

BEIS post-pandemic growth consultation

UK Women's Budget Group submission

June 2020

1. The UK Women's Budget Group (WBG) analyses the gendered impact of economic policy on different groups of women and men and, promotes alternatives for a gender-equal future. We are pleased to see BEIS consulting on post-pandemic growth and have answered questions most closely related to our work on gender equality.

What core/guiding principles should the Government adopt/prioritise in its recovery package, and why?

2. The recovery package should aim to leave the UK in a better position socially and economically than it was before, especially in terms of wellbeing. It should aim to rebuild key public services that have been hardest hit and ensure people have access to the services that they need in a way that ends poverty and promotes equality. Action to tackle the climate emergency also must be central to recovery plans.
3. Correspondingly, the recovery from Covid-19 must focus on care including healthcare, adult social care, care and independent living for disabled people and childcare. These sectors were underfunded before Covid-19, but the pandemic has exposed and exacerbated shortfalls in both quality and quantity of care available. Since women are the majority of those in need of care, the majority of those working in the care sector, and the majority of those providing unpaid care so reliant on paid care services to allow them to enter to paid workforce, this is also a matter of gender equality.
4. Significant infrastructure investment will be needed to build back differently. This must include not only investment in physical infrastructure, but also social infrastructure including health, social care and education services:
5. **A new settlement for the social care sector cannot be delayed any further:** underfunding, precarity, low pay and lack of regulation in the adult social care sector is partly to blame for the number of excess deaths from Coronavirus. WBG calls for a highly-regulated and sustainably funded National Care Service with a highly-trained, well-paid workforce.
6. **Universal free childcare is needed to protect against a two-tier return to work** whereby women are restricted from returning to work by childcare shortages and attainment gaps widen for children. This should be accompanied by a **new system of shared parental leave.**
7. Those working in care, health and education must be recognised for their enormous contribution to society that pre-dates Covid-19. **Their pay and security must be a priority.**

8. These sectors also have the potential to create millions of high-skilled, well-paid, secure jobs and raise tax revenue. WBG research finds that investment required in childcare has the potential to be mostly recouped through tax, consumption and social security savings:
9. **Investment of 2% of GDP in the care sector would create 1.4 million jobs**, 2.7 times as many jobs as an equivalent investment in construction. 6.3 times as many jobs for women and 1.1 times as many for men¹ therefore significantly increasing women's employment. The gender gap in employment would also be reduced by investment in care, but increased by investment in construction, unless mitigating measures to combat gender segregation in the industry were put in place.
10. A briefing for WBG by Dr Jerome De Henau also finds that providing free universal childcare for all 3.1m children (40 hours a week for 48 weeks a year), would require an initial investment in 2018 prices of between 39bn (1.8% GDP) and £ 58bn (2.7% of GDP) - depending on wages of childcare workers. **This would create between 1.4 million and 1.5 million full-time equivalent jobs, raising women's employment rate by between 5.6 and 5.9 percentage points. Direct and indirect taxation on income and consumption has the potential to recoup between 76% and 72% of this annual investment** leaving between £9bn and £16bn net funding figure. Funding is also recouped through the reduction of families claiming social security.
11. These investments are also future proof: Eurostat data suggests that **the care industry is 30% less polluting (in terms of GHG emissions) than the construction industry** and, the education industry is 62% less polluting than the construction industry². **Investment in social infrastructure is economically and environmentally as well as promoting equality.** These investments can be made with revenue generated by tax reforms listed below.

How can the Government borrow and/or invest to help the UK deliver on these principles?

12. Borrowing will clearly be necessary to pay for the huge cost of the pandemic as well as recovery. Investment in social infrastructure is the most rewarding economic and social investment the Government could make. Low interest rates make this favourable. In addition, revenue can also be generated using general taxation.

Whether the government should give a higher priority to environmental goals in future support?

13. The climate emergency needs drastic action and should be front and centre of post-pandemic recovery. The Government should invest in innovative ways to transfer peoples' skills from high-carbon sectors like aviation into low-carbon sectors like care, hospitality and education (see below.) Investments in physical infrastructure like renewable energy, low carbon technologies and insulated housing are also needed to transition to a greener economy.
14. Progressive tax reforms can also help to incentivise environmentally sound behaviour by taxing large non-renewable energy firms and redistributing wealth to be spent on

¹ [Headcount employment at current wages](http://www.open.ac.uk/ikd/sites/www.open.ac.uk/ikd/files/files/working-papers/COVID%20care-led%20recovery_IKD_WP85_2020_06_12%20%28003%29.pdf). Jerome De Henau and Susan Himmelweit- WBG members (2020) Stimulating OECD economies post-Covid by investing in care http://www.open.ac.uk/ikd/sites/www.open.ac.uk/ikd/files/files/working-papers/COVID%20care-led%20recovery_IKD_WP85_2020_06_12%20%28003%29.pdf.

² Calculations by Jerome De Henau for WBG, using Eurostat data <https://ec.europa.eu/eurostat/data/database>

environmental investment on social and physical infrastructure like care and renewable energy. Regressive cuts to 'green taxation' such as fuel tax freezes should be avoided.

Whether the Government should prioritise certain sectors within its recovery package, and if so, what criteria should it use when making such decisions? What conditions, if any, should it attach to future support?

15. As above, the care sector (both social care and childcare) must be post-pandemic priorities along with the health and education sectors. These have been the sectors most substantially impacted by the fatal and financial consequences of the pandemic.
16. Criteria for investment should include evaluation of equality impact. Women and minority groups are expected to bear the brunt of the economic impact of the crisis. To ensure an equitable recovery, these sectors, where women and minority workers are the majority, should be a priority.
17. WBG calls for BEIS and all departments to **ensure a comprehensive and meaningful cumulative equality impact assessment** is undertaken before investment plans are finalised along with on-going monitoring of actual impact, in line with the requirements of the Public Sector Equality Duty.
18. 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.
19. 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.

How can the Government best retain key skills and reskill and upskill the UK workforce to support the recovery and sustainable growth?

20. There are opportunities to reskill and divert people who have lost their jobs as a result of the Covid-19 pandemic as well as creating green and caring jobs by investing in social and physical infrastructure projects. The UK Women's Budget Group echoes the call from the Trade Union Congress that these new jobs are paid at an increased and accurate real living wage, are securely contracted and unionised³.
21. Covid-19 has exposed the precarity and low pay of the UK labour market. Post-pandemic recovery must be based on the principle of social and environmental sustainability. This requires action against exploitative zero hours contracts and low pay as well as investment in skills.

³ TUC (2020) Why we need a new jobs guarantee <https://www.tuc.org.uk/research-analysis/reports/new-plan-jobs-why-we-need-new-jobs-guarantee>

22. In the care sector especially, workers' skill level and training opportunities need investment. Although we are prepared to entrust our young and old to them, most of those working in child and adult care are classified as unskilled, given minimal training, often on zero-hours contracts, with little or no prospects for promotion. Care work is high-skilled work requiring substantial training throughout a workers' career. Training opportunities and qualifications ought to reflect this at every level.
23. As below, there will also be a need to redivert and reskill some workers from sectors that have been hardest hit such as aviation and hospitality or, those who's jobs are at risk of automation. This will require providing subsidies or other incentives (including paid education leave) to support women, low-income and BAME people to access training and development programmes and give more people access to high-skilled work.
24. Investment in skills is an investment in wellbeing but also in the economy since healthier people can participate in the economy.
25. Increasing the national living wage to the rate set by the Living Wage foundation is another way to create well-paid jobs as well as ensuring they are high-skilled. This increase would reduce the number of workers dependent on social security and increase tax revenue.
26. Investment in the green economy should be accompanied by action to reduce occupational segregation and enable women to take advantage of the new jobs created. At the same time increasing the pay of sectors where women currently predominate such as teaching and caring, would help close the gender pay gap and encourage more men into these jobs.
27. Education also has a role in ending occupational segregation in the green sectors. This requires funding for programmes in schools, universities and vocational education to support women and girls, especially those from disadvantaged backgrounds, into STEM roles, including green STEM roles through training and apprenticeships. This should be accompanied by financial support including subsidised training and paid education leave to support women, low-income and BAME people to access training and development programmes and give more people access to high-skilled work in the new green economy.
28. Employment and training strategies must include policies to reduce and redistribute the burden of unpaid labour. Prior to the pandemic women were doing 60% more unpaid work than men, which limited their time for paid work. This requires investment in childcare and social care as set out above. It also requires genuinely shared parental leave policies whereby well-paid, individual, non-transferable entitlements are available for each parent, as well as a shared element, and other incentives to encourage fathers to take leave.
29. Post-Covid recovery should also take account of pre-existing challenges including job losses as a result of automation. The actions set out above would enable workers at risk of replacement to retrain and find work in green and care sectors.

How should regional and local government in England, (including the role of powerhouses, LEPs and growth hubs, mayoralities, and councils) be reformed and better equipped to deliver growth locally?

30. Local authorities should be properly funded to enable them to deliver recovery programmes. Local government is best placed to understand local needs, ensure investment is effectively targeted and to deliver appropriate services locally.
31. Central government funding for local authorities fell by over 49% between 2010/11 and 2017/18⁴ with councils in the most deprived areas suffering the greatest cuts. Cuts since 2010 have been detrimental to local government's ability to provide life-saving and life-changing services: funding local government adequately is a fundamental first step to recovery.
32. This means moving away from plans to make local authority funding entirely dependent on **locally raised revenue (council tax and business rates-based funding) and towards more centralised grants** to ensure funding is distributed based on need not the strength or otherwise of the local economy.⁵

WBG consents to our response being made publicly available. We are happy to be contacted about future BEIS consultations.

Contact and respond to: jenna.norman@wbg.org.uk

⁴ WBG (March 2019) *Triple whammy: The impact of local government cuts on women* (<https://bit.ly/2GWnRP4>)

⁵ See WBG report for further discussion and recommendations: WBG (March 2019) *Triple whammy: The impact of local government cuts on women* (<https://bit.ly/2GWnRP4>)