



**Women's Budget Group Response to  
HM Treasury's Pre-Budget Report 2006**

**February 2007**

**About the Women's Budget Group**

The Women's Budget Group (WBG) is an independent organisation bringing together academics and people from non-governmental organisations and trade unions to promote gender equality through appropriate economic policy. In all of our work we ask the question 'Where are resources going and what is their impact on gender equality?'

The WBG is co-chaired by Clare Cochrane, Hilary Fisher and Janet Veitch.

If you would like more information about the work of the WBG, or to join the group and contribute to our work, please contact Sarah Lesniewski, Senior Project Officer or visit our website.

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## 1. Overview

The WBG welcomes many aspects of the Pre-Budget Report, especially the proposals on tackling child poverty; the extension of opportunities to access skills and training, and of Sure Start and the payment of Child Benefit to pregnant women.

The increased enforcement of the National Minimum Wage (NMW) will be of particular benefit to women, who are more likely to be working in low paid, non unionised, insecure employment. Disadvantaged groups such as ethnic minority, disabled and migrant women will benefit in particular, being less able than most to negotiate the legal minimum wage.

However, we are disappointed by the limited evidence of gender analysis throughout the report. References are limited to a few points in the Report: for example, that 90% of lone parents are women; 70% of those who benefit from the NMW are women; many of those poor enough to claim pensions credit are women; and carers, and specifically women, are disadvantaged by the current pensions system. Despite these acknowledgements, however, the gender perspective is not consistently apparent. The Report lists under future challenges the specific problems of older people; children; youth, and the disabled, but is silent on gender. Para 5.28 sets out the disability duty and its role in promoting fairness for the disabled; but the Report is silent on the Gender Equality Duty.

The gendered economy is a key driver of women's inequality and of the poor productivity of the UK: women are concentrated in part-time and low paid sectors and are often overqualified for the jobs they do. Women's attachment to the labour force is weakened by the caring responsibilities for children, the sick, and the elderly, which they still, disproportionately, shoulder. When they try to return to paid work, they find it hard to update their skills or obtain jobs that reflect their qualifications. This in turn drives the UK's gender pay gap- one of the highest in the EU- and therefore gendered poverty across the life cycle, with its well-established impact on child poverty, and subsequently on gendered investment in pensions.

While we are applaud the Report's support for the recommendations of the Women and Work Commission, we would like to see more explicit analysis in the Budget itself of the effect on women of its key proposals. For example, it is unclear at first sight whether planned increases to the NMW are above the rate of inflation, and will therefore lift the lowest paid out of poverty. The many references to the Leitch report do not clearly set out how its recommendations will help women improve their skills (these being a partial explanation for the gender pay gap). And the Regional Development Agencies' role in leading economy growth in the regions (para 3.9) is rarely clearly focused on women.

The Comprehensive Spending Review (Chapter 6) represents a golden opportunity to allocate spending to tackling women's disadvantage but there is no mention of this as a specific objective. Indeed, the only reference to a gender gap in the whole report is (para 6.71) a reference to boys falling behind girls in GCSE passes. The reference in para 6.9 to Government work on how to take forward key crosscutting issues fails to mention the most significant crosscutting cause of women's disadvantage, namely violence. The British Crime Survey shows that around half of all women will suffer some form of violence in their lifetime, be it domestic violence, stalking, rape, or sexual assault. Domestic violence is the most common cause of women's morbidity between the ages of 19 and 44, worldwide.<sup>i</sup> It is the lack of a cross cutting approach, underpinned by sensible CSR principles, that has led to a prostitution strategy being launched without a budget line; to the closure of rape crisis centres across the UK, so that now, for example, none operates anywhere in Northern Ireland or Wales for lack of funding, and others in England provide limited services - such as between 2 and 4 on a Thursday; and to the lack of ongoing additional funding for a new network of Domestic Violence /Sexual Violence Advocates launched in 2006. Similarly, references in the Report to Transport fail to recognise its gendered structure, with women using public transport far more than men, but with the lion's share of public investment and subsidy going to support private transport, and public transport links being designed to meet the needs of men rather than women.<sup>ii</sup>

## **Recommendations:**

- 1) That gender impact analysis is undertaken on the budget more broadly, on the CSR, and on specific initiatives such as transport, skills, RDA policies, and the forthcoming long-term strategy on financial capability.
- 2) The WBG recommend that tackling violence against women is created as a key cross cutting strategy under the CSR.

## **2. Chapter 4 – Employment opportunity for all**

The WBG continues to support the Government's long-term goal of opportunity for all. There remain, however, considerable challenges with regard to providing the stepping-stones to enable women to move from benefits into employment and with regard to the sustainability and quality of employment for women on low wages. More holistic resources are needed, dove-tailing together across government departments, addressing not only women's poverty, but also child poverty in the process.

### **2.1 Childcare**

The Ten Year Child Care Strategy's objective to expand formal and wrap around care needs to go hand in hand with measures to make childcare more affordable and accessible. Currently parents on low income can only claim back 80% of their childcare costs, to a maximum of £300 per week for up to two children. Working mothers with more than two children are particularly discriminated against, evidenced by children's vulnerability to poverty in larger families. <sup>iii</sup>

Given the high costs of privatised childcare, and the restrictions on state funded childcare, many mothers still find it difficult to afford formal provision. Extended schools will go some way to address their needs. However, parents with younger children and those working atypical hours will continue to fall through the gaps.

Flexible childcare presents a particular challenge. 53% of employed lone mothers work atypical hours. <sup>iv</sup> With lone parents twice as likely to 'cycle' between paid work and benefits, the provision of more flexible, affordable childcare remains a priority. We welcome the more flexible regulations introduced in 2005 for home childcare. However, there is a danger that the current regulations have been promoted to meet the needs of higher income families using nannies, but not the needs of low income families needing short periods of childcare in their own homes, or to fit in with

working atypical hours.<sup>v</sup> Moreover, entitlement to nursery provision for children of 3-4 years old is only up to 12.5 hours per week, generally staggered at 2.5 hours per day, with a particularly low take-up in poorer families. Mothers in particular are impeded from working around these hours, and from claiming tax credits, which require them to work at least 16 hours per week. Their needs will still not be met in the current Ten Year Child Care Strategy, which is only aiming at provision of 15 hours a week free childcare for this age group by 2010.<sup>vi</sup>

As noted at the beginning of this letter, the WBG welcomes the extension of child benefit to pregnant women from 29 weeks. However we regret the delay in implementing this important benefit until 2009 as this will result in approximately 645,800<sup>vii</sup> children per year over the next two years, (1,291,600 children in total), missing out.

### **Recommendations:**

- 3.) The WBG recommends the extension of childcare tax credits for parents with more than two children.
- 4.) Free nursery provision for children of 3-4 years for 16 hours a week, to be negotiated around working hours.
- 5.) Strategic investment and development of community-led Home Childcare Social Enterprises in deprived neighbourhoods.

## **2.2 Making Work Pay**

As stated, the WBG welcomes the government commitment to the minimum wage in raising the income of low paid women. There remains however, a significant gender gap, with the proportion of women in low paid work at more than a third, much greater than men (one fifth)<sup>viii</sup>. Women also comprise 78% of the part-time workforce, a significant factor with regard to women's poverty. Caring responsibilities, inflexible working conditions and the lack of skills and training support, before and after the take up of paid work, are all central causes.<sup>ix</sup>

Although we welcome steps to support the efforts of sick and disabled people to return to paid work, we share the concerns expressed by the disability lobby to ensure that such steps are not seen as coercive or punitive and would welcome further reassurance on this point.

### **2.3 Low Skills**

The Leitch Review of Skills 2006 recommends significant measures for in-work training opportunities and schemes. There is, however, no proposed gender impact analysis of these measures in the final report, nor strategic proposals for the particular needs of part-time workers. Neither is there a focus on the training that could support women dependent on benefits before they enter the work force, helping them to up-skill and acquire, in the process, better conditions and more sustainable employment. The Education and Skills Commission (2006) report on Further Education recommends the revision of current funding priorities, in the light of the cuts to adult courses including those aimed at increasing soft skills of hard to reach groups. ESOL classes, for example, have been very hard hit in these cuts, with the likelihood that new migrants/refugee women will find it much more difficult to access employment. The Learning and Skills Council need to make direct funding available to quality, established providers of such courses.

#### **Recommendations:**

- 6.) The WBG recommends a gender impact analysis of government responses to the Leitch Review of Skills, with a particular focus on access to skills training for women in part-time work and mothers on benefits wanting to move into paid work.
- 7.) That funding from the Learning and Skills Council should be directed towards community education and college provision, re-instating and extending soft-skill courses, ESOL classes and life coaching training for hard to reach women on low income.
- 8.) That the Trade Unions, as representatives of organised labour, should be included as full partners on the Commission for Employment and Skills.
- 9.) Given that the current age limits act as a barrier to achieving work life balance, the right to request part time work should be extended to cover those with older children.

### **2.4 Tax Credits and Housing Benefit**

The steep taper on housing benefit, given its interrelationship with tax credits, can make the period when women move off benefit into work, critical. The earnings disregard will be raised in line with indexation, but will not alleviate the problems faced by those who experience the rapid loss of housing benefit at a period when a stable income is most needed.

**Recommendations:**

- 10.) The Women's Budget Group recommend that the housing benefit disregard be increased in real terms, to alleviate hardship at the critical period when women move into paid employment.

**2.5 Lone Parents**

Lone parents will gain from all of the above recommendations made by the WBG for increasing employment opportunities for women on low income. In addressing the childcare needs, higher pay, housing benefit and skills training highlighted in this section, lone parents will have greater family security, strengthening job retention and work/life balance. In the first year of paid work, targeted financial interventions are needed to support lone parents, because complex income packages are potentially less stable and expenditures more demanding with regard to work and childcare commitments.

**Recommendations:**

- 11.) The WBG proposes that the extension of the £40 a week in work credit that lone parents can receive for up to 12 months after moving into employment, be rolled out across the country rather than limited to New Deal Plus areas.

**3. Chapter 5: Building a Fairer Society**

**3.1 Pensions**

Planned reforms to state pensions will help more working age women to obtain a full basic pension, but an incomplete state second pension, price-linked in payment, will place them at risk of poverty and means testing in retirement.

**Recommendations:**

- 12.) We recommend applying the 30-year rule to the state second pension so that carers are not disadvantaged, and indexing the pension in payment to earnings.

The Report's goal of enabling pensioners to share in rising national prosperity (page 113) is welcome, especially as the majority of pensioners are women. However, most women pensioners have only a partial basic pension due to their past caring roles. And research shows pensioners' cost of living rose nearly 9% in the last year, so that indexing the basic pension only to RPI of 3.6% means their standard of living is falling.

**Recommendations:**

- 13.) We recommend extending the 30-year rule to state second pension, increasing the basic pension to take account of steep rises in utility bills and council tax and indexing to earnings from 2007.

### **3.2 Funding the Women's Sector**

The Treasury's move towards third sector public service delivery will disadvantage the already marginalised women's voluntary and community sector unless all public sector commissioners actively engage and target women's organisations in their commissioning and procurement processes. The women's voluntary sector provides wide-ranging, cost-effective and desperately needed services to some of the most excluded and 'hard-to-reach' women in the UK. Its expertise and excellent track record needs to be harnessed by public bodies in a pro-active manner, in line with the requirements of the Gender Equality Duty. <sup>x</sup> The 'Partnership in Public Services: An action plan for third sector involvement' report published by the Office of the Third Sector states that a two-year national programme for third sector commissioning will be rolled out to invest in the skills of commissioners from across the public sector.

This training package needs to integrate gender equality and gender concerns across the board, so that commissioning and procurement frameworks consider gender at the most fundamental levels. Women's organisations should be utilised in fully remunerated consultancy and training roles for this purpose.

## **References**

(Mocroft, I. and Zimmeck, M, 2004, 'Central Government Funding of Voluntary and Community Organisations 1982/83 to 2002/02', Home Office Research, Development and Statistics Directorate: London).

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Section 64	women's org	services for women	BME	Disability	LGBT	older people	younger people	Other
2006-7	2.15%	4.45%	12.15%	16.59%	1.76%	6.85%	6.16%	54.34%
2005-6	2.44%	4.09%	11.04%	16.52%	1.47%	6.98%	5.42%	54.18%
2004-5	2.77%	4.41%	9.38%	15.65%	1.63%	9.03%	7.98%	53.03%
2003-4	2.94%	3.66%	8.19%	13.71%	0.16%	8.14%	18.46%	52.46%

Funding to women's organisations in the Victims Fund decreased by 20% since 2004/05 yet funding to generic organisations to deliver sexual violence services to women has increased by 6.6%.

34% of central Government funding streams give no grants to women organisations. Our recent economic impact pilot study (<http://www.londoncouncils.gov.uk/upload/public/attachments/829/FINAL%20REPORT%202.doc>) found that women's organisations are value for money, and represent an impressive return on funding/investment (up to 385% in our case studies), and is saving the state potentially millions of pounds through its intervention and prevention work.

Other examples illustrated in our economic impact pilot study included:

Problem prevented	Saving to the State
Three women living free of violence for one year	£38,367
20 incidents of domestic violence requiring ambulance and hospital services (205,000 of these take place per year)	£13,600
One case where a child has been taken into residential care for one year	£106,496

**It therefore makes economic sense for the women's voluntary and community sector to be actively engaged in commissioning frameworks and procurement processes.**

<sup>i</sup> [www.homeoffice.gov.uk/reducing-crime/domestic-violence](http://www.homeoffice.gov.uk/reducing-crime/domestic-violence)

<sup>ii</sup> Transport investment – relative levels

<sup>iii</sup> Bradshaw J. et al (2206) Child Poverty in Large Families. JRF: Bristol

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- <sup>iv</sup>La Valle I, Arthur S, Millward C, Scott J, and Caydon M. (2002) Happy families? Atypical work and its influence on family life, JRF: York
- <sup>v</sup>Memorandum to the Work and Pension Select Committee Inquiry 2006 'On How Government Can Achieve the 80% Employment Target' from Single Parent Action Network
- <sup>vi</sup>Sylva K, Melhuish E, Ammons P, Siraj-Blatchford I, Taggart B, 2004, The Effective Provision of Pre-School Education Project: Final Report, Department of Education and Skills.
- <sup>vii</sup> <http://www.statistics.gov.uk/cci/nugget.asp?id=369>
- <sup>viii</sup> Howarth, C. & Kenway P. (2004) Why worry any more about the low paid? London: New Policy Institute.
- <sup>ix</sup> Equal Opportunities Commission (2005) Part-time is no crime – so why the penalty?
- <sup>x</sup> The women's voluntary and community sector is marginalised within the wider voluntary sector, receiving only 1.2% of central government funding despite making up 7% of the entire sector.
- <sup>xi</sup> There has been a definite trend towards statutory funding being diverted towards generic organisations, which bypass the skills, knowledge and expertise of the women's voluntary and community sector e.g. Department of Health Section 64 grants appear to be failing women's health organisations - despite the fact that women's health voluntary and community organisations make up 36% of all women's voluntary and community organisations ([www.guidestar.org](http://www.guidestar.org)).