



Engender submission to the Budget Process Review Group consultation

April 2017

1. INTRODUCTION

Engender works in Scotland to advance women's economic, social and cultural, and political equality with men. We make visible the ways in which women's inequality impacts Scotland, and bring women together to make change happen.

Engender welcomes this opportunity to submit our views to the Budget Process Review Group. Scotland's budget is a statement of our nation's macroeconomic policy intentions, and of our spending priorities. As our understanding of the economy and the choices we make about spending both have profound impacts on women's lives, it is vital that the budget is well gendered.

As such, Engender wishes to see gender equality analysis embedded ('mainstreamed') across all aspects of the Scottish budget process: in the Scottish Government's objective setting and budget development; in parliament's scrutiny of the budget; in civil society's engagement with the budget and in the principles that underpin the Budget Process Review Group (BPRG) itself. We would like to see Gender Budget Analysis (GBA) undertaken by the Scottish Government at all stages of the budgeting process, and for parliament to ensure that this is taking place.

To date, the development of equality analysis in the Scottish Budget process has been limited. While the publication of the Equality Budget Statement signals a positive engagement from the Scottish Government, this has had

limited impact on the budget process, as it currently sets out analysis of spending decisions that have already been made.

Parliamentary scrutiny of the budget appears to have had little focus on equality, with subject committees rarely including equality impacts in their scrutiny of the Draft Budget or Spending Plans, and little use being made of the Equality Budget Statement. We are disappointed to see this lack of focus further reflected in the Budget Process Review Group's Interim Report, and the related themes and questions in this consultation, where equality is notably absent.

We would suggest that one of the core objectives of parliamentary scrutiny of the budget process should be to ensure that the Scottish Government are playing their role in undertaking adequate gender analysis, and further, to ensure that the Scottish Budget enhances rather than regresses equality in Scotland.

2. WHAT IS GENDER BUDGET ANALYSIS?

Gender budget analysis (GBA) is an approach that systematically takes account of how public budgeting decisions impact women and men differently, and how they impact gender equality. Frequently, resource allocation and revenue-raising processes lead to unintended and unjust consequences. For example, the Scottish Women's Budget Group have shown how austerity policies are being paid for predominantly by women, with 86% of the net 'savings' raised through UK Government cuts to social security and tax credits will come from women's income. Certain groups of women, such as lone parents, and black and ethnic minority women, are among the worst affected. Similarly, taxation is often more heavily borne by women: in the June 2010 UK Budget, for example, of the £9bn net revenue that was set to be raised by the financial year 2014-15, £6.4bn was from women (71%), in contrast with £2.6bn from men.¹

GBA can expose the gender bias within budgetary processes that are otherwise assumed to be gender neutral, and aims to strengthen gender equality of outcomes across all public expenditure and government departments. An established definition of gender budgeting refers to "a gender-based

¹ Claire Annesley, Women's Budget Group (2012), *Gender Budgeting: Promoting Gender Equality Through Economic Policy*

assessment of budgets, incorporating a gender perspective at all levels of the budgetary process and restructuring revenues and expenditures in order to promote gender equality” (Council of Europe, 2009). It is not a separate budget for women, nor is it about governments spending the same on men and women: it is about whether spending is adequate to meet both men and women’s needs.

GBA can and should be undertaken at all points of the budget cycle (planning, objective setting, allocation, evaluation), and form an integral part of policy formulation around the budget, intrinsically linked with the substance of policy development in each domain of public policy.

2.1 GENDER BUDGET ANALYSIS IN SCOTLAND

For the Scottish budget process to advance gender equality (and therefore succeed in its core function of delivering Scottish Government policy) GBA must: happen at every stage of the budgeting process; be integrated into financial planning throughout the year; be complemented by parallel accountability mechanisms and monitoring and evaluation. Further, Scotland’s new taxation powers are an opportunity to ensure robust gender equality analysis takes place at the level of revenue generation.

Since devolution, Scotland has made some progress towards gender-responsive budgeting, primarily in the form of the **Equality and Budget Advisory Group and Equality Budget Statement (EBS)**.² Published in parallel to the Draft Budget, the EBS assesses the Ministerial Portfolios’ proposed spending plans for their impact on equality, and is currently the only process of its kind in the UK.

However, at present, the EBS serves as a standalone document, setting out analysis of spending decisions that have already been made, and as such has had limited impact on the budgeting process itself. Gender advocates in Scotland are querying whether progression towards full GBA in Scotland has stalled in light of the statement, and MSPs and the Scottish Parliament Information Centre (SPICe) have questioned its timing, as it cannot act as a scrutiny process. To have an impact on gender equality in Scotland, the EBS requires a clearer purpose and must substantively inform development of the Scottish Draft Budget, and it should be used more effectively by MSPs and parliamentary committees in their budget scrutiny.

² Scottish Government: <http://www.gov.scot/Topics/People/Equality/18507/13477>

In Engender's 2016 Gender Matters Manifesto³, we called for the Scottish Government to extend the Equality Budget Statement process into a full gender analysis of the Scottish Budget, where the cumulative impact of spending decisions on women's equality is considered. GBA should become embedded within the Scottish Government's normal annual routines of budgeting and of policy-making, rather than be used only as an extrinsic form of analysis,⁴ and Government should be able to demonstrate how GBA has informed resource re-prioritisation and re-allocation decisions across spending portfolios⁵. We have also been calling for demonstration programmes to illustrate best practice and identify key intervention points throughout the fiscal year.

One of the key roles that parliament can play is to scrutinise this process, ensuring that Government officials are undertaking adequate gender equality analysis in each department and across each spending portfolio, and holding government to account for the promotion of gender equality in activities and investments across all sector areas.⁶

Parliament can also seek to bring in additional legislation or regulations that require Scottish Government to undertake GBA in all public spending and revenue-raising, to strengthen accountability and make robust equality budgeting a legal obligation in Scotland. For example, Scottish Parliament could look at whether it is possible to amend Public Finance and Accountability (Scotland) Act 2000, or to enhance the Scottish specific duties under the Public Sector Equality Duty.⁷

³ Engender (2016) *Gender Matters Manifesto* <https://www.engender.org.uk/files/Engenders-Gender-Matters-Manifesto---Twenty-by-2016.pdf>

⁴ OECD (2016) *Gender Budgeting in OECD Countries* <https://www.oecd.org/gender/Gender-Budgeting-in-OECD-countries.pdf>

⁵ *ibid*

⁶ *ibid*

⁷ The Public Sector Equality Duty was created under the Equality Act 2010.

3. TAKING A GENDERED APPROACH TO PARLIAMENTARY SCRUTINY OF THE BUDGET

In addition to ensuring that the Government is undertaking Gender Budget Analysis at the various stages of budget development and spending (see above), there are a number of ways in which parliament can apply a much-needed gendered approach to their scrutiny of the draft budget, and help improve outcomes for women.

We would suggest that one of the **core objectives of parliamentary scrutiny of the draft budget** should be to ensure that the Scottish Budget enhances rather than regresses equality across Scotland.

3.1 PRINCIPLES AND GENDER COMPETENCIES

Engender and the Scottish Women's Budget Group would like to see a commitment to equality reflected across parliamentary scrutiny of the budget, and feel that the Financial Issues Advisory Group (FIAG) principles would be strengthened through the inclusion of equality as a core principle, in line with the founding principles of the Scottish Parliament that include equality, transparency and accountability.

We would also wish to see the Parliamentary Budget Process Review Group include equality as a main theme of discussion in their reporting. We are disappointed to see, for example, that a recommendation that has been made to the Group in the 'Good Practice in Parliamentary Budget Scrutiny Report' on the provision of equality relevant information⁸ has not been incorporated in the BRPG's Interim Report, unlike other recommendations from the same Good Practice report.

In order to fulfil this commitment to equality as a central part of the scrutiny process, we would also recommend that the BRPG review its own gender competency, and the competencies of the relevant parliamentary committees – i.e. that they can demonstrate capacity and skills for gendered analysis either in-house or through links with non-parliamentary experts. Further, the BRPG could also review whether there are the right systems and tools in place for the committees to perform equality impact assessments of the Draft Budget and spending plans, and develop toolkits and questions for parliamentary

⁸ Joachim Wehner (2017) *Good Practice in Parliamentary Budget Scrutiny*
http://www.parliament.scot/S5_Finance/Reports/2017.03.09_Joachim_Wehner.pdf

scrutiny bodies to consider a gendered perspective where the adequate systems are not yet in place.

3.2 FINANCE AND CONSTITUTION COMMITTEE AND SUBJECT COMMITTEES

In examining the Scottish Government's tax and borrowing proposals and the operation of the Fiscal Framework, we would like the Finance and Constitution Committee to include equality as a core consideration, in particular looking at how new taxation policies may impact men and women differently. To date, the gendered dimensions of taxation and revenue generation have been given little consideration in Scotland. Similarly, we would want to see the Committee consider gender impact when looking at any alternative spending proposals from the subject committees, and for the Finance and Constitution Committee to play a lead role in encouraging an equalities focus in the subject committees.

Practice across the subject committees is variable, inconsistent and rarely is there a lead focus on equality implications of the Draft Budget. Subject committees do not routinely include the equality impact of budget proposals in their core scrutiny of the Draft Budget or Spending Plans, and rarely submit any suggestions on how the Draft Budget could be better gendered.

Engender would like to see subject committees:

- Select gender and/or equality-specific topics for discussion and review and regularly take evidence from women's organisations and women service users (see also section on engagement);
- Hear evidence from experts as to whether Gender Budget Analysis has been adequately undertaken by the relevant Government departments;
- Submit specific equality information as part of their reports to the Finance and Constitution Committee;
- Use their powers to submit alternative spending proposals more frequently, with a particular view to proposing alternative spending models that aim to rebalance spending that favours men over women;
- Build on the work that they have been doing in scrutinising public bodies, and include a specific question or set of questions on equality when writing to request information on how spending decisions are made and prioritised.

3.3 TIMING

The delayed publication of the Draft Scottish Budget in the past few years has reduced the time for scrutiny, and for organisations like Engender and the Scottish Women’s Budget Group to comment on its content, and also makes wider public engagement much harder. This year, most of the subject committees were only able to hold one oral evidence session following the publication of the 2017/18 Draft Budget (and the Interim Report notes the concerns raised by the Committees for their reports), which means that any intended focus on equality is likely to get lost due to time constraints.

However, it is also important that the Government has adequate time to perform robust gender analysis as part of their budgeting process. As such, we support a full-year approach to parliamentary scrutiny, in which the impacts of spending priorities and budgeting can be evaluated throughout the year (see section below) and at any stage of the process.

4. BUDGET STRATEGY AND OUTCOMES

Engender supports greater parliamentary (and public) involvement in the Budget Strategy Phase, and at all points in the process when the Scottish Government is devising macro-economic strategy and setting targets and spending priorities. We would see parliament’s involvement taking place at any time in the budget cycle, rather than waiting for the Draft Budget to be produced.

The Scottish Budget Process should also be strategically linked to Scotland’s macro-economic strategy and National Performance Framework, and gender equality should be present and coherently linked across all top-level areas of policy. However, it should be noted that while the National Performance Framework includes outcomes and objectives relating to ‘inclusive’ growth and addressing inequalities, work that Engender has undertaken with other representatives from our sector has shown that these terms are ill-defined and ill-gendered, and could actually be detrimental to pursuing a vision of gender equality in Scotland. In particular, the indicators are problematic (for example, the pay gap indicator only reflects full-time work) and Engender would not want to see the budget too closely linked to these. To be of value to the

process, the NPF should include an economic framework that measures and values women's contribution.

4.1 THE FULL YEAR APPROACH

We would support options for broadening budget scrutiny beyond the period between a draft budget being published and the Budget Bill being passed, as part of a full-year approach.

This would allow parliament, and the public, to have greater influence over government thinking on women and equality in the earliest stages, ensure that GBA is happening within government departments at all stages, and influence expenditure plans in ways which would ensure spending would take into account the different impact on men and women in Scotland.

A full-year approach would see a more systematic and sustained parliamentary engagement in the budget process, which would in turn give time for particular thematic approaches – including on gender equality – and a series of evidence sessions to better inform the process. It would also give time for committee members to conduct 'site visits' to public bodies and government departments to review whether gender equality assessments are taking place.

There is also evidence to suggest that **medium-term financial planning** can be a vehicle for mainstreaming and integrating equality objectives into the budget process⁹, and Engender would welcome a review that further studied this.

5. ENGAGEMENT

The OECD Principles of Budgetary Governance includes the recommendation that a country's budget process should "provide for an inclusive, participative and realistic debate on budgetary choices".

In Scotland, the fact that there is an open period for public scrutiny and consultation on the budget is something that is highly welcomed. However, in practice, engagement during and around this time is relatively weak and ineffective. This is in part due to the short timeframe, but also due to the inaccessibility of the information made available.

⁹ Diane Elson (1997) *Tools for gender integration into macro-economic policy*

There needs to be investment in improved information provision, building on what is being provided by SPICe, that is clear and accessible. Information made available, including questions for consultation, should take into consideration the needs of the audience and how to reach (and be useful to) previously unengaged or harder to reach audiences, as well as the gendered nature of how people respond to questions. For example, those who are affected most by cuts in public spending – women, black and ethnic minorities and those reliant on welfare – are often the least likely to assume that they have enough expertise to respond to questions about a budget process, particularly if framed as an expert-level conversation, when in fact it is vitally important that these groups are heard from. This is also true for contributions from third sector organisations, who do not necessarily see themselves as expert in economic or budgetary issues, but represent key groups in Scottish society. The questions of this consultation are a good example of using language that will likely exclude a large number of individuals and organisations from responding.

The committees should work with the Parliament Education Service, and with third sector organisations such as the Scottish Women’s Budget Group and others, to build public awareness, understanding of and involvement in the budget process. Producing short videos of how the budget works, for example, or case studies that show how different spending decisions affect different people’s lives, could be extremely helpful in engaging a wider audience.

The Finance Committee’s practice of holding an external meeting each year to gauge the impact of the budget on local areas is one that is welcomed and could be extended. For example, meeting with specific groups of people (women, people with disabilities, black and minority ethnic groups) to assess how the budget has impacted them differently. This practice could also be extended to subject committees, who could hold public meetings with different representative groups.

The Interim Report states that “given the nature of the Scottish Budget which focuses largely on high-level decisions about revenue raising and resource allocation, a key question is what the overall purpose of public engagement should be.” We would argue that how resources are allocated is likely the area of governance with the most day-to-day impact on public life, and should not be treated as an issue that is in some way above or beyond the public’s capacity to engage. The purpose of engagement is to enhance the public’s

understanding of the process and to improve the mechanisms by which the public can hold the government to account over decisions that affect their daily lives.

6. RECOMMENDATIONS

Engender recommends that the Budget Process Review Group incorporates equality as a core area of engagement when reviewing the current parliamentary scrutiny process. In particular, Engender recommends that Parliament:

- Incorporates equality as a core principle in their work on budget scrutiny, in line with the founding principles of the Scottish Parliament
- Uses its powers of scrutiny to check that Gender Budget Analysis is being undertaken by Government throughout the budget setting process
- Works to improve the gender competencies of the committees working on budget scrutiny
- Takes a greater role in the Budget Strategy stage, to ensure that equality are taken into account in objective setting and defining spending priorities
- Ensures that robust gender equality analysis is applied to Scotland's new revenue raising and taxation powers
- Increases engagement with women, women's groups and gender experts in their scrutiny of the budget
- Requests more gender-disaggregated economic data
- Pushes Scottish Government to classifying spending on childcare and social care as capital expenditure in Scottish budgeting processes.

7. CONTACT DETAILS

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