broader Scottish Government policy commitments on gender equality. The impacts on different groups of women must be explicitly addressed and linked to existing initiatives to tackle their marginalisation within other portfolios. This includes support for lone mothers, rural women, older women, women affected by violence, women struggling to access the labour market, and refugee women with newly granted status, disabled women and unpaid carers.

### **3.4 Third sector**

Community-based organisations that support low-income women have struggled to access funding allocated to the third sector for the purpose of mitigating welfare reform. There are reports the Welfare Resilience Fund and other funding streams have been hard to access, with resources going mainly to established stakeholders.

In chapter 6, the following commitment is made:

‘In 2015-16 to maximise the contribution of the third sector, we will:

- Invest £2.5 million over 2014-15 and 2015-16, to build the capacity and resilience of communities and local third sector organisations, particularly helping them to respond to the worst effects of welfare reform’<sup>14</sup>

It is vital that this resource allocation is diversified to include projects that provide services to different groups of people particularly at risk of harm. For example, the North West Women’s Centre in Glasgow has established a ‘Job Club’ specifically in response to demand created by welfare reform policies.

### **3.5 Equality Budget Statement**

The Equality Budget Statement (EBS) to accompany this Draft Budget includes a ‘thematic’ chapter on welfare reform, as well as multiple references throughout the document. Within this, it identifies instrumental links with gender, highlights some of the specific policy changes that will have devastating impacts for women and some of the causal reasons that explain women’s existing inequality and vulnerability to public spending cuts. These are extracted below for reference.

#### **1. The scale of the challenge (p7)**

*‘The on-going effect and cumulative impacts of welfare reform changes continue to manifest themselves across communities in Scotland. As we look at the detail of the consequences of these changes, many low income women with children, certain ethnic groups and young people stand to be most disadvantaged.’*

#### **2. Welfare reform mitigation (p10)**

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<sup>13</sup> Ibid, Chapter 12: Investment, Infrastructure and Cities, page 128

<sup>14</sup> Ibid, page 54

*'In order to help offset the effects of these measures, particularly on groups such as disabled people and women and those most vulnerable in our communities, the Draft Budget will continue funding support for measures to mitigate the worst impacts of welfare reform during 2015-16.'*

### 3. Equality Budget (p21)

*'The portfolio spending plans are designed to drive forward equality, tackle discrimination and help address the impact of austerity measures, welfare reform and ongoing structural inequalities that continue to disadvantage particular groups of people in our communities.'*

### 4. Impacts on women (p83)

*'Women lose out in a direct financial sense from changes already introduced and other planned changes through their role as carers to children and because certain benefits are typically paid to women. Child Benefit, Child Tax Credits and the Childcare Element of Working Tax Credit are paid to the main carer of children, usually a woman. The income women receive from these benefits has been reduced in real terms as increases in some benefits have not matched inflation, and in some cases also in nominal terms where the value of benefits have been reduced or changes to eligibility criteria mean some people no longer receive certain benefits. Changes with a significantly larger impact on women than men include:*

- *Child Benefit freeze from 2011 to 2014, and 1 per cent uprating from 2014 to 2016*
- *Reduction of Child Benefit for households where an individual earns above £50,000, and removal where one individual earns above £60,000*
- *Reduction in the proportion of childcare costs covered by Working Tax Credit*
- *Removal of the Baby Element of Child Tax Credits*
- *Requirement for lone parents on Income Support with a youngest child aged 5 or 6 to move onto Job Seekers Allowance'*

Whilst the EBS is a progressive and useful tool, however, it is limited because such analysis and findings are not strategically integrated into spending plans outlined in the Draft Budget and the Government Economic Strategy. Alongside Scottish Women's Budget Group and others, we are continuing to call for the EBS to inform decision-making on spend, rather than serving as a standalone document that lacks strategic relevance.

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### **About us**

Engender is a membership organisation working on feminist agendas in Scotland and Europe, to increase women's power and influence and to make visible the impact of sexism on women, men and society. We provide support to individuals, organisations and institutions that seek to achieve gender equality and justice.