

Wales Women's Budget Group (WWBG) and Women's Equality Network (WEN) Wales joint submission to the Finance Committee:

Welsh Government Draft Budget proposals for 2024-25

November 2023

About the Wales Women's Budget Group (WWBG): WWBG is a registered charity, currently housed by the Women's Equality Network (WEN) Wales, which works with government and civil society in pursuit of a more prosperous and gender equal Wales. Bringing together leading economic thinkers, academics, policymakers and women's networks, the WWBG works to influence and inform public policy in order to promote a gender equal economy in Wales through the use of gender budgeting.

About the Women's Equality Network (WEN) Wales: Our vision is of a Wales free from gender discrimination where all women and men have equal authority and opportunity to shape society and their own lives. We work with our vibrant coalition of organisational and individual members to transform society. Our work sits under three pillars. We will Connect, Campaign and Champion women so our vision is realised.

Key Messages

1. Due to persistent gender inequality, women in Wales – particularly single mothers, disabled women, ethnic minority and racialised women – are being hit harder by the impacts of the cost of living crisis. While support measures such as hardship payments are welcome, the Welsh Government must do more to protect women and other vulnerable groups from falling further into debt and poverty. This is even more pressing in the context of discontinued energy and fuel support schemes in Wales.
2. Women are more likely to work in public services, to rely on public services and to become providers of last resort when services are cut. While we welcome the Welsh Government's continued support, we are concerned that current funding levels will not keep pace with rising cost pressures. The Welsh Government should therefore use all levers at its disposal to allocate more support to Wales' struggling public services, including childcare, social care, housing, and the local authorities that provide them.
3. We are pleased to see the ongoing work undertaken by the Budget Improvement and Impact Advisory Group (BIIAG) to improve the Strategic Integrated Impact Assessment (SIIA), which resulted in marked improvements to last year's SIIA. We hope to see further improvements and strengthening of the SIIA across a wider range of government policy decisions in this year's Budget Improvement Plan.
4. While we welcome the Welsh Government's continued piloting of gender budgeting and the publication of the Personal Learning Accounts (PLA) pilot evaluation, attention must now be given to developing plans to mainstream gender budgeting across the Welsh Government to support better policy making and resource allocation.
5. Support measures to address the cost of living crisis are helpful, but the Welsh Government must tackle gender inequality at its root to reduce the vulnerability of women in Wales to future crises. To do so, the full implementation of the Gender Equality Review, *Deeds Not Words*¹, should be expediated as a matter of urgency.

¹ Chwarae Teg (2019), *Deeds Not Words, Review of Gender Equality in Wales*

1. What, in your opinion, has been the impact of the Welsh Government's 2023-2024 Budget, including funding related to the recovery of the pandemic?

1.1 The Covid-19 pandemic and the current cost of living crisis have not impacted all households equally. Due to deep-rooted gender inequality, women in Wales bear a disproportionate share of caring responsibilities and dominate traditionally lower-paid employment sectors, such as health and social care. These patterns mean that women occupy an unequal position in Wales' economy and are more likely than men to be economically inactive or to be working in part-time, insecure and low-paid jobs.

1.1.1 In Wales, 37.4% of women work part-time, compared to 13.6% of men.²

1.1.2 27.4% of women in Wales are economically inactive compared to 21.5% of men. Of those women, 25.5% reported being out of work due to looking after the family/home compared to 8.6% of men.³

1.1.3 In Wales, 13% of jobs held by women are paid below the Real Living Wage, compared to 9.9% of men's.⁴

1.2 The situation is even starker for women who experience intersecting disadvantage and discrimination, for example, ethnic minority, racialised or disabled women, as well as single mothers.

1.2.1 In the UK, women of colour are twice as likely to be on zero-hour contracts than white men.⁵

1.2.2 30.2% of disabled women were being trapped in insecure work in 2022.⁶

1.2.3 In Wales, 38% of single parents – 86% of whom are women⁷ – are living in relative income poverty.⁸

1.3 These structural inequalities mean that women have less wealth overall and are thus more vulnerable to the economic impacts of successive crises. In the context of the Covid-19 pandemic and cost of living crisis, women in Wales – particularly those facing specific intersectional disadvantages - are being pushed into debt and poverty as costs rise.

1.3.1 In 2022, 42% of low paid women in Wales have reported falling behind on household bills, compared to 35% of low paid men.⁹

1.3.2 In 2023, 58% of female workers reported being financially worse off than a year ago, compared to 43% of men.¹⁰

1.3.3 As 'shock absorbers of poverty',¹¹ women feel the effects of rising food, energy, housing and other costs more acutely. This is particularly the case for single mothers, who rely on a single income and lack a co-parent to share childcare

² Oxfam Cymru (2023), *Little steps, big struggles: Childcare in Wales* <https://oxfamapps.org/cymru/wp-content/uploads/2023/11/Little-Steps-Big-Struggles.pdf> [Accessed 22.11.23]

³ Ibid.

⁴ Living Wage Foundation (2022), *Employee Jobs Paid Below the Real Living Wage*

[https://www.livingwage.org.uk/sites/default/files/2022-](https://www.livingwage.org.uk/sites/default/files/2022-11/Employee%20jobs%20below%20the%20real%20Living%20Wage%202022_1.pdf)

[11/Employee%20jobs%20below%20the%20real%20Living%20Wage%202022_1.pdf](https://www.livingwage.org.uk/sites/default/files/2022-11/Employee%20jobs%20below%20the%20real%20Living%20Wage%202022_1.pdf) [Accessed 26.11.23].

⁵ Chwarae Teg (2023), *The gendered impacts of the cost-of-living crisis*

⁶ Ibid.

⁷ Oxfam Cymru (2023), *Little steps, big struggles: Childcare in Wales*

⁸ Welsh Government (2023), *Relative income poverty: April 2021 to March 2022*

<https://www.gov.wales/sites/default/files/pdf-versions/2023/3/4/1679567757/relative-income-povertyapril-2021-march-2022.pdf> [accessed 26.11.23].

⁹ Ibid.

¹⁰ Living Wage Foundation (2023), *Life on Low Pay as Inflation Begins to Ease*

[https://www.livingwage.org.uk/sites/default/files/2023-](https://www.livingwage.org.uk/sites/default/files/2023-09/Life%20on%20Low%20Pay%20as%20Inflation%20Begins%20to%20Ease.pdf)

[09/Life%20on%20Low%20Pay%20as%20Inflation%20Begins%20to%20Ease.pdf](https://www.livingwage.org.uk/sites/default/files/2023-09/Life%20on%20Low%20Pay%20as%20Inflation%20Begins%20to%20Ease.pdf) [Accessed 19.11.23]

¹¹ UK Women's Budget Group (2022), *The gendered impact of the cost-of-living crisis* <https://wbg.org.uk/wp-content/uploads/2022/03/The-gendered-impact-of-the-cost-of-living-crisis.pdf> [Accessed 28.11.23]

responsibilities with. In 2022, 23% of young women reported that they sometimes had to choose between food and heating, rising to 55% of single mothers and 33% of mothers with joint childcare responsibility.¹²

1.4 Cost of living support: The combination of continuing high costs alongside reduced governmental support and in-year spending changes is disproportionately impacting the most vulnerable households in Wales. In this context, we are concerned that government support measures such as hardship payments do not go far enough to protect women from falling deeper into debt and poverty.

1.4.1 The Welsh Government's continued funding of the *Discretionary Assistance Fund* (DAF) provides a vital lifeline to those on low incomes. The financial and in-kind support provided by the scheme can help to reduce pressure on women's incomes as the cost of essentials remains high. However, hardship payments are short-term measures and do little to address the underlying causes of the crisis and help households cope in the longer term. The fact that such payments are made at a household level risks undermining women's access to an independent income and particularly increases their vulnerability to financial abuse and financial dependency on an abuser.¹³

1.4.2 We welcome the Welsh Government's new *Help to Stay* scheme, which will support homeowners to meet their mortgage repayments as interest rates remain high. It is, however, another short-term fix and as an equity loan, could result in homeowners paying back more than they initially borrowed due to house price increases. We are also concerned at the lack of available support for private renters as rental costs continue to soar. Without governmental support, these costs will disproportionately impact low-income tenants, the majority of whom are women, pushing them further into debt and poverty.

1.4.3 Finally, in the context of winter weather and energy price rises in January 2024, the current lack of a government fuel support scheme is particularly problematic. The Welsh Government must expediate the roll out of its new *Warm Homes Programme* as a matter of urgency.

1.5 Public services: Rising inflation and energy costs have also put pressure on Wales' public services, endangering quality of provision and ability to meet demand. This is particularly problematic for women, who are more likely to work in public services, to rely on public services and to become providers of last resort when services are cut.¹⁴ Reductions or cuts to public service provision therefore represent a 'triple whammy',¹⁵ for women in the UK. We welcome the Welsh Government's continued commitment to protect Wales' frontline services but remain concerned that current levels of support will fail to keep pace with the cost pressures faced by providers.

1.5.1 **Local Government:** Local authorities provide many vital public services that women use and need, including childcare, social care and housing support. We welcome the Welsh Government's continued funding of the Revenue Support Grant (RSG) for local authorities and its protection from in-year spending cuts. However, current levels of funding are unlikely to help Welsh local authorities meet cost pressures and demand for services. As noted by Wales Fiscal Analysis, Wales' local authorities are facing a £354million shortfall in 2024-

¹² Young Women's Trust (2022), *Just Getting By: Young Women's Trust Annual Survey 2022*

¹³ Chwarae Teg (2019), *Trapped: Poverty amongst Women in Wales today*

¹⁴ UK Women's Budget Group (2022), *The gendered impact of the cost-of-living crisis on public services* <https://wbg.org.uk/wp-content/uploads/2022/11/Gendered-impact-of-cost-of-living-crisis-on-public-services-1.pdf> [Accessed 26.11.23]

¹⁵ Ibid.

2025, which will result in a significant reduction in public services.¹⁶ Due to a lack of consequential funding from Westminster, local authorities are likely to resort to rising regressive council tax rates to make up this shortfall. See further details on the regressive nature of council tax and its impact on women in our response to question 4 below.

1.5.1.1 In this context, we welcome the Welsh Government's continued funding of the Council Tax Reduction Scheme for lower income households and its ongoing work to reform the council tax system in Wales. However, the challenges outlined above make this work and additional investment in local authorities even more urgent.

1.5.2 **Health and social care:** Women in Wales make up 78.4% of all health and social care workers.¹⁷ We are therefore pleased to see the continuation of funding to ensure the payment of a Real Living Wage for all social care workers, the majority of whom are women. Serious issues remain, however, with the sector's employment conditions, and related problems around recruitment and retention. To solve these issues, the Welsh Government must tackle the prevalence of precarious zero-hour contracts, lack of job security and shortage of training and progression opportunities.

1.5.3 **Childcare:** A lack of affordable and accessible childcare remains a crucial barrier to women's workforce participation and a driving factor of gender inequality in Wales. In the current cost of living crisis, high childcare costs are compounding the financial pressures facing lower income households and pushing parents, particularly single mothers, further into debt and poverty.

1.5.3.1 While we welcome the continued rollout of funded provision to parents/carers of two-year-olds through *Flying Start*, the part-time and placed-based nature of the program limits eligibility significantly. For those ineligible, childcare costs remain high and prohibitive. For example, a recent study by Oxfam Cymru revealed that 70% of parents and guardians in Wales had no surplus income or savings left after allocating funds for childcare.¹⁸

1.5.3.2 The lack of funded provision for children under two years is also problematic, and inequitably impacts the most vulnerable households in Wales. As highlighted in a recent report by the Wales Women's Budget Group, lead carers of one and two-year-olds on Universal Credit in Wales – the vast majority of whom are women – will now be subject to sanction-backed conditionality requirements.¹⁹ However, claimants in Wales will not be entitled to the same level of government-funded childcare support as their counterparts in England will be under the roll-out announced for September 2025, to assist with meeting these requirements. This discrepancy will disproportionately impact single mothers in Wales, who will struggle to meet increased conditionality requirements without

¹⁶ Wales Fiscal Analysis (2023), *The medium-term fiscal outlook for local government in Wales* https://www.cardiff.ac.uk/_data/assets/pdf_file/0007/2779342/The-medium-term-fiscal-outlook-for-local.pdf [Accessed 22.11.23]

¹⁷ Chwarae Teg (2023), *State of the Nation 2023*

¹⁸ Oxfam Cymru (2023), *Little steps, big struggles: Childcare in Wales* <https://oxfamapps.org/cymru/wp-content/uploads/2023/11/Little-Steps-Big-Struggles.pdf> [Accessed 28.11.23]

¹⁹ Wales Women's Budget Group (2023), *Far From a Vital Safety Net: Benefit Conditionality, Sanctions and Women in Wales* <https://wwbg.org.uk/wp-content/uploads/2023/08/Far-From-a-Vital-Safety-Net-Benefit-Conditionality-Sanctions-and-Women-in-Wales.pdf>

adequate support, resulting in punitive financial sanctions and depleted incomes.²⁰

1.6 Equalities mainstreaming and gender budgeting: To ensure a gender equal recovery from the pandemic and support women in the current, and future, crises, the Welsh Government must embed a robust intersectional gender analysis into its policy making and recovery planning.

1.6.1 In this context, we are pleased to see the ongoing work undertaken by government officials and other stakeholders through the Budget Improvement and Impact Advisory Group (BIAG) to improve the Strategic Integrated Impact Assessment (SIIA). While there is still work to be done to clearly link budgetary decisions to equalities data and analysis, last year's SIIA was a marked improvement on previous iterations. We hope to see further improvements to the SIIA as a result of this work in this year's Budget Improvement Plan.

1.6.2 We also welcome the Welsh Government's continued piloting of gender budgeting and were glad to see the publication of the Personal Learning Accounts (PLA) pilot evaluation earlier this year. However, while gender budgeting pilots provide valuable learnings, attention must now be given to developing plans to mainstream gender budgeting tools across the Welsh Government to support better policy making and resource allocation.

1.7 Welsh Government in-year spending changes: While their full impact is currently unknown, we are concerned that some of the Welsh Government's in-year spending changes announced in October may disproportionately impact women and other vulnerable groups in Wales.

1.7.1 As noted above, we welcome the Welsh Government's continued support for vital public services like the Welsh NHS and local authorities. We are, however, quite alarmed at announced cuts to its Social Justice Budget, which has been revised down by £7 million. Despite making up just 13% of the total Social Justice Budget, 60% (£4.2 million) of these savings will emanate from the Government's Equality, Inclusion and Human Rights budget.

1.7.2 While it remains unclear what particular programmes will be postponed or downgraded as part of this savings exercise, disproportionate cuts to an area of the budget which funds vital social justice initiatives and programmes is deeply concerning. The Welsh Government should therefore clarify the expected impacts of its in-year re-prioritisations without delay.

1.7.3 We are equally concerned about the adjusting down of the Welsh Government's childcare budget, due to lower-than-expected demand levels. As emphasised in Oxfam Cymru's most recent report, the need for affordable and accessible childcare remains a pressing issue in Wales.²¹ If demand is low, this suggests that the current childcare provisions are not accessible for parents and carers in Wales. Rather than cutting childcare funding, the Welsh Government should instead take steps to ensure funded childcare meets the needs of parents in Wales.

2. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures?

2.1 Business support: Continuing high costs are impacting non-domestic properties in Wales, particularly smaller businesses that face a combination of rising stock, staff and

²⁰ Ibid.

²¹ Oxfam Cymru (2023), *Little steps, big struggles: Childcare in Wales*

energy costs. We are concerned that these pressures may result in higher costs being passed onto Welsh consumers. Due to their lower wealth and savings overall, women – particularly single mothers, disabled women, ethnic minority and racialised women – would be disproportionately impacted by these increasing costs.

2.1.1 In this context, the Welsh Government should maintain its support for businesses in Wales through the continuation of its non-domestic rates relief scheme and maintaining the current freeze in the non-domestic rates multiplier. The continuation of extra support for retail, leisure and hospitality sectors – which have a female-dominated workforce²² – is particularly important, as these sectors were hit hardest during the pandemic and are particularly exposed to inflationary pressures.

2.2 Public transport: As noted above, due to their unequal position in Wales' economy, women – particularly those who face additional intersectional disadvantage and discrimination – are more reliant on public services, including public transport. Women are more likely than men to use public transport to access employment, education and healthcare. We therefore welcome the Welsh Government's increased investment in Welsh public transport, and the recent uplift of £125 million to Transport for Wales.

2.2.1 However, as a cheaper form of transport, women and other low-income individuals are more likely to use bus, rather than rail, travel.²³ Since the pandemic, inflationary pressures and a lack of funding has resulted in cuts to Wales' bus services and networks,²⁴ a development that will disproportionately impact women and other vulnerable groups. To avoid further entrenching gender inequality and help grow the economy, the Welsh Government should invest long-term funding in Wales' bus services.

2.3 Women's employability: Tackling gender inequality can also help to boost Wales' productivity and economic performance. As noted by Chwarae Teg, £13.6 billion could be injected into the Welsh economy as a result of achieving gender equality within it.²⁵

2.3.1 A key issue impacting this inequality in Wales is the underrepresentation of women in its highest paid sectors – mining and quarrying, energy production and supply, and water supply, sewage and waste²⁶ - which are male dominated.²⁷ Conversely, women in Wales tend to be employed in lower-paid fields, such as the public sector where women account for 70% of employees.²⁸ To address these labour market disadvantages, the Welsh Government must prioritise the employability of women and implement targeted programmes of support to increase the representation of women in these sectors.

²² Chwarae Teg (2023), *State of the Nation 2023*

²³ IPPR (2022), *To support low-income households, it's time to reduce the cost of daily bus travel* <https://www.ippr.org/blog/time-to-reduce-the-cost-of-daily-bus-travel> [Accessed 28.11.23]

²⁴ BBC News, 'Bus: Wales could lose quarter of services, say operators,' 21.08.23 <https://www.bbc.co.uk/news/uk-wales-66543302>

²⁵ Chwarae Teg (2018), *The Economic Value of Gender Equality in Wales*

²⁶ Wales Fiscal Analysis (2023), *Labour Market Update for Wales* https://www.cardiff.ac.uk/_data/assets/pdf_file/0007/2779882/20230920_Labour-Market_27oct.pdf [Accessed 26.11.23]

²⁷ Chwarae Teg (2023), *State of the Nation 2023*

²⁸ Ibid.

2.3.2 In this context, the removal of £17.5 million from Wales' apprenticeships programme and £5 million from React+,²⁹ is concerning. To redress this, the Welsh Government could use the consequential funding it will receive as a result of the UK Government's recent investment in English apprenticeships³⁰ to invest in employability programmes and interventions designed to meet the needs of women and girls in Wales. Establishing a targeted approach is particularly important in the absence of other programmes such as Chwarae Teg's *Agile Nation 2*, which had previously supported women into employment.

2.4 Investing in a care-led economy: The Welsh Government can reduce barriers to women's employment by investing in a care-led economy. As noted above, women are more likely to work in, rely on and become last resort providers of public services.³¹ In the context of a lack of consequential funding for public services in 2024-2025, it is even more important that the Welsh Government retains its support for these services and sectors.

2.5 Investing in the care sector can also help to grow the Welsh economy. By making care a key sector in our national economic strategy and investing in vital social infrastructure such as childcare, social care and health care, the Welsh Government will help more women to enter, remain and progress within the workplace. This, in turn, will expand Wales' productive capacity and boost its economic performance.

2.5.1 For example, a recent study by the UK Women's Budget Group found that investing in care would produce 2.7 times as many jobs as investing in the male-dominated construction sector, producing 6.3 times as many jobs for women and 10% more for men.³²

2.6 In Wales, investing in a care-led economy would address the high levels of unemployment and unfilled vacancies, the latter of which exceeds all other UK nations.³³ As highlighted by Wales Fiscal Analysis, most of these vacancies are within the health and social care sector, where 15% of jobs are vacant.³⁴ To address this, the Welsh Government should:

2.6.1 Use the consequential funding from the extended England Childcare Offer to expand the eligibility of Wales' Childcare Offer to parents of under two-year-olds. This would assist Welsh parents who are out of work as a result of unpaid caring responsibilities, of which women account for 90%.³⁵

2.6.2 Address the recruitment and retention issues within the social care sector by tackling its zero-hour contracts, lack of job security and shortage of training and progression opportunities.

2.6.3 Utilize the levers at its disposal to allocate additional funding to Wales' local authorities, which provide vital public services and face a funding shortfall of £354 million in 2024-2025.³⁶

²⁹ Welsh Government (2023), *Update on 2023-2024 financial position: summary of main changes* <https://www.gov.wales/sites/default/files/pdf-versions/2023/10/2/1697553179/update-on-2023-2024-financial-position-summary-of-main-changes.pdf> [Accessed 26.11.23]

³⁰ HM Treasury (2023), *Autumn Statement 2023*

³¹ UK Women's Budget Group (2022), *The gendered impact of the cost-of-living crisis on public services*

³² UK Women's Budget Group (2020) *A Care-Led Recovery from Coronavirus* <https://wbg.org.uk/wp-content/uploads/2020/06/Care-led-recovery-final.pdf> [Accessed 26.11.23]

³³ Wales Fiscal Analysis (2023), *Labour Market Update for Wales* https://www.cardiff.ac.uk/_data/assets/pdf_file/0007/2779882/20230920_Labour-Market_27oct.pdf [Accessed 26.11.23]

³⁴ Ibid.

³⁵ Ibid.

³⁶ Wales Fiscal Analysis (2023), *The medium-term fiscal outlook for local government in Wales*

2.7 Mainstreaming equality: To fully address the barriers that women face to employment and tackle gender inequality at its root, the Welsh Government must mainstream an intersectional equalities analysis into all its spending and policy decisions. The Gender Equality Review, *Deeds Not Words*³⁷ provides a clear, well-evidenced framework through which to do this. The Welsh Government should therefore expediate the full implementation of the review recommendations as a matter of urgency.

3. What action should the Welsh Government take to help households cope with inflation and cost of living issues?

3.1 Inflation and cost of living pressures have disproportionately impacted women, particularly single mothers, disabled women, ethnic minority and racialised women, who are being pushed further into poverty as the cost of living crisis continues to bite. While we recognize the challenges of the Welsh Government's current financial position, it is vital that equality remains a core focus in policymaking and that the Government uses all of the tools at its disposal to support those most in need.

3.2 Cost of living support: While we welcome government cost of living support, as noted above, we are concerned that these measures do not go far enough to prevent low-income households falling deeper into debt and poverty as costs continue to rise. To truly support women during this challenging time, the Welsh Government should implement:

3.2.1 A Welsh benefits system: The Government should increase access to and uptake of Welsh hardship grants and allowances by subsuming them under a single framework or Welsh benefits system. By simplifying complex application processes and ensuring efficient administration, the Welsh Government can help ensure that low-income households are accessing the support they are entitled to.³⁸

3.2.2 Rent control: While the Government's new *Help to Stay* programme - which assists homeowners with mortgage repayments - is welcome, the Welsh Government must do more to support tenants within the private renting sector, where costs have increased exponentially.³⁹ Over a quarter of private renters in Wales were forced cut down on food or skipped meals to afford rent in 2023.⁴⁰ The Welsh Government should implement measures to stabilize or limit rental costs, accelerating progress towards the publication of a White Paper that will include proposals on fair rents.

3.2.3 Fuel and energy support: While inflation has fallen, energy prices remain high. As noted by the Bevan Foundation, energy costs in Wales are currently 50% higher than in 2021-2022⁴¹ and are set to rise even further in January 2024. However, previous energy bills and fuel support schemes in Wales have been discontinued. As winter approaches, the Welsh Government must expediate the implementation of its new *Warm Homes Programme* as a matter of urgency.

³⁷ Chwarae Teg (2019), *Deeds Not Words, Review of Gender Equality in Wales*

³⁸ The Bevan Foundation (2023), *A common approach to Welsh benefits: Feasibility Study*

³⁹ The Bevan Foundation (2023), A snapshot of poverty in Winter 2023 <https://www.bevanfoundation.org/wp-content/uploads/2023/02/Snapshot-of-poverty-in-winter-2023.pdf> [Accessed 26.11.23]

⁴⁰ Ibid.

⁴¹ The Bevan Foundation (2023), Winter warning for Welsh heating bills <https://www.bevanfoundation.org/views/winter-warning-for-welsh-heating-bills/#:~:text=The%20months%20ahead%20are%20set,while%20electricity%20is%2027p%20kWh> [Accessed 26.11.23]

3.3 Public services: As noted above, women are more likely to work in public services, to rely on public services and to become providers of last resort when services are cut.⁴² The Welsh Government should therefore use all of its levers to allocate more support to Wales' struggling public services. This is even more pressing in the absence of additional investment at a UK Government level.⁴³

3.3.1 Local Government: With a projected funding shortfall of £354 million in 2024-2025,⁴⁴ local authorities in Wales are likely to become more reliant on revenue from regressive council taxes to meet cost pressures. As council tax is not based on income, it can have inequitable effects on low-earning tenants and homeowners. Rises in regressive council taxes are therefore likely to disproportionately impact single parents in Wales – 86% of whom are women⁴⁵ – who rely on a single income.

3.3.1.1 In addition to allocating more funding to Welsh local authorities, the Welsh Government should accelerate work to establish a more fair and progressive council tax system in Wales. Serious consideration should also be given to the use of more progressive sources of tax revenue, such as devolved income tax increases, or income tax reform to include more bands and flexibility as in Scotland. The Welsh Government should therefore continue to lobby the UK Government for further devolution over these powers.

3.3.2 Health and social care: To adequately support an aging Welsh population and reduce the economic vulnerability of a largely female workforce, the Welsh Government must address the recruitment and retention issues within Wales' social care sector. One way to do this is to implement an ethical care charter to ensure fair work opportunities and tackle the prevalence of zero-hour contracts and lack of development opportunities within the sector.

3.3.3 Childcare: In the context of the current cost of living crisis, high childcare costs are forcing women – particularly single parents – out of the workplace and further into poverty. The Welsh Government should help to redress this by allocating its consequential funding from the extended childcare provisions in England to improve access to childcare in Wales, either by widening the eligibility of the Childcare Offer to parents on the lowest incomes or through accelerating the rollout of the *Flying Start* programme and increasing the number of hours available.

3.4 Equalities mainstreaming and gender budgeting: To reduce the inequalities that have left women in Wales more vulnerable to the impacts of successive crises, the Welsh Government must take further action to address gender inequality at its root. By implementing the recommendation of the Gender Equality Review *Deeds Not Words*⁴⁶ in full, the Welsh Government can embed an intersectional equalities lens into all future spending decisions, and therefore avoid unintended inequitable impacts. While we welcome the actions taken so far, progress on fully implementing the recommendations remains regrettably slow.

3.4.1 Gender budgeting pilots: While we welcome the continued piloting of gender budgeting and the publication of the Personal Learning Accounts (PLA) pilot evaluation earlier this year, it remains unclear how the learnings will inform

⁴² UK Women's Budget Group (2022), *The gendered impact of the cost-of-living crisis on public services*

⁴³ HM Treasury (2023), *Autumn Statement 2023*

⁴⁴ Wales Fiscal Analysis (2023), *The medium-term fiscal outlook for local government in Wales*

⁴⁵ Oxfam Cymru (2023), *Little steps, big struggles: Childcare in Wales*

⁴⁶ Chwarae Teg (2019), *Deeds Not Words, Review of Gender Equality in Wales*

further pilots and wider policy making. We are also still awaiting the full evaluations from the Welsh Government's other ongoing gender budgeting pilots – Young Persons Guarantee (YPG) and E-Move – and are keen to learn more about the specific gender budgeting tools that have been used, the pilot aims and timescales as well as how success will be evaluated. To ensure these pilots are successful and constructive, this information must be clarified without delay. Furthermore, while pilots provide valuable learnings, attention now needs to be given to developing plans to mainstream gender budgeting tools across the Welsh Government, supporting better policy making and resource allocation across the board.

- 3.4.2 **Assessing impact:** The work of the Budget Improvement and Impact Advisory Group (BIAG) resulted in the publication of a much-improved Strategic Integrated Impact Assessment (SIIA) alongside last year's Draft Budget. However, more work needs to be done to clearly demonstrate how equalities data and analysis are shaping budgetary decisions across a wider range of government policy decisions. We hope that this important work will continue with fervor in the 2024-2025 Welsh budgetary cycle and will result in further marked improvements in this year's SIIA and Budget Improvement Plan.

4. Is the Welsh Government using the financial mechanisms available to it around borrowing and taxation effectively?

4.1 We recognize the tight fiscal constraints placed on the Welsh Government as a result of its current fiscal framework, consisting of a block grant determined by England departmental spending changes, inflexible tax powers and limited borrowing powers.

4.2 This lack of flexibility was highlighted by this year's in-year spending changes, in which Cabinet ministers were asked to mitigate budgetary pressures through spending cuts and reprioritizations, emphasizing the limited tools at the Welsh Government's disposal to manage its budget from year to year. As noted in a recent report by the Institute of Welsh Affairs (IWA), this 'lack of fiscal firepower,'⁴⁷ constrains the Welsh Government's policymaking abilities in devolved areas such as health, economy, housing and transport. As outlined above, these policy areas are key to tackle the cost of living crisis and its impact on women.

4.3 **Taxation:** Notwithstanding a small number of devolved taxes – Council Tax, non-domestic rates, land transaction tax and landfill disposals tax – Wales' tax powers are limited.

4.3.1 **Council tax:** We welcome the recent work being undertaken by the Welsh Government to reform Welsh council tax and establish a more progressive system. The projected shortfall of £354 million for Welsh local authorities in 2024-25⁴⁸, and the expected increases in council tax, makes progress towards a fairer council tax system a matter of urgency.

4.3.2 **Income tax:** Unlike in Scotland, the Welsh Government cannot adjust income tax bands (which are formulated on a UK basis) or create new ones. Instead, under Welsh rates of income tax, the Welsh Government can amend the top 10p paid by Welsh taxpayers in every £1 of income in each tax band (Basic, Higher, Additional). As noted by Wales Fiscal Analysis, current income tax thresholds are not suitable to income levels in Wales, where 93% of taxpayers

⁴⁷ Institute of Welsh Affairs (2022), *Fiscal Firepower: Effective Policy-Making in Wales*
https://www.iwa.wales/wp-content/media/IWA_Fiscal-Firepower-and-Effective-Policy-Making.pdf [Accessed 28.11.23]

⁴⁸ Wales Fiscal Analysis (2023), *The medium-term fiscal outlook for local government in Wales*

pay the basic rate.⁴⁹ The Welsh Government must continue to make the case for further devolution of taxation powers to Wales, to allow more flexibility and to respond to the needs of Welsh taxpayers.

4.4 Borrowing: Under the current fiscal framework, the Welsh Government has a borrowing cap of £1 billion from the National Loans Fund, the cheapest form of borrowing available to it.

4.4.1 As noted by the IWA, this arrangement 'embeds expensive borrowing and essentially bans cheaper forms of borrowing above a certain level,'⁵⁰ and locks Wales into lower levels of development than other parts of the UK.

4.4.2 To address this, we echo the recommendations of the IWA Fiscal Firepower report, which calls on the Welsh Government to continue to call and explore the case for the devolution of prudential borrowing powers.⁵¹

5. The Committee would like to focus on a number of other specific areas in the scrutiny of the Budget. Do you have any specific comments on any of the areas identified below?

Is enough being done to tackle the rising cost of living and support those living in relative income poverty?

5.1 As noted throughout this response, structural inequalities mean that women in Wales are more likely to be living in relative income poverty as the cost of living crisis continues to bite. While government support measures such as hardship payments are welcome, we are concerned that they do not go far enough to adequately support women and other vulnerable groups during this challenging time. To do so, the Welsh Government should implement the cost of living support and public services recommendations detailed in our response to Question 3 above. In the longer term, it is vital that action is taken to address the root causes of gender inequality in Wales by implementing the recommendations of the Gender Equality Review⁵² in full. See section 5.7 below for more detail.

How could the budget further address gender inequality in areas such as healthcare, skills and employment?

5.2 **Healthcare:** As discussed above, women in Wales are more likely to rely on and work in public services. This is particularly the case in Wales' health and social care sector, within which women account for over 78% of workers.⁵³ The social care sector in particular is undervalued and understaffed with lower wages and widespread precarious work and conditions. Due to their dominance in the sector, this further entrenches the unequal economic position of women, pushing them further into debt and poverty as costs rise.

5.2.1 While we welcome the Welsh Government's continued investment in health and social care, more must be done to address the precariousness of work and the 15% of unfilled vacancies that persist within the sector.⁵⁴ A possible solution to this is the implementation of an ethical care charter to ensure fair work

⁴⁹ Ibid.

⁵⁰ Institute of Welsh Affairs (2023), *Fiscal Firepower: Effective Policy-Making in Wales*

⁵¹ Ibid.

⁵² Chwarae Teg (2019), *Deeds Not Words, Review of Gender Equality in Wales*

⁵³ Chwarae Teg (2023), *State of the Nation 2023*

⁵⁴ Wales Fiscal Analysis (2023), *Labour Market Update for Wales*

opportunities and reduce the prevalence of zero-hour contracts and lack of development opportunities within the sector.

5.3 Health inequalities: In addition to economic inequality, women also experience health inequality in Wales. As noted by Senedd Research, women in Wales experience poorer health outcomes in many healthcare areas including rates of diseases such as cancer and diabetes, and mental health diagnoses.⁵⁵ Thus, while women in Wales have a longer life expectancy than men, they are spending less of their life in good health, with the UK having the largest gender health gap out of all G20 countries.⁵⁶

5.3.1 This situation is even starker for women who experience intersecting discrimination. For example, Black women in the UK are almost four times more likely to die in childbirth than white women, with significant disparities for women from Asian or mixed ethnic backgrounds.⁵⁷ Furthermore, during the pandemic, disabled women in the UK were up to 3.5 times more likely to die from a Covid-related cause than non-disabled women.⁵⁸

5.3.2 To address this gender health gap, the Welsh Government must urgently progress work on its Women's Health Plan to address areas of unmet need and to ensure equal and timely access to healthcare services for women. The Welsh Government should also invest in high-quality research so that more is learnt about women-only conditions such as endometriosis and polycystic ovary syndrome, and to identify and study gender differences in diseases.

5.4 Employment and skills: Due to deep-rooted gender inequality, women in Wales are more likely to be working in part-time, insecure and low-paid jobs. To address these inequalities and allow women to achieve their economic potential, the Welsh Government must reduce the barriers that women face to entering, progressing and remaining in the workplace.

5.4.1 **Childcare:** The lack of affordable, accessible and flexible childcare provision continues to exert significant influence over women's paid work, often shaping whether they are in work, the hours they work and the opportunities they have for progression. The Welsh Government should help alleviate these barriers by allocating the consequential funding from the extended England Childcare Offer to expand funded childcare provisions to lowest income families.

5.4.2 **Underrepresentation:** Another key factor in women's economic inequality in Wales is their underrepresentation in highest paid sectors such as mining and quarrying, energy production and supply, and water supply, sewage and waste.⁵⁹ As noted by Chwarae Teg (2023), these sectors are male dominated.⁶⁰

5.4.2.1 To address these labour market disadvantages, the Welsh Government should use consequential funding from apprenticeships funding to invest in employability programmes and interventions designed to meet the

⁵⁵ Senedd Research (2022), *Hormonal, emotional and irrational: Is it really the case that women's health is taken less seriously than men's?* <https://research.senedd.wales/research-articles/hormonal-emotional-and-irrational-is-it-really-the-case-that-women-s-health-is-taken-less-seriously-than-men-s/> [Accessed 26.11.23]

⁵⁶ Ibid.

⁵⁷ UK Women and Equalities Committee (2023) *Black maternal health* <https://committees.parliament.uk/publications/38989/documents/191706/default/> [Accessed 26.11.23]

⁵⁸ ONS (2021), *Updated estimates of coronavirus (COVID-19) related deaths by disability status, England: 24 January to 20 November 2020*

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/articles/coronavirusrelateddeathsbydisabilitystatusenglandandwales/24januaryto20november2020> [Accessed 26.11.23]

⁵⁹ Wales Fiscal Analysis (2023), *Labour Market Update for Wales*

⁶⁰ Chwarae Teg (2023), *State of the Nation 2023*

needs of women and girls in Wales and increase their representation in high-earning sectors.

5.5 Investing in a care-led economy: The Welsh Government can also reduce gender inequality in employment by improving the pay and conditions in the sectors that women dominate. In addition to investing in the childcare sector, the Welsh Government should:

5.5.1 Address the recruitment and retention issues within the social care sector by tackling its zero-hour contracts, lack of job security and shortage of training and progression opportunities.

5.5.2 Utilize the levers at its disposal to allocate additional funding to Wales' local authorities, which provide vital public services and face a funding shortfall of £354 million in 2024-2025.⁶¹

5.6 Equalities mainstreaming and gender budgeting: As outlined in section 5.7 below, to tackle structural inequality the Welsh Government must embed a robust intersectional gender analysis into all policy making and spending decisions. To do so, the implementation of the Gender Equality Review, *Deeds Not Words*⁶² recommendations must be expediated as a matter of urgency.

How should the Welsh Government explain its funding decisions, including how its spending contributes to addressing policy issues?

How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

How is evidence and data driving priority setting and budget allocations, and is this approach sufficiently clear?

5.7 For brevity, the above questions have been grouped together. Alleviating gender inequalities in Wales requires embedding a robust intersectional equalities analysis in all spending and policy decisions and clearly demonstrating how those decisions are informed by their impacts on gender and other groups. By doing so, the Welsh Government can avoid unintended consequences that exacerbate inequality and tackle gender inequality at its root. As noted throughout our response, the recommendations of the Gender Equality Review⁶³ provide a clear, well-evidenced framework through which to do this, but are not yet fully implemented by the Welsh Government.

5.7.1 **Gender budgeting:** While we welcome the Welsh Government's continued piloting of gender budgeting, attention now needs to be given to developing plans to mainstream gender budgeting tools across the Welsh Government, supporting better policy making and resource allocation.

5.7.2 **Mainstreaming equality and impact analysis:** We also welcome the ongoing work undertaken by government officials and other stakeholders through BIAG to strengthen the SIIA and provide a clearer rationale and evidence base for Welsh Government budgetary decisions. As noted previously, this important work resulted in marked improvements to last year's SIIA, including for example, a clearer purpose, stronger linking between evidence, trends and budgetary decisions and the use of detailed case studies demonstrating how complex issues informed spending decisions. Issues remain, however, with regards to the detail and scope of these analyses. The 2024-2025 SIIA could therefore be improved by demonstrating how equalities data and analysis are shaping budgetary allocations across a wider range of government policy

⁶¹ Wales Fiscal Analysis (2023), *The medium-term fiscal outlook for local government in Wales*

⁶² Chwarae Teg (2019), *Deeds Not Words, Review of Gender Equality in Wales*

⁶³ Ibid.

decisions. We hope to see further changes and a detailed plan for further strengthening of the SIIA in this year's Budget Improvement Plan.

5.8 To conduct intersectional equalities and impact assessments, full use of equalities evidence and disaggregated data is critical. Challenges persist in Wales however, with regards to the collection and reporting of data. Specifically, the lack of available disaggregated data – for example by region, gender and other intersectional characteristics - makes it difficult to adequately understand the impact of policy and spending decisions on different groups.

5.8.1 Thus, while we welcome the establishment of the Equality, Race and Disability Evidence Units, these units must retain a key focus on gender and intersectional equalities, so that this data is available and disaggregated as a matter of routine. The Welsh Government must then ensure that this data is used effectively to demonstrate impact and inform policymaking.

Is the support provided by the Welsh Government for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and pandemic sufficient?

5.9 Post-EU funding challenges and prevailing financial pressures have had a profound impact on third sector organisations throughout the UK, particularly those within the women's sector. As noted in a recent report by Rosa⁶⁴ only 1.8% of the £4.1 billion grants awarded to UK charities in 2021 went to women and girls focused activity, with one third of these grants awarded to organisations with no specific focus on women and girls. These issues are amplified within the Welsh women's sector, where organisations face additional obstacles when seeking to address and diversify their funding due to a lack of understanding of devolution amongst grant-making bodies. These unique financial pressures are evidenced by the sad closure of Chwarae Teg, Wales' leading gender equality charity, in October of this year. For 30 years, Chwarae Teg played a pivotal role in research, policy development and campaigning on fiscal matters, including budgetary scrutiny, in Wales. The loss of the organisation and the expertise of its – predominantly female – workforce leaves a significant and concerning gap within the Welsh women's sector. Organizational closures such as Chwarae Teg's represent a worrying trend of capacity loss within Wales' third sector, which plays an indispensable role in scrutinizing policies and advocating for the most disadvantaged in our society. To prevent further loss of vital expertise and to support women and other vulnerable groups in Wales, the Welsh Government must take urgent action to protect the sustainability of a rapidly contracting Welsh women's sector, through adequate funding and increased support.

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⁶⁴ Rosa (2023), *Mapping the UK Women and Girls Sector and its Funding: Where Does the Money Go?*
<https://rosauk.org/wp-content/uploads/2023/04/Women-and-Girls-Sector-Research-Mapping-Report-Amended.pdf> [Accessed 29.11.23]