

Written evidence submitted by the UK Women's Budget Group [SRF 038]

1. The UK Women's Budget Group (WBG) is an independent network of leading academic researchers, policy experts and campaigners that analyses the gendered impact of economic policy on different groups of women and men and promotes alternative policies for a gender equal economy.
2. We welcome this CHLG inquiry. This submission gives some evidence as to the impact of Covid on different groups of women and, the role of local government finance in responding to these in the short and longer term as well as the extent to which the spending review 2020 helped meet these aims
3. The coronavirus pandemic has had significant economic impacts at every level of government and society. These have been disproportionately distributed geographically – between local authorities - as well by gender, race, income, and disability¹.
4. Local government has a crucial role to play in responding to, mitigating, and recovering from these economic challenges. It also has a crucial role to play in promoting gender equality: local government is often best placed to respond to the needs of local women including in running care and community services, public transport, and domestic abuse support. The report by Heather Wakefield for the UK Women's Budget Group, '*Triple Whammy: the impact of local government cuts on women*', looks more closely at the role and situation of local government before coronavirus².

The approach the Government should take to local government funding as part of the 2020 Spending Review and what the key features of that settlement should be; What the financial challenges facing councils are as a result of the COVID-19 pandemic, including lost income and local tax losses.

5. The crisis falls on top of a decade of austerity and privatisation and the shift to locally raised revenue, leaving local authorities less able to respond and recover. These cuts had already had a disproportionate gender impact, especially in the poorest local authorities³. As a result of the colliding crises of austerity and Covid, specific groups of women have been disproportionately impacted given their increased precarity, responsibility for unpaid care work and, lower incomes/assets.
6. The announcements of £3 billion additional funding for local authorities (LAs) in England will be welcome for many struggling because of the pandemic. However, increasing the potential for local authorities to raise council tax and the social care precept, is de facto 'levelling down' since the poorest local authorities receive less in council tax and business rates reinforcing a cycle of lack of local investment and regional inequality.
7. To deliver recovery, LAs desperately needed to see a recommitment to funding local government from the centre. For all the talk of 'levelling up', this Spending Review reinforced the regional inequality seen since 2010:
 - a. The burden to fund vital local services will fall primarily on local residents with LA funding reliant on significant increases to Council Tax including the social care precept in 2021. This will only deepen regional inequalities because the poorest LAs can raise less in tax but often have the most vulnerable people to care for. Analysis of data from 326 local authorities shows that the precept raises the least in those councils with the highest concentration of older people and unpaid carers. In East Lindsey, where 30% of people are aged over 65, the 2% increase in council tax raises just £30 per older person per year. In contrast, Richmond upon Thames, where just 15% fall into the over 65 age range, a 2% increase raises an additional £95 per older person per year⁴.
 - b. The pay of many local government staff will be effectively cut by the partial public sector pay freeze. Most LAs are already considerably short-staffed due to redundancies⁵ and outsourcing since 2010. Most

¹ WBG (2020) Submission to the Treasury Select Committee inquiry the economic impact of coronavirus <https://wbg.org.uk/analysis/consultation-responses/submission-to-the-treasury-select-committee-inquiry-into-the-economic-impact-of-coronavirus/>

² WBG (2019) Triple whammy: the impact of local government cuts on women <https://wbg.org.uk/analysis/reports/triple-whammy-the-impact-of-local-government-cuts-on-women/>

³ WBG (2019) Triple whammy: the impact of local government cuts on women <https://wbg.org.uk/analysis/reports/triple-whammy-the-impact-of-local-government-cuts-on-women/>

⁴ Communities and Local Government Select Committee (March 2017) Adult Social Care (<http://bit.ly/2jsjaCa>) (p.1)

⁵ ONS (2019) Public sector employment UK <https://bit.ly/3bYkHaj>

- of these staff are women with Black, Asian, and ethnic minority women and migrant women overrepresented, so this will also have an impact on the gender and race pay gaps.
- c. Announcements to fund road repairs, new hospitals and infrastructure investment will be welcome for many councils. Physical infrastructure *is* urgently needed to decarbonise our economy and more social housing should be an immediate priority.
 - d. However, the failure to fund social infrastructure similarly will once again limit the impact of these investments. Investment in social infrastructure would be an ideal way of ‘levelling up’ especially since it is the poorer areas that are underprovided with both social and childcare services and in greatest need of such investment
 - e. Such investment would particularly benefit women who are more likely to use these services, more likely to work in them and more likely to have to increase their unpaid work when funding for local services is cut.
8. The Government has also brought forward a competitive £4bn local levelling up fund. This is an important recognition that local areas need the chance to work on projects to meet their local needs as the UK recovers from Covid. However, the funding being adjudicated by central Government undermines this principle and creates a counterintuitive ‘bidding war’ between local authorities with the risk that funding decisions will be made on the basis of political gains rather than local need.
 9. A better approach would be that followed in the Urban Programme funding, which left local authorities free to determine priorities using criteria established by the Home Office programme of Community Development Projects. This gave priority to employment projects that were open to community consultation and benefitted those most likely to be out of work and struggling to make ends meet.
 10. The announcement of the levelling up fund included no criteria with which proposals should comply. These should include job creation; free access to adult education or training for those who have lost jobs; affordable collective transport initiatives to widen job opportunities and labour markets; social care ideas at local community level combining public health, primary health care, and volunteer work, all of which would be of principal benefit to women and those without resources.
 11. The spending review made no mention of monitoring the projected outcomes of this scheme carefully to avoid waste or corruption. This is a serious omission. In addition, there was an absence of local accountability, leaving the scheme open to poorly worked out, ad hoc solutions and greater bureaucracy while waiting for ministerial decision rather than moving ahead to solve problems. Unfortunately, this scheme continues the consolidation of power at Westminster, forcing unequal local authorities to compete for funding without transparency.
 12. Instead of raising LA revenue from local taxes to deliver only physical infrastructure, the Government should return to central government grants to LAs, funded through national tax revenue and deliver a programme of investment in social infrastructure. This approach to infrastructure and investment which prioritises wellbeing, equality and sustainability – as set out in the WBG Commission on Gender Equal Economy report⁶ - would boost confidence, spending and allow the economy’s recovery to be matched by recovery of people’s livelihoods.

The current financial situation of councils, how this has affected their ability to deliver services and the demand for services, including Adult Social Care

13. Local government, and the services they fund, have been put under huge strain through the pandemic with services like social care, women’s refuges and business support requiring additional support. Fifty per cent cuts to local government funding since 2010 and the shift to funding local authorities (LAs) through locally raised revenue, have left LAs, especially in the poorest areas, ill-equipped to deal with coronavirus⁷.
14. Meanwhile staffing costs in social care have increased and now the care sector is grappling with the financial consequences of the Coronavirus pandemic. A recent ADASS survey found that just 4% of Directors of Social Services were confident their budget would be sufficient to meet their statutory duty to provide care. Last years, 35% of Directors were confident of this showing the damning impact of the virus on already stretched funding constraints⁸.

⁶ WBG (2020) Creating a Caring Economy: a Call to Action <https://bit.ly/3lvQ675>

⁷ BMJ (2020) Covid-19: People in most deprived areas of England and Wales twice as likely to die <https://bit.ly/3mrUa9R>

⁸ ADASS (2020) ADASS Budget Survey 2020 <https://www.adass.org.uk/adass-budget-survey-2020-coronavirus-budgets>

15. Regressive plans to make local authorities ‘self-sufficient’ and more dependent on their own business rates also impacts unevenly across local authorities⁹. Those with the lowest receipts from business rates are likely to have the poorest populations and the highest social care needs. This may result in the poorest localities having to charge a higher rate of Council Tax, even though their residents can least afford this.¹⁰
16. Cumulatively, these political decisions have had huge consequences for regional inequality, especially when it comes to care: there is now a seven-year difference between healthy life expectancies in the richest and poorest local authorities¹¹. The quality and quantity of care is also a postcode lottery: private providers are concentrated in wealthier areas where low payments for publicly funded care can be subsidised by self-funders. Those local authorities with greatest need for social care have faced the greatest cuts. The more deprived areas have become ‘care deserts’ as private providers concentrate on wealthier areas.
17. Funding has not kept up with increased need. In 2019, Age UK reported in 2019 that nearly 1.5 million people aged 65 and over, nearly 1 in 7, are living with unmet care needs that prevent them being able to accomplish some daily activities.¹² This is a 50% increase in people with unmet needs since 2010. Most of them are women because women still live longer than men. Of those aged over 75 years old and living alone, 72% are women.¹³ Older men (over 65 years) are less likely to be widowed than older women (and therefore slightly more likely to be caring for a spouse).¹⁴ Since 2001, the number of people aged 85 and older has increased by 33%, and those aged 65 and over by 22%.¹⁵ This would only be a cause of celebration had healthy life expectation grown similarly, but it has not. By 2018 there were 2.9 million people with long-term conditions in England in 2018, 1.9 million more than in 2008¹⁶.
18. There has also been an increase in people of working age with disabilities or special needs. The percentage of the population reporting a disability has increased – from 15% in 2010/11 to 18% in 2017/18.¹⁷ Some local authorities now spend more on social care for this group than they do for older people. Working age adults now account for 64% of demographic pressures on the adult social care budgets compared with 58% 2019-20. Older people now account for 36%¹⁸.
19. Many more people born with learning disabilities or long-standing conditions who, in the past would have died young, now survive well into adulthood but many need some social care - either residential or in the community. With sufficient support disabled people or those with long-standing conditions can be employed especially if they have a personal assistant and/ or supportive employers. The independence they can achieve in this way is invaluable to many. This support also comes from local authority social care budgets.
20. The crisis in social care also exacerbates gender inequality. Women are the majority (83%) of frontline paid care workers, with Black, Asian, and ethnic minority people overrepresented (21% of care workers compared with 14% of the population). Additionally, 1 in 4 paid carers is born outside the UK. Both zero-hour contracts and low pay are common. Women are also the majority of those providing unpaid care for children, elderly, disabled and/or vulnerable people.
21. The Spending Review once again delayed the structural and financial reform the social care sector so desperately needed. The Chancellor ‘s announcement of an additional £300 million for children’s and adult social care, brings a total of £1 billion extra resources for social care for 2021. The Treasury claimed that “this will support councils to maintain care services while keeping up with rising demand and recovering from the impact of Covid-19.”¹⁹
22. However, this pledge falls short of the £1.3 billion which ADASS has estimated is the minimum necessary to meet increased demand for adult social care even before the pandemic and the announced increase to the national living wage²⁰.

⁹ The plan is currently under review by the Government <https://www.gov.uk/government/consultations/business-rates-retention-reform>

¹⁰ Communities and Local Government Select Committee (March 2017) *Adult Social Care* (<http://bit.ly/2jsjaCa>) (p.1)

¹¹ WBG (2019) Office for National Statistics data reveals: Life expectancy for women has fallen <https://wbg.org.uk/media/press-releases/office-for-national-statistics-data-life-expectancy-for-women-has-fallen/>

¹² Age UK (2019) Briefing: Health and Care of Older People in England 2019 (<http://bit.ly/2MPOoiG>) p. 4

¹³ ONS (2015) *Life Expectancy at Birth and at Age 65 by Local Areas in England and Wales: 2012 to 2014* (<http://bit.ly/2my29mD>) (Figure 6)

¹⁴ ONS (2013) *Full story: The gender gap in unpaid care provision: is there an impact on health and economic position?* (<http://bit.ly/2oqur8L>)

¹⁵ Care Quality Commission (2016) *The State of Health Care and Adult Social Care in England 2015/16* <https://bit.ly/2q0RWTd> (p.42, Figure 1.16.)

¹⁶ The Kings Fund (2020) Long-term conditions and multi-morbidity <https://www.kingsfund.org.uk/projects/time-think-differently/trends-disease-and-disability-long-term-conditions-multi-morbidity>

¹⁷ Care Quality Commission (2019) *The State of Health Care and Adult Social Care in England 2018/19* (<http://bit.ly/2p8axQt>) p. 40

¹⁸ ADASS (2020) ADASS Budget Survey 2020 <https://www.adass.org.uk/adass-budget-survey-2020-coronavirus-budgets>

¹⁹ HM Treasury (2020) Spending Review 2020, page 95 <https://bit.ly/3oc6prl>

23. There was no mention of the social care sector as a target for investment. Investment in enhanced pay, better training, supported sick and care leave for workers, who are still predominately women is urgent. This is essential if the estimated 120,000²¹ current vacancies for social care staff and a reduction in high turnover rates are to be met. This situation will become more critical with the expected fall in new migrant workers under the government's new immigration rules. From January 2021, these exclude most care workers on the grounds of their low pay and level of qualifications.
24. In the meantime, family carers, of whom an estimated 58%²² are women, must make up the difference. According to Carers UK "78% of unpaid carers are seeing the needs of the person they care for increase and 74% are worn out, raising a real concern about how family carers will continue to cope over the winter²³. Support services such as respite care and day centres have been suspended- some permanently. According to ADASS 63% of councils had reported a rise in the breakdown of unpaid carer arrangements. If unpaid carers cannot cope, there will be an increase in hospital admissions, as well as demands on community health services and domiciliary carers at a time when all these systems are under unsustainable pressure. This is not cost-effective.
25. At the same time, the increase in women's state pension age means many older carers cannot access a state retirement pension until they are 66 years. The Government has refused to increase the income of those carers in receipt of Carer's Allowance by £20 from the current level of £67.25 per year, which would match the temporary uplift in Universal Credit but not the loss of pension.
26. Investing in social care sector reform would be beneficial for women but it would also benefit the economy and environment. Investing in care is an effective way to both create jobs and respond to the climate emergency. WBG research²⁴ finds that investing in care would create 2.7 times as many jobs as the same investment in construction: 6.3 as many for women and 10% more for men. And, because of its greater employment creation, 50% more is recouped by the Treasury in direct and indirect tax revenue from investment in care than in construction.

What the impact is of another one-year spending review and a further delay to a multi-year settlement and the Fair Funding Review.

27. The short-term nature of announcements in the spending review will create more uncertainty for many LAs. Notably, there was no mention of the end of the post-Brexit transition period, only five weeks away. And there was no new major fiscal stimulus package to tackle the economic and social crisis caused by the pandemic, certainly nothing compared to those announced by France²⁵ or Germany²⁶ over the summer.
28. While nominal interest rates are low, and real interest rates negative, it makes sense to continue borrowing to invest in having a more secure economy in the future. The amount spent on debt interest now is lower than it was before the pandemic because interest rates are so low²⁷. Reducing the deficit by cutting spending or by raising taxes on those whose spending would otherwise stimulate economic activity makes no sense while the economy is underperforming and there is unemployment and spare capacity.

Equality impact assessments

29. Finally, local government has a significant effect on disadvantaged groups in the economy including women, BAME groups, migrants, low paid and precarious workers, and disabled people. The role of local government post-Covid should be to prioritise securing equality and justice for these groups and people with intersecting identities. An important way to do this is to ensure comprehensive and meaningfully equality impact assessments are undertaken as part of the policy-making process.

²⁰Community Care (2020) Extra £1bn for social care but pay freeze looms for social workers in Rishi Sunak's spending review <https://bit.ly/3qjtKZV>; Care Home Professional (2020) ADASS calls on government to back social care in Spending Review <https://bit.ly/3oeqaPa>

²¹ Skills for Social Care (2019) The state of social care workforce 2019 <https://bit.ly/3kO3XW1>

²² Carers UK (2020) Caring behind closed doors <https://bit.ly/3pMWcDq>

²³ Carers UK (2020) Carers UK responds to Chancellor's Spending Review <https://bit.ly/3o5hR8e>

²⁴ WBG (2020) A care-led recovery from coronavirus <https://bit.ly/39vSUP3>

²⁵ BBC News (2020) France in huge coronavirus recovery plan focusing on green energy <https://bbc.in/2VnFYCK>

²⁶ The Financial Times (2020) Germany's 'ka-boom' stimulus marks a surprising change <https://on.ft.com/37qmuTG>

²⁷ IFS (2020) Outlook for the public finances <https://bit.ly/36r9UnN>

30. Following an assessment of HM Treasury's spending review process the Equality and Human Rights Commission published step-by-step advice on financial decision-making before and during a spending review, and its evaluation afterwards.²⁸ Yet, the 2020 Spending Review contains just three pages containing 'illustrative examples' where spending allocations will have a positive impact on people with protected characteristics²⁹. For gender equality, examples given are the national living wage increase, new early years funding and funding for local authorities to meet new domestic abuse duties³⁰. There is no comprehensive analysis of the gender and other equality impacts of all policies. Furthermore, by giving a few examples for each protected characteristic in turn, the impact assessment fails to acknowledge how protected characteristics intersect. For example, WBG research finds that Black, Asian, and ethnic minority women and disabled women have suffered worse financial impact from the pandemic than their white and non-disabled counterparts.
31. A meaningful equality impact assessment must take account of the impact of a policy or budget allocation on all people and groups with protected characteristics including age, disability, sex, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation. For gender sensitive policy it is particularly important to take account of how policy will impact individuals as well as households as we know resources are not always equally distributed between women and men within households.
32. A gender equality impact assessment also requires policymakers to take account of how any policy reform will interact with unpaid care work and, to take lifetime and cumulative approaches to policy reform. For example, pension policy must take account of people's lives across a lifetime not in a snapshot. To avoid disadvantaging one group, policies must be considered together as well as individually³¹.

December 2020

²⁸ EHRC (2020) Future fair financial decision making <https://bit.ly/2VIE2dM> page 22

²⁹HM Treasury (2020) Spending Review 2020, page 93 <https://bit.ly/3oc6prl>

³⁰ HM Treasury (2020) Spending Review 2020, page 95 <https://bit.ly/3oc6prl>

³¹ For more information on meaningful equality impact assessments see WBG (2020) Equality impact assessments <https://wbg.org.uk/analysis/uk-policy-briefings/briefing-equality-impact-assessments-and-the-budget-2020/> and a forthcoming paper on EIAs at local government level.