

Written Evidence submitted by the Women's Budget Group

Summary

- The Women's Budget Group believes that equality, wellbeing, and sustainability rather than growth should be the primary aim of Government economic policy. The focus on GDP fails to capture what really matters in our economy and the pursuit of exponential growth is fundamentally at odds with living sustainably in a world with finite resources.
- Investment in paid care services improves wellbeing through ensuring that people's care needs are met; it improves gender equality because it raises the overall employment rate and reduces the gender employment gap, and it is sustainable because care jobs are low-carbon jobs. Investment in care could create 2.7 times as many jobs as the equivalent money invested in construction.
- A comprehensive Equality Impact Assessment is needed to ensure both that the Plan for Growth meets its aims, and that the Government fulfils its legal obligations under the Public Sector Equality Duty.

Introduction

The UK Women's Budget Group (WBG) welcomes the opportunity to contribute to this inquiry. 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. We have only answered the questions within the scope of our work.

Jobs, growth, and productivity

1. How much difference can government policy make to economic growth?

The Women's Budget Group believes that equality, wellbeing, and sustainability rather than growth should be the primary aim of Government economic policy. Most governments aim to maximise the growth of GDP, in the belief that this will increase living standards. However, today, economic growth is not correlated with improvements in wellbeing, but instead is associated with rising inequality and severe environmental degradation.

There are increasing calls to move beyond a focus on growth, including from the OECD. In September 2020, the Reset inquiry found that just one in five UK adults think government should continue to prioritise GDP as its main economic goal¹. What should matter is what is being produced, how it is being produced and what the impacts are on equality, wellbeing, and sustainability.

Economic growth as measured by GDP does not capture the value of unpaid work or human and social capital. If no-one spent time on unpaid care, GDP could be greatly raised even if current unpaid carers, then worked in poor quality, low productivity jobs. But that would not be a society in which UK residents' needs were better met (or a more equal one or one with improved living standards). GDP is not an adequate measure of the well-being of a population, its living standards, or the health of an economy, and increasing it per se should not be an aim of industrial strategy. In practice, it is likely that GDP would grow if as a country we became better at fulfilling needs. However, targeting GDP is the wrong objective and as such it biases policies so that they do not achieve what should be their true objectives in the most efficient manner. Crucially, the pursuit of exponential growth is fundamentally at odds with living sustainably in a world with finite resources.

Our conception of the economy and what counts as economic policy must change, to include the centrality of care, to recognise and value paid and unpaid work, wellbeing as well as output of goods and services, and ecological limits as well as human innovations²

2. What are the causes of the gap in the UK's level of productivity compared to other advanced economies, and why has productivity growth been persistently weak in the aftermath of the 2007-09 financial crisis?

Aggregate demand in the economy influences the level of productivity. In other words, as sales go up or down, so does value added and hence productivity. How much is sold depends on what people have to spend, and this means that sustained cuts to public expenditure - in squeezing the money that flows to households, especially through social security payments and through employment of workers that produce public services - directly undercut productivity. As such, while productivity is often seen as depending on the efforts of the workforce, a more important factor is the policy of the Chancellor of the Exchequer.

¹ Reset (2020) How to Reset [HowToResetSummary-c342b3927b9f9451732c651102167967.pdf](https://reset-uk.org/HowToResetSummary-c342b3927b9f9451732c651102167967.pdf) (reset-uk.org)

² WBG (2020) Commission on a Gender-Equal Economy <https://wbg.org.uk/commission/>

In addition, we would like to raise two key issues around productivity; firstly, the link between Government labour market policy and low productivity and secondly whether productivity itself is always the right measure to focus upon.

A Low-Road Approach

Since 2010, successive governments have pursued a 'low-road' approach to organising the labour market. It is characterised by low pay, poor working conditions, and lack of job security as well as making the active pursuit of work a condition for receiving income benefits. An increasingly disposable workforce, employed cheaply and made to carry all employment risks through insecure contracts, considerably reduces the incentive for employers to invest in improving levels of productivity through raising working conditions and upskilling their workforce.

Quality is neglected by traditional understandings of productivity.

Productivity has traditionally been defined as 'value added' divided by some measure of labour inputs. The 'value added' of a business is equal to its total revenue (net of all costs), and so is dependent on how much the firm sells, and the value placed on its product in the market. Accordingly, a business with high revenue and low costs from selling a product that is harmful to wellbeing or to the environment, and employs few people, is considered 'highly productive'.

Moreover, this traditional understanding of productivity means that the wellbeing costs, in terms of stress and ill-health, of pushing workers to 'maximise productivity' by doing more and more in each hour for which they are paid are ignored. The pursuit of productivity gains can lead to a deterioration of quality of output, especially in the care sector, where high quality care requires limits to how many people someone can take care of at once. Moreover, a central aspect of high-quality care is a continued relationship between the care provider and recipient, and plenty of time to provide the care. Pursuit of productivity gains can put this in jeopardy.

The Government must also look at the gendered redistributive effects of increased productivity. In healthcare for example, a shift to increased numbers of day surgeries might constitute improved productivity but it also redistributes additional unpaid work, overwhelming done by women, as day patients will require care within the home. This redistributive effect of increased productivity greatly inhibits women's ability to undertake paid work.

However, when we redefine what productivity means, focusing instead on wellbeing and counting the costs on the environment, a caring economy will be more productive, not less. Moreover, some of these gains will accrue indirectly to business and government agencies, for instance in terms of reduced expenditures on measures to mitigate or contain damage associated with a market-driven

economy and may directly increase returns as a result of factors such as a reduction in staff turnover and in absence for ill health.

3. How successful has the Government's pandemic response been in protecting jobs to date, and how can it help reduce and mitigate the economic scarring effects of the pandemic going forward?

During the pandemic we have seen that Government intervention and investment are possible and needed to stimulate the economy and protect the population. The furlough scheme has helped to prevent wide-scale job losses the likes of which have been seen in the USA, where jobs held by women fell by 156,000 in December 2020³. However, the Government's measures in response to Covid have exacerbated pre-existing inequalities and created new ones that have disproportionately impacted women⁴.

Furlough

Overall, more women than men have been furloughed across the UK, with young women particularly impacted⁵. Since the furlough scheme only covers 80% of earnings, more women than men have taken a pay cut this year. Women are the majority of employees in industries with some of the highest Covid-19 job losses, including retail, accommodation, and food services⁶. Sectors such as these where women predominate have high numbers of part-time and zero-hours workers⁷, suggesting they are insufficiently protected should they become ill, have hours decreased or be made redundant.

Childcare

Nearly half (46%) of mothers that have been made redundant during the pandemic cite lack of adequate childcare provision as the cause⁸. The lack of formal childcare provision during Covid has had 'the biggest impact on the poorest in childcare' with lasting impacts on the attainment gap⁹.

³ CNN (2021) The US economy lost 140,000 jobs in December. All of them were held by women. [Jobs report shows 140,000 jobs were lost in December. All of them were held by women - CNN](#)

⁴ WBG (2021) Lessons Learned: Where Women Stand At The Start Of 2021 [Where-Women-Stand-V5.pdf \(wbg.org.uk\)](#)

⁵ WBG Local Data Project (2021) Gender Differences in Access to Coronavirus Government Support [LDP-briefing-1-FINAL-report.pdf \(wbg.org.uk\)](#)

⁶ WBG (2021) Gender Differences in Access to Coronavirus Government Support [LDP-briefing-1-FINAL-report.pdf \(wbg.org.uk\)](#)

⁷ WBG (2021) Covid-19 and economic challenges for young women [Covid-19-and-economic-challenges-for-young-women.pdf \(wbg.org.uk\)](#)

⁸ WBG (2021) Childcare, gender and Covid-19 [Childcare-gender-and-Covid-19.pdf \(wbg.org.uk\)](#)

⁹ WBG (2021) Childcare, gender and Covid-19

One in three nursery closures will be in poorer areas¹⁰. Continued underfunding, and the decision to stop funding at pre-Covid attendance levels in January 2021, is threatening the survival of providers, with 58% of local authorities expect some childcare providers in their area to shut permanently¹¹.

Unpaid Work

Since March 2020, the number of unpaid carers has increased by an estimated 4.5 million, 58% of them women¹². Overall, nearly 3 million unpaid carers are also juggling paid work with care¹³. During the pandemic, almost two thirds (64%) of unpaid carers have not been able to take breaks from their caring role¹⁴. 81% of unpaid carers are providing more care, and 8 in 10 carers have seen the needs of the person they care for increase since the start of the pandemic¹⁵.

SEISS

By the end of 2020, 546,000 women had made SEISS claims, compared with 1,376,000 men¹⁶. There was a clear gendered difference in actual take up rate, with only 51% of eligible women claiming, compared to 60% of eligible men¹⁷. A considerable problem with SEISS has been for women who have taken maternity leave within the past three years. SEISS payments are calculated based on average income over the past three-year period. Where women were taking maternity leave, this is counted, bringing down the average payment for mothers. It has been estimated that this has affected an estimated 75,000 women¹⁸.

[Childcare-gender-and-Covid-19.pdf \(wbg.org.uk\)](#)

¹⁰ WBG (2021) Childcare, gender and Covid-19

[Childcare-gender-and-Covid-19.pdf \(wbg.org.uk\)](#)

¹¹ WBG (2021) Childcare, gender and Covid-19

[Childcare-gender-and-Covid-19.pdf \(wbg.org.uk\)](#)

¹² WBG (2021) Lessons Learned: Where Women Stand At The Start Of 2021

[Where-Women-Stand-Ex-sum-V4.pdf \(wbg.org.uk\)](#)

¹³ Carers UK (2020) Caring behind closed doors: six months on

<https://bit.ly/39vTRW5>

¹⁴ Carers UK (2020) Caring behind closed doors: six months on

<https://bit.ly/39vTRW5>

¹⁵ Carers UK (2020) Caring behind closed doors: six months on

<https://bit.ly/39vTRW5>

¹⁶ WBG (2021) Women and employment during Covid-19

[Women-and-employment-during-Covid-19-1.pdf \(wbg.org.uk\)](#)

¹⁷ WBG (2021) Women and employment during Covid-19

[Women-and-employment-during-Covid-19-1.pdf \(wbg.org.uk\)](#)

¹⁸ WBG (2021) Women and employment during Covid-19

[Women-and-employment-during-Covid-19-1.pdf \(wbg.org.uk\)](#)

Recommendations

These gaps highlight a lack of equality impact assessments (EIA) carried out prior to the Government's formulation of its policies in response to the Coronavirus crisis - a missed opportunity to "put equalities at the heart of Government". WBG recommends that the Government should:

- Carry out and publish meaningful equality impact assessments of its Job Retention Scheme (CJRS) and Self Employment Income Support Scheme (SEISS). EIA's should consider cumulative impact, intersectional impact, the impact on individuals as well as households, impact over a lifetime and the impact on unpaid care.
 - Introduce free, universal childcare provision, including early childhood education and activities before and after school, offered year-round and on a full-time basis, with increased staff qualification levels and pay.
 - Make it easier for workers to combine paid work and caring responsibilities, through for instance introducing equal legal entitlements to paid caring leave for all employees and self-employed people, including equal sharing of parental leave in the first year of a child's life, and leave for caring for elderly/disabled people and older children when required.
 - Increase Statutory Sick Pay to the level of the Real Living Wage and be extend it to all workers with no income floor to ensure that those who have symptoms of Covid-19 or are awaiting test results are not forced to go to work.
 - Use the upcoming employment bill to reduce insecurity for low-paid workers by extending employment rights and investing in strong and effective enforcement.
 - Amend the way in which the SEISS payment calculation currently disadvantages women who have recently taken maternity leave. This can be fixed easily by ensuring that the payments, calculated based on average trading profits in the preceding three tax years, exempt periods of maternity leave.
4. Do economic statistics adequately capture growth in the modern economy, and what lessons can be learned from the pandemic about the measurement of economic activity?

As we explain in answer to question 1 above, growth should not be the primary goal of economic policy. If we are to move to a focus on equality, wellbeing, and sustainability, we need to identify key

indicators and collect data to be able to measure progress. Some of this data is already collected, but not included within economic statistics. For example, time use surveys collect data on unpaid work, showing that before the Covid-19 pandemic women carried out 60% more unpaid work than men¹⁹. This work is fundamental to the economy and social wellbeing, but the time it takes reduces the time available for paid work, meaning that women work fewer hours than men and as a result earn less, own less and are more likely to be poor²⁰.

During the pandemic unpaid care work increased significantly, with women, particularly mothers, carrying out a disproportionate amount of unpaid care²¹. At the same time volunteering has boomed in response to the pandemic with the UK Office for National Statistics' research finding that 47% of people informally volunteered during the pandemic and 52% of those were helping people affected by COVID-19²². These vital contributions during a period of crisis have shone a light on the value of unpaid work to our economy and society, which goes uncaptured by economic statistics, and highlights that economic growth is the wrong measure of progress in society.

5. What policies are effective in helping people to reskill, move between occupations and sectors and take advantage of new opportunities? How could these be best implemented in the aftermath of the pandemic, and as technological developments such as artificial intelligence change the nature of work?

Training and Apprenticeship Schemes need to challenge occupational segregation

The Government needs to recognise that training and apprenticeships schemes are an opportunity to restructure the labour market by reversing the occupational segregation. Research by the Young Women's Trust has found that young women are presented with a limited choice of apprenticeships compared to men, that they get paid less than male apprentices (male apprentices get paid 21% more per hour, leaving women potentially over £2000 worse off per year) and are less likely to receive training (7% of young women said they received no training at work, compared to 4% of young men)²³. The Government needs to take positive action to increase diversity in

¹⁹ ONS (2016) Women shoulder the responsibility of 'unpaid work'

[Women shoulder the responsibility of 'unpaid work' - Office for National Statistics](#)

²⁰ WBG (2020) Gender, Work and Care: Explaining Gender Inequality Across the UK
[Accompanying-paper-FINAL.pdf \(wbg.org.uk\)](#)

²¹ WBG (2021) Lessons Learned: Where Women Stand At The Start Of 2021
[Where-Women-Stand-Ex-sum-V4.pdf \(wbg.org.uk\)](#)

²² ONS (2021) A Look At Volunteering During The Response To COVID-19
[A look at volunteering during the response to COVID-19 - GOV.UK \(www.gov.uk\)](#)

apprenticeships, as recommended by the Young Women’s Trust. This could include setting targets, reserving places on training courses, providing work experience opportunities, explicitly welcoming applications from women, providing mentors or adapting the language used in job adverts.

Reskilling Women Across the Life-course

Women need access to training and reskilling that reflects the changes they experience across their life-course. Training opportunities that are only available to those on out-of- work benefits exclude a significant proportion of women who are economically inactive because of caring responsibilities, but who are not registered as unemployed. Life-long learning opportunities need to target women who, rather than being given the opportunity to use and update existing skills or retrain, currently take unskilled work that is more compatible with childcare responsibilities and may be permanently lost to the skilled workforce²⁴. Childcare while training is also an important issue since mothers may not be able to afford or find it while still training.

Lack of Training in Care Sector

If we have learnt one thing from the pandemic it should be that care – adult social care for the elderly and/or disabled, healthcare and childcare – is the backbone of our society. Yet the care sector suffers from a lack of training opportunities for its staff and limited levels of professionalisation. The Initial Training Certificate offered since 2015 to social care workers in health and social care skills is both basic and optional²⁵. Conducted mainly online and measured in days, in 2018-19, only 54% chose to study “awareness and safe-handling of medication”²⁶.

Investment in improving training, pay and career opportunities is not only urgent for current staff but also for the future workforce. Nearly a fifth of the current 1.2 million workforce were not born in the UK²⁷. The post-Brexit immigration system will exclude thousands of potential care workers because of their low pay and lack of qualifications²⁸.

²³ Young Women’s Trust (2016) Making Apprenticeships Work For Young Women
[Making-apprenticeships-work-for-young-women.pdf \(youngwomenstrust.org\)](https://www.youngwomenstrust.org/making-apprenticeships-work-for-young-women.pdf)

²⁴ WBG (2017) Response to Green Paper: Building our Industrial Strategy
[Industrial-Strategy-WBG-Response-April-2017.pdf](https://www.wbg.org.uk/wp-content/uploads/2017/04/Industrial-Strategy-WBG-Response-April-2017.pdf)

²⁵ WBG (2021) Social care, Covid-19 and gender
[Social-care-gender-and-Covid-19.pdf \(wbg.org.uk\)](https://www.wbg.org.uk/wp-content/uploads/2021/03/Social-care-gender-and-Covid-19.pdf)

²⁶ 4 Skills for Care (2019) The State of the Adult Social Care Sector and Workforce in England
<https://bit.ly/3pLRXYC>

²⁷ ²⁷ WBG (2021) Social care, Covid-19 and gender
[Social-care-gender-and-Covid-19.pdf \(wbg.org.uk\)](https://www.wbg.org.uk/wp-content/uploads/2021/03/Social-care-gender-and-Covid-19.pdf)

²⁸ WBG (2021) Social care, Covid-19 and gender
[Social-care-gender-and-Covid-19.pdf \(wbg.org.uk\)](https://www.wbg.org.uk/wp-content/uploads/2021/03/Social-care-gender-and-Covid-19.pdf)

6. Does the Government have the right mix of policies and a coherent strategy to promote long-term productivity growth and create new high-quality jobs?

The Government's spending plans set out in the Spring Budget lack an ambition of scale when it comes to a long-term strategy for creating new high-quality jobs. This is in stark contrast to the US, where Biden's \$2tn Infrastructure Renewal Plan, recognises social care as an essential part of infrastructure as transport and housing. Such investment would not only address the crisis in social care, it would also create jobs. Work by WBG has shown that investment in the care sector could create 2.7 times as many jobs as the same money invested in construction²⁹.

Investing in care as infrastructure does not just create jobs, it also addresses gender inequality, wellbeing, and the climate crisis. Investment in paid care services improves wellbeing through ensuring that people's care needs are met; it improves gender equality because it raises the overall employment rate and reduces the gender employment gap (which are particularly crucial as we seek to counter the looming jobs crisis), and it is sustainable because care jobs are low-carbon jobs.

Investing in high quality jobs does not just require creating new ones. During the pandemic we realised that what we previously called 'low-skilled' work is in fact 'essential' and skilled work, that is the backbone of our society. Government policy needs to reflect the value of these essential jobs by improving pay, employment security and working conditions.

7. Is the Government doing enough to encourage corporate investment?

The "super-deduction" on purchases of capital goods by businesses was one of the largest spending items in the Spring Budget. Projected to cost £25 billion over two years, it is likely to have substantial deadweight costs, bringing forward investment rather than generating new investment. It is also unnecessarily limited to investment in 'plant and machinery', excluding training and other human capital investments, and missing opportunities for incentivising in the transition to a lower carbon economy. The 'Super Deduction' is an untargeted tax giveaway for large companies which have done well throughout the Covid-19 crisis.

8. Is the "Plan for Growth" an adequate replacement for the "Industrial Strategy"?

²⁹ WBG (2020) A Care-Led Recovery from Coronavirus
[Care-led-recovery-final.pdf \(wbg.org.uk\)](https://www.wbg.org.uk/care-led-recovery-final.pdf)

As detailed in answer to question 1 above, the Women's Budget Group believes that the Government focus should move away from growth as the primary measure of the success of the economy to focus on equality, wellbeing, and sustainability. In order to achieve this the Government needs a strategy that includes investment in social as well as physical infrastructure.

9. Are we in a period characterised by long-term low economic growth (secular stagnation), and if so, what are the implications for Government economic policy?

As previously set out in this submission, the Women's Budget Group believes that the Government must replace the objective of economic growth with policies that achieve equality, including gender equality, environmental sustainability, and wellbeing. As such, whilst we may be in a period of secular stagnation, what is more concerning is that we are in a period of long-term low improvements in well-being.

10. Is the UK well placed to take advantage of future technological breakthroughs and translate them into economic opportunities?

Job Losses

New technologies present opportunities for innovation and efficiency but as AI and automation increasingly become an alternative source of labour, the Government must be prepared for such large scale rapid technological change and put in place measures to cope with its impact. Unemployment because of technological advances, whilst inevitable, does not have to be a bad thing; automation will replace lots of jobs characterised by low pay and poor working conditions. It is critical however that the Government implement schemes to reskill and train those who have lost their jobs whilst also investing in new, high quality alternatives. The Government must also ensure that there is a robust safety net in place while workers transition into new jobs. This means having access to adequate social security so that there is no significant fall in household incomes.

Women in Technology

Where technological advancements will create jobs related to programming, robotics, engineering, the Government must take measures to ensure better representation of women in these fields. Recent research by the Alan Turing Institute has found that whilst there is an explosive growth in data science and machine learning roles, women occupy only a minority of these new positions. In

the UK, women represent 47% of the work force, yet they hold less than 17% of all available tech jobs³⁰. The Government needs to look at why so few women enter data science and AI professions and put in place interventions which work to increase the number of women in these fields.

The Need for EIAs

Meaningful and comprehensive equality impact assessments of policy highlight the relationship between meeting the priorities in the Government's Plan for Growth and addressing long-standing inequalities. They also ensure that proposed policies do not have the unintended consequence of exacerbating existing inequalities. For example, investment in physical infrastructure may increase the gender employment gap unless action is taken to improve women's participation in male-dominated industries that are most likely to be involved in creating physical infrastructure. Equality Impact Assessments would allow the Government to demonstrate that it is meeting its legal obligation to have due regard to equality under the Public Sector Equality Duty.

Final Remarks

Our recovery from the pandemic offers the Government an opportunity to 'build back better' a society where valuing the things that matter – people and our planet – is what informs policy.

May 2021

³⁰ The Alan Turing Institute (2021) Women in data science and AI
[Women in data science and AI | The Alan Turing Institute](#)