

Chwarae Teg response to Finance Committee Call for Information:

Welsh Government Budget proposals for 2020-21

Sept. 2019

Introduction

Chwarae Teg are pleased to submit a response to this call for information. Budget processes are one of the most important levers in delivering gender equality. Consideration must be given to how resources to fund policy objectives are raised and allocated in a way that existing inequalities are addressed and not exacerbated.¹

Consideration of budget processes within Welsh Government have been an important area of consideration in the Gender Equality Review. Phase One, published in 2018, suggested that there was a disconnect between policy and budget processes and that existing tools to embed equality into budget processes, namely the Strategic Integrated Impact Assessment (SIIA), were not working effectively.² Phase Two of the Review has explored these challenges in more detail and made a number of recommendations for change, including a long-term shift to equalities budgeting.³

It is our view that moving to equalities budgeting, as part of a wider equalities mainstreaming approach, is necessary if we are to achieve the bold ambitions set out by the Welsh Government; to become a world leader for gender equality and ensure an equal sharing of power, influence and resource between women, men and non-binary people. To get there will require a sizeable shift from current practice.

Key messages

1. While there are a number of processes, tools and approaches in place to support equality impact assessment of Welsh Government budget proposals, these are not resulting in robust, meaningful analysis through an equalities lens, and published documentation, such as the Strategic Integrated Impact Assessment (SIIA), does not include sufficient information to support scrutiny through this lens.
2. The Welsh Government has set out bold ambitions for gender equality. To realise these ambitions, steps will need to be taken to ensure that equality is truly

¹ O'Hagan, A., Christenson, E.L., Tilley, H. and Nesom, S. (2019) *Tackling Inequalities through Gender Budgeting: Evidence and Models* Wales Centre for Public Policy

² Chwarae Teg (2018) *Rapid Review of Gender Equality Phase One July 2018*

³ Chwarae Teg (2019) *Deeds not Words: Review of Gender Equality in Wales (Phase Two)*

embedded into all systems, structures, policies, processes and procedures and the culture of Welsh Government. This will require a change in approach to budgeting, that ensures spending decisions contribute to equality goals and ambitions and impact fairly on different groups.

3. The recently published Gender Equality Review report *Deeds not Words* includes a detailed critique of current budget approaches and explores gender budgeting as a potential solution to some of the ongoing challenges. In the long-term we believe a Welsh approach to equalities budgeting should be developed, as part of a wider equality mainstreaming approach to ensure that robust equalities analysis informs the spending decisions as well as policy and programme and development.
4. Moving to equalities budgeting will take time. In the short-term, there are changes that could be made to current tools and approaches that would better align policy and budget processes and objectives, strengthen equalities analysis and ensure those scrutinising the budget have the necessary information to consider whether equality duties have been met. These changes can be informed by international promising practice.

Detailed response

Our response to this call for information focuses on the following parts of the terms of reference:

- Welsh Government policies to reduce gender inequality
- How evidence is driving Welsh Government priority setting and budget allocations
- How the Future Generations Act is influencing policy making

Below we have set out our detailed response and have tried to showcase international practice which could help to inform the Welsh Government's approach to budget development and strengthen consideration of equality.

1. Welsh Government policies to reduce gender inequality and the use of evidence to drive priority setting and budget allocations

- 1.1. It's important that government ambitions for gender equality are matched with action, including the allocation of resources to tackle inequality and robust analysis of how spending plans impact on different groups and contribute to strategic equality goals and objectives. Budgetary processes are therefore a key lever to delivering gender equality.
- 1.2. The main vehicle through which gender equality, and equality more broadly, is considered as part of the Welsh Government's strategic budget development is the Strategic Integrated Impact Assessment (SIIA). This document should provide the relevant information for those scrutinising the Welsh Government's draft budget to

assess whether spending plans are likely to impact different groups fairly and whether they align with equality objectives.

- 1.3. Our contribution here will therefore focus on the SIIA, and consider examples from Scotland and Canada that demonstrate how equalities analysis of budgetary proposals can be strengthened. The recently published Gender Equality Review Phase Two report [Deeds not Words](#), includes detailed critique of budgetary processes that members of the committee may also want to consider as part of this inquiry.
- 1.4. Analysis of the SIIA that was published alongside draft budget proposals for 2019-20 suggests that consideration of equality is still not sufficient.
 - 1.4.1. Use of evidence in the SIIA is limited, and when equalities evidence is noted, it's not clearly linked to spending decisions. It's therefore difficult to discern whether the analysis of evidence has informed budget allocations in any meaningful way. This echoes the findings from the Assembly three-committee report *Assessing the impact of budget decisions*, which stated that *"the current SIIA does not provide an effective analysis of spending decisions and could arguably be failing to fulfil its legislative requirements as a result."*⁴
 - 1.4.2. While the Well-being of Future Generations (Wales) Act (WFG) and associated impacts are discussed as part of the main narrative of the draft budget (both in the outline and detailed proposals) the SIIA is only included as an Annex, which risks implying that equality is a secondary consideration.⁵ There also appears to be limited read across from the SIIA into the main narrative of the budget. For example, the SIIA highlights the higher proportion of women and BME people accessing micro-loans, but this is not mentioned in the main narrative, which sets out the commitment to a Micro-Loan Fund from the Development Bank of Wales.⁶ The recently published Framework for Supporting Entrepreneurial Women, which makes clear that supporting women into entrepreneurship is an objective of the Welsh Government and highlights access to finance as a key issue, is also not referenced.⁷
 - 1.4.3. Despite some limited use of evidence to highlight existing inequalities, there is often no follow-up discussion about how spending plans are going to help address these. Often, there is no attempt to look beyond the more immediate, obvious impacts. For example, investment in social care is discussed at some length and considers the equalities impact in relation to who needs social care, but there is no consideration of the equalities impact on those who work in social care, who are overwhelmingly female.⁸

⁴ National Assembly for Wales Children Young People and Education, Equality Local Government and Communities & Finance Committee (2019) *Assessing the impact of budget decisions*

⁵ Welsh Government (2018) *Draft Budget 2019-20 Detailed Proposals A Budget to build a better Wales*

⁶ Ibid

⁷ Welsh Government (2019) "New drive to support women entrepreneurs" <https://gov.wales/new-drive-support-women-entrepreneurs>

⁸ Ibid

- 1.4.4. It's also a concern that equalities impact assessment appears to only be carried out on draft budget proposals and not on the final budget. In the final budget documentation, there is some limited discussion of the impact of changes between the draft and final budget proposals, but this focuses on the impact on the four themes of Prosperity for All, rather than any meaningful consideration of equalities.⁹ This is despite changes between the draft and final budget including additional money for local government, for Food and Fun (a scheme that supports children in deprived areas during the summer holiday) and for skills and employability. All of which would have equalities implications.
- 1.5. A number of other countries have taken steps to strengthen the consideration of equalities as part of the budgetary processes and fiscal policy. Some have gone as far as implementing gender or equalities budgeting, which in essence is a suite of tools that enable governments to examine how budgetary allocations affect the economic and social opportunities of women and men, and restructure revenue and spending decisions to eliminate unequal outcomes.¹⁰
- 1.6. The Gender Equality Review has recommended that in the long-term, the Welsh Government should implement equalities budgeting. However, in the short-term changes can be made to existing tools and approaches that would better align budget and policy processes and objectives, strengthen equalities analysis as part of budget processes and ensure that those scrutinising budget proposals have the necessary documentation to assess whether equalities and well-being duties have been met. Here, examples from Scotland and Canada can provide a useful steer on what promising practice looks like.

Scottish Government: Equality Statement Scottish Budget 2019-20¹¹

While there are some missed opportunities to make equalities impact clear (for example discussion of in-work poverty does not mention the gendered nature of low pay) on the whole the Equality Statement is more detailed and comprehensive than the SIIA of the Welsh Government budget. There is greater use of evidence, which is then linked directly to spending decisions, and there is more explicit discussion of how spending plans will directly tackle inequality.

Gender Pay Gap Action Plan (p. 48)

- In the introduction to the chapter on Finance, Economy and Fair Work, evidence is set out to demonstrate existing inequality in the Scottish economy, including the gender employment gap and gender pay gap.
- In the discussion of budget proposals that follows, reference is made to the gender pay gap action plan and investment of £5m to support women to return to work following a career break.

⁹ Welsh Government (2018) *Final Budget 2019-20 A Budget to build a Better Wales*

¹⁰ O'Hagan, A., Christenson, E.L., Tilley, H. and Nesom, S. (2019) *Tackling Inequalities through Gender Budgeting: Evidence and Models* Wales Centre for Public Policy

¹¹ Scottish Government (2018) *Equality Statement Scottish Budget 2019/20*

<https://www.gov.scot/publications/equality-fairer-scotland-budget-statement-scottish-budget-2019-20/>

Equally Safe in Higher Education (ESHE) Toolkit (p. 68)

- The Statement makes clear that colleges and universities should be “places where students can live, study and research free of sexual harassment and gender-based violence.”
- To achieve this aim £204,453 is to be invested to promote the implementation of the ESHE Toolkit by Scottish Higher Education Institutions. Furthermore, it’s noted that the Outcome Agreement Guidance developed by the Scottish Funding Council for 2019-20 takes forward expectations that institutions adopt, adapt and work with the Toolkit and that this is reflected in their institutional Gender Action Plans.

Apprenticeships (p. 69)

- The chapter on Education and Skills sets out the Scottish Government’s commitment to closing attainment gaps, ensuring that all children and young people are able to succeed in life and ensuring that training and skills provision is tailored to allow individuals to fulfil their potential in the workforce.
- In 2019-20 the Scottish Government will invest £214m to support Skills Development Scotland (SDS).
- It’s noted that SDS will work with partners to take forward measures set out in the Equality Action Plan (EAP) for Apprentices to tackle the occupational segregation and inequality that has been identified in the Scottish Apprenticeships Programme.

As the Scottish approach to equalities budgeting continues to develop and evolve, [informal guidance](#) has recently been produced for policy-makers to challenge them to think through six key questions to identify ways in which budget decisions could be improved to advance human rights and address inequalities.¹² Such guidance could be adapted for use in Wales to support officials to better consider equality as part of budgetary processes.

***Government of Canada: Equality and Growth A Strong Middle Class (Budget 2018)*¹³**

Gender analysis of both policy and spending plans in Canada is predominantly done through the use of Gender Based Analysis Plus (GBA+), an analytical tool that assesses how diverse groups of women, men and gender-diverse people may experience programmes and initiatives.¹⁴ This approach was applied to the 2018 Government of Canada budget, with budget proposals also assessed against the new Gender Results Framework, which sets out gender equality goals for Canada. The budget document includes a specific chapter on equality (Chapter Five), to outline how spending proposals will advance equality goals and highlight any equality impacts.

¹² Scottish Government (2019) *Improving People’s Wellbeing: 6 key questions to ask when making budget decisions*

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¹⁴ Status of Women Canada <https://cfc-swc.gc.ca/gba-ac/index-en.html> Accessed 20.1.19

In addition, equality is a prominent theme throughout the budget document, reinforcing that this is not an “add-on” but a core concern of the government. At the start of each budget chapter, the key initiatives that advance the objectives of the new Gender Results Framework are noted. In the main narrative of the chapter, evidence of gender inequality is set out, and linked directly to spending commitments or initiatives, as demonstrated in the following examples.

Women in Entrepreneurship (p. 110)

- The proportion of businesses led by women is provided, alongside discussion of the barriers reported by women.
- This is linked to discussion of the new Women Entrepreneurship Strategy, a commitment of \$105m over five years to regional development agencies to support investments in women-led businesses, \$1.4bn over three years in new financing for women entrepreneurs and \$250m over three years to provide financing and insurance solutions for women-owned and women-led businesses that are exporting or looking to begin exporting.

Tackling the gender pay gap (p. 42-)

- Figures for the gender pay gap in Canada are presented alongside a discussion of the main causes.
- This is followed by detailed discussion of budgetary commitments and forthcoming legislation that will tackle the causes of the pay gap including \$3m over five years to improve pay transparency, £1.5m over two financial years for a symposium on women’s labour market participation and \$1.2bn over five years to introduce a new Employment Insurance Parental Sharing Benefit (which would provide additional weeks of “use or lose it” of parental benefits).

An interesting addition to the GBA+ of the budget, that is outlined in Chapter Five, is discussion of how gender budgeting will be improved the following year (pp. 279-280). This includes a recognition that the application of GBA+ varied in application across departments and a number of specific examples of where there is room for improvement are provided. This inclusion is a positive one from the perspective of improved transparency and open government, and demonstrates a commitment to continuous improvement.

2. How the Future Generations Act is influencing policy making

- 2.1. Throughout both phases of the Gender Equality Review, it was clear that the Well-being of Future Generations (Wales) Act (WFG) is having an impact and driving change. It’s regularly discussed as the broad framework in which policy should be developed and assessed and steps have been taken to embed the principles of the WFG Act into existing tools and processes.
- 2.2. The approach to impact assessment within Welsh Government has shifted over the past year to better integrate the breadth of impact assessments that are required. The WFG Act has been used as a framework for this integrated impact assessment (IIA) tool, which is used as part of the development of policy and legislation. This

move has been cautiously welcomed as a step in the right direction as part of the Gender Equality Review, alongside recommendations to further strengthen the consideration of equality as part of this process.¹⁵

- 2.3. The cross-committee report, *Assessing the impact of budget decisions*, suggested using the WFG Act as a framework for the SIIA, which is then supported by individual, detailed impact assessments.¹⁶ Moving to this model would bring the SIIA closer to the IIA tool and consideration should be given to whether the same tool could be used to assess the impact of both policy and budgets, to bring further consistency to the impact assessment process and related documentation.
- 2.4. The equalities and well-being agendas should be complementary and reinforcing of one another. However, in practice this is not always the case and there have been some concerns that a focus on equality is being diminished as focus switches to the new well-being requirements.¹⁷ This needn't be the case, and the Gender Equality Review makes a number of recommendations to better align equality and well-being processes and improve outcomes.¹⁸ Aligning these concepts and processes would ensure that the WFG Act provides an effective framework within which the impact of budgets can be assessed, while maintaining the required focus on equality.

Conclusion

Budget processes are a key lever to realising gender equality ambitions. Existing processes, tools and documentation in relation to the annual Welsh Government budget are not sufficiently embedding equality analysis into budget processes.

In the long-term a move to equalities budgeting, as part of a wider equalities mainstreaming approach, will ensure that equality is a core consideration across all of Welsh Government's work and is a necessary shift to realise the bold ambition to be a world leader in gender equality. This move will take time and will likely require a change in approach from officials within Treasury, financial roles and in policy roles with delegated budget responsibilities across Welsh Government, as well as training to upskill officials and Ministers and the development of new tools and job-aids.

In the short-term changes can be made to strengthen existing tools and approaches, which will improve outcomes and lay the ground-work for the longer-term shift we believe is required. There are numerous examples of promising practice that can be drawn upon to build the skills and expertise of those engaged in budget processes and support robust

¹⁵ Chwarae Teg (2019) *Deeds not Words: Review of Gender Equality in Wales (Phase Two)*

¹⁶ National Assembly for Wales Children Young People and Education, Equality Local Government and Communities & Finance Committee (2019) *Assessing the impact of budget decisions*

¹⁷ Chwarae Teg (2018) *Rapid Review of Gender Equality Phase One July 2018*

¹⁸ Chwarae Teg (2019) *Deeds not Words: Review of Gender Equality in Wales (Phase Two)*

equalities analysis, to ensure that spending proposals contribute to strategic equality goals and ambitions.

We would be happy to provide further information in relation to any of the above. For further information please contact:

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