The impact on women of July budget 2015:

A budget that undermines women's security

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Executive Summary

A further £13bn slashed from an already depleted social security budget will undermine the security of women and drive poor families deeper into poverty. This is one of several policies outlined by the newly-elected Conservative government in the summer budget delivered on 8th July.

The Chancellor George Osborne wants to deliver a budget surplus by 2019/20. To that end he published a fiscal charter committing this and future governments to maintaining a budget surplus even during times of economic stability and growth.

Yet maintaining a surplus in itself isn't the key to economic security and limits the sharing of risk through public investment in social and physical infrastructure. The fiscal charter and the measures announced in this and all budgets since 2010 simply shift social risks further away from collective sharing and onto individuals, in particular women. The result will be increased personal debt, a rise in maternal poverty and greater care burdens on women.

Key points raised in the Women's Budget Group budget analysis

- The £13bn of cuts in social security spending by 2020/21 will disproportionately hit families and women on low incomes, and the rise in the minimum wage won't compensate this. Instead the cuts in working tax credits will decrease work incentives for second earners and widen the gap between benefit recipients and the rest of the population.

- Included in the £13bn cut to security is a reduction in the benefit cap to £23K in London and £20K elsewhere. This is going to force more families into debt and rent arrears, many will be forced to leave homes where they have community networks and jobs, and it will disrupt the lives of the poorest children. The House of Commons Library reports that four-fifths of those adults affected by the cap in 2014 were women, many of whom had several children.

- Raising taxation is welcome, including cuts in pension tax relief. However, such measures are partly offset by continued give-aways including: the poorly-targeted and expensive rise in personal tax allowance, the continued freeze in fuel duties and further cuts to corporation tax rates, all of which benefit mostly men as they are more likely higher-income earners and/or shareholders.

- Any increase in high quality childcare services is welcome; the pledge of 30 hours a week free childcare for all 3-4 year-olds is a step in the right direction. However, the policy is restricted to children whose parents are in paid employment. There is little detail on how much the government will spend. If no extra funding is available the policy will simply compound existing problems in childcare provision such as the structural public underfunding of childcare, low availability of childcare places and quality issues.

- The pay rise cap for public sector workers, combined with further cuts in departmental spending yet to be announced, will again affect women disproportionately and threaten employment retention and quality of public services.

The impact of these latest measures discussed in detail below must be judged alongside the austerity programme implemented over the last five years. The Women's Budget Group has conducted detailed analysis of every budget, spending review and key policies (such as universal credit) for the implications for women and gender equality. Find out more here.

Introduction

The Chancellor made many claims in his July 2015 Budget speech, most of which the Women's Budget Group disagrees with. Instead, WBG believes the Budget will widen the division between those who gain from Conservative government policies and those who lose from them. It will increase poverty rates for children and women, and decimate the vital public services and social infrastructure, to which women make an important contribution.

One claim was the introduction of a "living wage". What has really occurred is a small, but welcome rise in the minimum wage. The Chancellor also hijacked the concept of "full employment". This is not a budget for full employment. An insufficient rise in the minimum wage, along with a fall in real wages in the public sector, won't generate the stimulus to demand and investment needed to generate full employment; investment in the UK is closely related to the overall share of wages in national income.[1]

The Chancellor says economic security depends on running a budget surplus, yet he relaxed the timetable set for achieving this despite claiming, just two months ago during the general election, it to be necessary. Further, the only cuts saved by delaying the movement into surplus from 2018/9 to 2019/20 will be in defence, the spending department with the largest gender gap in employment. Meanwhile the cut in real terms spending on the remaining unprotected departments is close to a third.[2]

Part of this reduction will be achieved by limiting public sector wage rises to 1% in cash terms, a fall in real wages that impacts mostly on women, who make up the majority of public sector workers.

Elsewhere the Chancellor announced more tax cuts. This was a missed opportunity. The extra revenue raised from new taxes should have been used instead for public investment to tackle the multiple crises in care, housing and climate change, creating jobs for both women and men.

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[1] Onaran and Obst 2015, Wage-led growth in the EU15 Member States: the effects of income distribution on growth, investment, trade balance, and inflation, Foundation of European Progressive Studies, http://www.feps-europe.eu/en/wage-led-in-europe.

[2] Paul Johnson, 'IFS analysis: opening remarks' http://www.ifs.org.uk/uploads/publications/budgets/Budgets%202015/Summer/opening_remarks.pdf

The Fiscal Charter

The Chancellor has published a Fiscal Charter alongside the Budget, which commits this government to its current timetable for achieving an overall budget surplus[3] and requires future governments[4] to act 'responsibly' by maintaining a budget surplus in so-called 'normal' times, i.e. when there isn't a recession or a marked slowdown in economic growth.[5]

The Chancellor says that by 2019/20 'Britain will be back in the black'. Yet running a budget surplus in normal times will not guarantee economic security. It will instead severely limit the pooling and sharing of risk through public investment in social and physical infrastructure, and in social security.

The economic forecasts produced by the Office for Budget Responsibility show that with continuing cuts to public spending, there will only be enough demand by 2019/20 to support job creation if the private sector runs a large financial deficit with soaring household debt. The logic of the Fiscal Charter is that public debt is bad, while the private debt of businesses and households is good. But the unsustainable build-up of risky business and household debt was a key factor leading to the 2008 financial crisis.

Underpinning the Fiscal Charter is the message that, you are on your own. Every individual must meet his or her lifetime needs through earning and borrowing. People will have to take on debt to buy a house, an education, and quite likely, to buy food and heating if for any reason they are unable to earn enough. This is likely to hit women hard because of their caring responsibilities. At the heart of the welfare state is the recognition that caring responsibilities need to be shared through public services and investment. Adoption of the Fiscal Charter will severely limit the extent to which this is possible, increasing rather than reducing insecurity for women.

Gender impact analysis

The little gender analysis there is of the measures introduced in this Budget are of poor quality. For example, an enormous tax giveaway to corporations is considered to have no equalities impact because it affects corporate entities, but no attention is paid to their ownership, or to how the loss of this or other tax revenues has a gender impact.

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[3] This is a much more stringent requirement than the so-called 'golden rule 'of fiscal policy, adopted by the Labour government, that while the current account should balance, the capital account can be in deficit if the government borrows to finance public investment.

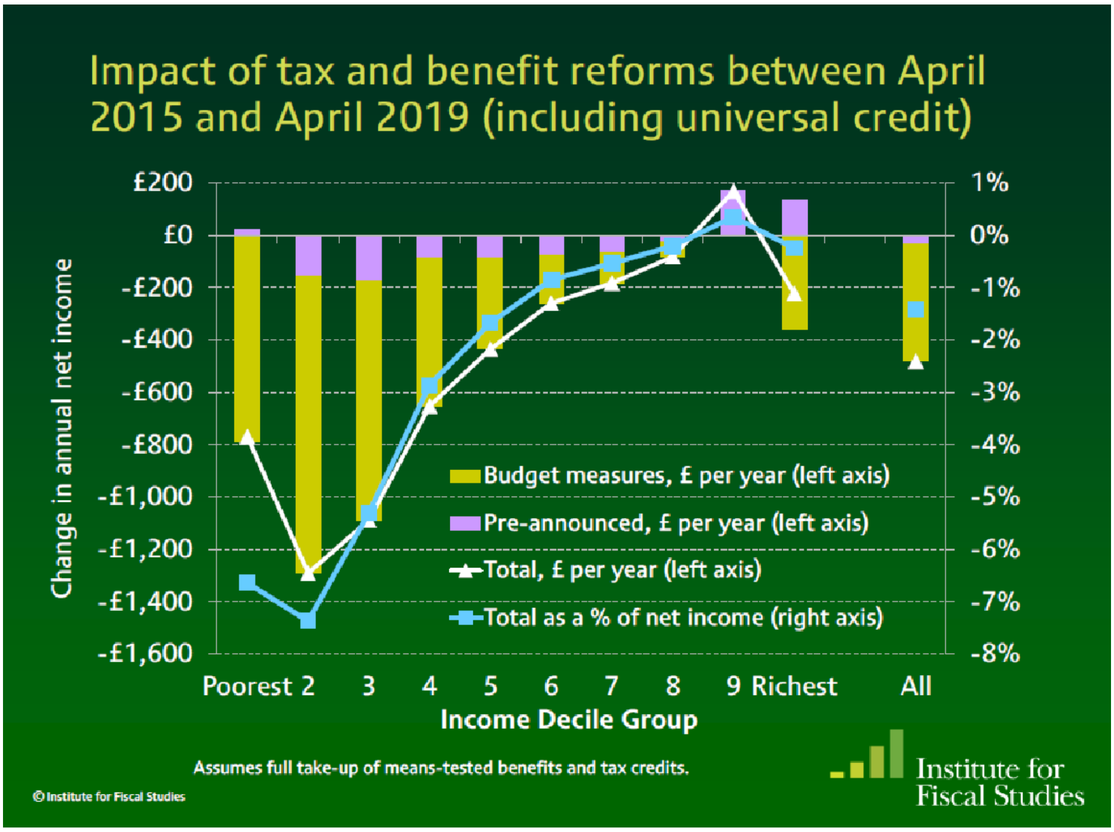
[4] Legislation will be introduced in the autumn to put the Fiscal Charter into law - though it is far from clear how such a law could be enforced.

[5] A surplus won't be required if the Office for Budget Responsibility judges that real GDP growth is less than 1% a year, measured on a rolling four-quarter basis.

The government continues to use the absence of evidence as a sufficient excuse not to properly assess gender issues, when it is government that is in the best position to collect such evidence.

HM Treasury considers equalities impact measure by measure, with no analysis of the Budget as a whole. In previous years, the Treasury produced a distributional analysis to show how the Budget as a whole affected disposable or final incomes in each household income decile or quintile. This time round the "distributional analysis" shows us only what share each quintile pays of total tax paid and receives of total benefits and public services. The government says these proportions have barely shifted, that the rich are paying a slightly increased share of taxes and that this is due to their policies. However, the increase in tax paid by the rich could equally be a result of the widening inequalities in income.

Needless to say, this is not a full distributional analysis. Benefits and public service cuts will hit those in the bottom half of the distribution more and tax cuts are more helpful to those in the top half of the distribution, even if the proportions paying taxes or receiving benefits and public services remain unchanged. The following graph from the Institute for Fiscal Studies illustrates this:



Source: IFS [6]

[6] http://www.ifs.org.uk/uploads/publications/budgets/Budgets%202015/Summer/Hood_distributional_analysis.pdf

The impact of this budget is strongly negative on the incomes of those at the bottom of the distribution, where most lone parents and single pensioners are concentrated, both groups that are predominantly women, but those in the top half of the distribution lose much less.

House of Commons Library research shows there is a clear gender bias in the distribution of the gains and pain of this Budget, with £24bn of the £34bn net extra money being raised from households over the next five years coming from women.[7] Yet in a document supposed to be looking at impact, the Treasury fails to mention this.

Social security measures

The cuts in social security spending are estimated to reach an extra £13bn a year by 2020/21, the main components of which are freezing most working-age benefits (£4bn), reducing the level of the benefit cap (£0.5bn), cutting tax credits (£5.8bn) and cut housing-related benefits (£2bn).[8]

Freezing benefits/tax credits

The government has extended to four years the freeze in most working-age benefits (excluding statutory sick pay, maternity/paternity pay and maternity allowance, and some disability benefits/elements of such benefits). The Institute for Fiscal Studies says the freeze will hit 13 million families (7.4 million in work), who will lose an average £260/year.[9] Although most disability benefits will be uprated in line with CPI, they are counted in the overall social security spending cap, which will be reduced from £115.2bn in 2016/17 to £114.9bn in 2020/21.

General uprating measures have a significant effect in lowering real incomes. The IFS calculates that benefits subject to reductions in uprating have experienced a real cut of 8% between 2012 and 2019.[10] The Child Poverty Action Group and the TUC[11] estimate that since 2010, nearly four million families with two or more children will have lost over £2,000 cumulatively in child benefit by 2020 just through the freeze to 2013.

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[7] Yvette Cooper 'Once again, the biggest losers from George Osborne's budget are women' http://www.newstatesman.com/politics/2015/07/once-again-biggest-losers-george-osbornes-budget-are-women

[8] HM Treasury, Summer Budget 2015, Table 2.1 Summer Budget 2015 policy decisions.

[9] IFS Post-Budget Analysis, 9 July 2015. See http://www.ifs.org.uk/tools_and_resources/budget/505

[10] *ibid*

[11] Trades Union Congress (2015) *Eroding Child Benefit*

Cuts in tax credits

The IFS estimates[12] that the increase in the withdrawal rate of tax credits (from 41% to 48%) and the reduction in work allowances and thresholds (accounting for more than half of the total cut) will affect three million families, who are set to lose about £1000 a year on average.

Scrapping the family element in tax credits and Universal Credit will affect four million families. These changes come in addition to the four-year freeze. Together these changes reduce the already low incentive for second earners (mainly women) to take up paid employment, for which, as our analysis below shows, the rise in minimum wages will not be adequate compensation.

Child Tax Credit will be removed for third and subsequent children born after April 2017. Currently 872,000 families (548,000 in work) get an average of £3,670/year for third and subsequent children.[13] The cut is likely to affect children in ethnic minority families particularly: 51% of Black African, 65% of Pakistani and 64% of Bangladeshi children live in large families, compared to 30% overall. In addition, 15% of Black Caribbean children, 23% of Black African children and 11% of Pakistani children are in lone parent families with three or more children, compared to just 8% overall.[14] The removal of child tax credit for third and subsequent children represents a substantial cut in the income of lone mothers in large families, who are much less likely to be in paid employment (47%) than those with one or two children (67%).[15]

Benefit cap reduction and other measures designed to push into employment

To date 23,000 families are affected by the benefit cap; the reductions will see many more families hit – particularly in the social housing sector, where there are relatively few savings for families to make by moving to lower cost accommodation. This measure will save roughly £200m in 2020/21, but for families in London it could mean losses of up to £6,000 per year.[16] The measure intends to push families into work or into cheaper accommodation, but neither of these happened at any great scale with the previous cap,[17] and behavioural change is unlikely to happen as a result of this measure. The House of Commons Library

[12] IFS Post-Budget Analysis, 9 July 2015. See http://www.ifs.org.uk/tools_and_resources/budget/505

[13] *ibid*.

[14] WBG calculations by Lucinda Platt (LSE), based on Households Below average Income surveys (2010/11 to 2012/13)

[15] ONS (2014), Labour Force Survey, families by employment status of parents, April-June 2014.

[16] IFS Post-Budget Analysis, 9 July 2015. See http://www.ifs.org.uk/tools_and_resources/budget/505

[17] *ibid*.

reports that four-fifths of those adults affected by the cap in 2014 were women, many of who had several children.[18]

Another measure designed to push people into employment while ignorant of the financial implications is the change in support for Employment and Support Allowance recipients in the work-related activity group (those deemed temporarily unable to work because of illness or disability), whose benefits will be reduced to the same level as Jobseeker's Allowance, cutting them by about £30 per week.

In the same vein, the reduction of the age of the youngest child at which work requirements are imposed on lone parents to three-years-old will mean extra strain for these parents and their children. Under universal credit conditionality, this will also apply to partners in couples with children. Those affected by this change are nearly all women. Coupled with the move from regulations to guidance in terms of how easements to conditionality are imposed, we will likely see an increase in cases of women being sanctioned unreasonably, as already documented by in the Fawcett Society independent inquiry into women and Jobseeker's Allowance supported by the WBG.[19]

The impact of these measures must be judged in the wider context of earlier austerity measures, which include the abolition of the independent living fund and the imposition of stricter eligibility criteria on access to services in the wake of major cuts in local government spending on adult social care.

Housing-related benefits

The 1% per year reduction in social rent over the next four years is a welcome relief for social tenants not on housing benefits, the majority of whom are women. However, the majority of social tenants will not gain as their rent is covered by housing benefit (which is subject to the general freeze). This measure will put pressure on Housing Associations, who will bear the cost of the cut. The cut will affect their financial stability, reduce their ability to refurbish and maintain existing homes, and prevent them building more social housing, which is so desperately needed.

The government announced a further change to social rents in a new 'Pay to Stay' measure. This is where social housing tenants with household incomes of over £40,000 in London, and over £30,000 in the rest of England, must pay a market or near-market rent. Although details are still to emerge, this again affects women disproportionately as they are over-represented in this sector, and there could be severe effects in terms of housing costs for

[18] Reported in *The Independent*, 6 December 2014. (Some of the Law Lords in the Supreme Court case R(SG & other) v Secretary of State for Work and Pensions also accepted that the benefit cap was discriminatory because of the impact on lone mothers and their children.)

[19] Ariss, A. et al. (2015) *Where's the Benefit? An independent inquiry into women and Jobseeker's Allowance*, London: Fawcett Society

those affected. With wording that implies a cliff-edge in rents, the measure may potentially also discourage further earnings for those just under the threshold.

'National Living Wage' and living standards

The Chancellor proposed an increase in the national minimum wage, which he describes as a 'national living wage'. WBG welcomes any significant rise in the minimum wage, 60% of whose recipients are women. However, limiting the increase to those aged 25 or above is unfair to young people.

The new minimum wage is set to reach 60% of median earnings by 2020. This is where it falls short of claims to be a living wage, which is supposed to be a benchmark for a decent living standard based on full-time work. The Institute for Fiscal Studies estimates that the Chancellor's so-called 'national living wage' will be just 13% higher in 2020 than what the current national minimum wage would have been if raised in line with average hourly wages. By contrast the living wage at £7.85 (outside London) is currently 17% higher than the national minimum wage and will be even higher when recalculated as a result of the cuts in the means-tested benefits that it takes into account.

However, the main problem is that 60% of jobs paid at minimum wage are actually part-time (two thirds of which held by women)[20], and for them the wage system cannot offset the cuts in benefits. WBG has long argued that absence from the labour market due to the presence of children, unemployment or sickness, should be dealt with via paid parental and care leave or adequate non-means-tested insurance benefits for individuals alongside quality public services to serve those needs.

Shifting away from public support for such absences from the labour market is part of a wider social and ideological shift that undermines the development of a caring economy. Policies that acknowledged the costs of raising children and supported families are being dismantled, compromising the security of families that deviate from the 'ideal' of two continuously employed full-time workers with no more than two children.

Public sector pay

The Chancellor's plan to extend the 1% cap in pay rises for public sector workers for another four years will hit women particularly hard and worsen the gender pay gap, given that 30% of women are employed in the public sector, compared to 13% of men.[21] The measure will

[20] Low Pay Commission Estimates based on Annual Survey of Hours and Earnings (2014)

[21] ONS, Labour Force Survey, January-March 2015.

make recruitment and retention more difficult as pay rises across the economy continue to average 2%. This will pile more pressure on public sector staff trying to deliver services under ever increasing financial strain.

This will also have differential regional impact because it affects the North – where there are more public sector workers – more than the South. Along with a rising house price divide this will intensify the gap between a prosperous South and a much poorer North, which mere talk about a 'Northern Powerhouse' cannot rectify.

Taxation

By 2020/21 tax increases will generate £11.5bn additional annual revenue, half of which will come from cracking down on tax avoidance and the other half from increases in taxes (mainly dividend taxation, Insurance Premium Tax, Vehicle Excise Duty, and pension tax relief).[22] WBG welcomes the tax increases as a way to raise much needed revenue and in some cases better target its sources on those who can pay more.

Raising taxation from dividend income goes some way to rebalance the tax take towards unearned income, and as a result from women to men since 75% of taxpayers with incomes of above £50,000 a year are men (though we do not have a breakdown of the sources of that income).[23] However, the revenues generated by these tax increases have been frittered away on tax give-aways, rather than invested in public services or used to achieve desired fiscal consolidation without harsh benefit cuts.

Tax give-aways such as rises in income tax and inheritance thresholds, frozen or cut fuel duties and lower corporation tax rate will knock £5bn a year off the total tax increase by 2020/21.[24] As documented in previous WBG Budget responses[25], the freeze in fuel duties, the rise in the personal tax allowance (now set to rise further and faster than announced in March Budget, but less than in the Conservative 2015 election manifesto) and the rise in higher rate threshold all benefit men more than women, particularly higher income men.[26]

The government claims that the cut in corporation tax has no gender impact and provides no gender breakdown of the owners of businesses and shares in businesses. Yet it is likely

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[22] HM Treasury, Summer Budget 2015, Table 2.1 Summer Budget 2015 policy decisions

[23] HM Treasury (2015) Survey of Personal Incomes 2012-13. https://www.gov.uk/government/statistics/distribution-of-total-income-before-and-after-tax-by-gender-2010-to-2011

[24] HM Treasury, Summer Budget 2015, Table 2.1 Summer Budget 2015 policy decisions

[25] *No Recovery for Women,* WBG response to the budget in 2014 http://wbg.org.uk/wp-content/uploads/2014/03/FINAL-WBG-2014-budget-response.pdf

[26] See WBG response to March 2015 Budget for more detailed on gender breakdown of beneficiaries of rises in personal tax allowance. http://wbg.org.uk/wp-content/uploads/2015/04/WBG-Budget-2015.pdf

that more businesses are owned by men than women, and many that women nominally own have been put in their names to reduce tax.

The government has created a main residence allowance for Inheritance Tax, transferable between spouses, that increases the effective IHT threshold to £1m for married couples whose residence is worth at least £350k, provided the property is left to a direct descent. By focusing too much on the right to leave property to children, which further entenches an unequal society where inherited property determines life-chances, the government has increased the pressure on the elderly to retain their savings to pass on to their children and grandchildren. But many older people, and particularly those living on their own who are overwhelmingly women, need those savings and their home to fund their own care. Without a fully funded social care system to look after the elderly, putting extra pressure on them to leave property to their descendants is cruel, and will particularly affect widows.

Pensions

The budget confirmed that the government intends to allow pensioners to sell their existing annuities for cash. While this might help women who have already become locked into poorly paying annuities, there are considerable risks involved, as analysed in the WBG response to the March 2015 budget.[27] Therefore, WBG is pleased that the measure is being delayed until April 2017 to allow additional time for consultation.

Tax relief on private pension contributions will be gradually reduced for those earning over £150,000, from 40% to 10% with consultation proposed on further changes. The lifetime limit on tax relief will be reduced from £1.25m to £1m. The WBG welcomes this change and has long argued that the system of private pension provision and its tax reliefs are regressive, benefiting the highest paid, who are mainly men, and penalising women who tend to have lower incomes and fewer opportunities to save for pensions.

WBG would like to see further restrictions on this relief and welcome the promise of further consultation on pension tax relief reform. One feature of contribution tax relief that should be kept is the basic-rate relief given at source, thus available even to non-taxpayers, which is beneficial to women on low earnings.[28]

[27] *The WBG calls for rebuilding the foundations before fixing the roof,* WBG response to the 2015 spring budget http://wbg.org.uk/wp-content/uploads/2015/04/WBG-Budget-2015.pdf

[28] HM Treasury (2014) Amendments to Pension Schemes Bill (private sector defined benefit transfers) Impact Assessment No RPC14-HMT-2212 [online] http://www.parliament.uk/documents/impact-assessments/IA14-13A.pdf s192 (Accessed 15 June 2015).

BBC Licence Fee

Funding the BBC licence fee concession for those aged 75+ will be transferred to the BBC, phasing in from 2018/9. This is an unjustified extension of the BBC's remit that renders the concession less secure if the corporation's own funding is threatened in future. It particularly affects women, who make up majority of those over 75.

The social infrastructure: care, education and protection

Free 30h childcare for 3 and 4 year olds

The WBG welcomes any increase in high quality childcare services, and the pledge of 30 hours of free childcare per week for all 3-4 year olds whose parents are in employment goes some way in this direction, though it will only come into effect in September 2017. However, unlike the 15 hours currently available, the extension only covers children whose parent(s) are in paid employment.

The level of the payment to providers is not clear, but if it is not increased it will remain below providers' supply costs, leaving a shortfall of over £800 per year per funded child.[29] Nurseries tend to cross-subsidise underfunded places by increasing the cost of out-of-hours or infant childcare. Scaling up the number of hours provided from 15 to 30 on this basis would make nurseries even less profitable than they are now, thus limiting the expansion needed to supply more spaces.

If infant and out-of-hour care costs are increased to cross-subsidise the free hours, then parents will find it harder to pay, especially given the cuts in parental incomes due to cuts in child-related benefits. Further with the changes in the tax credit taper, childcare support will be withdrawn more quickly so that families will receive less support with any additional childcare costs beyond the free hours.

Further, the rise in the National Minimum Wage will hit nurseries hard, whose care staff are mostly paid at the current national minimum of £6.50 per hour.

Extra measures will be needed to ensure that the current offer of childcare meets better the requirements of a modern economy. Single working mothers increasingly working irregular hours will find it difficult to strike a balance between family and employment on existing

[29] National Day Nurseries Association (2015), Press release http://www.ndna.org.uk/NDNA/News/Press_releases_2015/NDNA_calls_on_Government_to_deliver_promise_of_childcare_funding_review.aspx

childcare arrangements, which currently do not offer enough flexibility throughout the working day.

The effect of a rising minimum wage on adult social care

There has been an average cut of 8.7% to adult social care at a time when demand for social care is rising, despite efforts by local authorities to protect social care services in the face of budgets cuts.[30] Local authorities have reduced social care budgets through a combination of outsourcing to private providers (who offer lower rates of pay), reducing fees paid to care agencies and commissioning less care.[31] This downward pressure on costs will continue as a result of on-going cuts to local authority budgets and increasing demand.

In this context it is difficult to see how the welcome increase in the national minimum wage will be met for care workers without a reduction in the levels of care provided. This will have a disproportionate impact on women who are the majority of those needing care and the majority of those providing care, both paid and unpaid. Women needing care, particularly older and disabled women, may face a fall in the amount of care provided and/or the quality of that care. Care workers will benefit from the increase in the national minimum wage, but may find that their hours of work are cut, or that they are only paid for short appointments but not for travelling time. This will inevitably compound problems of recruitment and retention of care staff and will have adverse effects on care standards. Unpaid family carers (the majority of whom are women) may face increasing demands to provide unpaid care to replace reductions in state-funded care.

A levy to fund more apprenticeships

The WBG welcomes the re-introduction of a levy on large employers to fund apprenticeships. This proposal resulted from a National Audit Office report, which found that a levy would help increase the number, quality and status of apprenticeships. [32] This is particularly welcome given the relatively poor increase in the number of apprenticeships since 2010.

However, there is still work to be done. The apprentice system is the most gender segregated of all aspects of education. Women are clustered in retail, health and social care industries, and childcare, all of which attract lower earnings than other sectors.[33] Moreover, the funding cuts to the public sector and reduced for provision for care services means

[30] National Audit Office, 2014, Financial Sustainability of Local Authorities, DCLG, http://www.nao.org.uk/wp-content/uploads/2014/11/Financial-sustainability-of-local-authorities-20141.pdf

[31] National Audit Office, 2014, Adult Social Care in England, overview, DCLG, http://www.nao.org.uk/wp-content/uploads/2015/03/Adult-social-care-in-England-overview.pdf

[32] Wolf, Alison. 2015. Fixing a Broken Training System: The case for an apprenticeship levy. Social Market Foundation

[33] Newton, Becci, and Joy Williams. 2013. Under-representation by gender and race in Apprenticeships: Research summary.

these employers are under intense pressure. The levy will add to that and possibly have further negative effects on women's employment.

More needs to be done to ensure apprentice schemes attract women into Science Technology Engineering & Maths industries, as argued by the WBG in previous responses.[34]

Replacing maintenance grants by loans

The replacement of maintenance grants with loans from 2016 will add to the indebtedness of young people from poorer backgrounds. This is a striking example of how private debt is disregarded in the government's attempts to reduce public indebtedness. The debt incurred by a student taking a full loan for three years for both tuition fees and maintenance will now reach £51,000. The Financial Conduct Authority now requires lenders to factor in student loans as debts when graduates apply for mortgages. This will leave students who have needed to take the largest loans (often the poorest students) at a disadvantage with respect to future loans and home ownership.

There is no public information about the gender of those who previously received grants, but the gender pay gap means that this measure will have a larger impact on women. Among those earning above £21,000, the repayment of student loans will take a larger proportion of graduate women's earnings than of men's.

Violence Against Women Services

In the last parliament VAW services experienced significant cuts to funding as a result of public spending cuts with a 31% cut in local authority funding to sexual and domestic violence services. Specialist services for Black, Asian and Minority Ethnic women were badly hit.[35] The government has proposed to reinstate just £3m of support to victims of domestic abuse. This is clearly insufficient. The Women's Resource Centre has reported a pattern where specialist VAW services are replaced with generic services provided by large national organisations, which are seen as more cost effective.[36] This is likely to continue as local authority budgets continue to be cut with devastating impact for all women experiencing violence and in need of specialist services.

[34] See all previous WBG budget responses: http://wbg.org.uk/2013-a-budget-for-inequality-and-recession/

[35] Towers J and Walby S, 2012, Measuring the impact of cuts in public expenditure on the provision of services to prevent violence against women and girls, Trust for London http://www.trustforlondon.org.uk/wp-content/uploads/2012/01/VAWG-Cuts-Full-Report.pdf

[36] http://thewomensresourcecentre.org.uk/wp-content/uploads/Appendix-5_Funding-for-specialist-violence-against-women-and-girls-services_FINAL2.pdf

Conclusion

This latest budget is a terrifying move towards permanent austerity, which will have a devastating effect on women's security. As mentioned in our last briefing[37] the budget insufficiently addressed the crisis in both childcare and social care. The burden of this will continue to fall on women. The need for a radical alternative has become that much more urgent.

The Chancellor's plan for continued austerity and his quest for a budget surplus involves moving risk and debt onto the shoulders of the poorest and those most in need. They are poor women raising children alone, women with extra care burdens where the state has withdrawn, they are elderly women on low incomes, young people forced to enter adulthood with tens of thousands pounds worth of debt, unable to access a living wage or social security if they fall on hard times. Meanwhile, the Chancellor seeks to ease the burden for those in positions of privilege; the few who benefit from the changes to inheritance tax, the reduction in corporation tax for businesses and changes to the higher rate threshold.

The result will be an increase in the already broad gap between rich and poor, a further widening of inequality. Existing communal social and public infrastructure is slowly being privatised or outsourced and reduced to a skeleton service. The Orwellian message is now a clear and chilling: 'We are all in this together but you are on your own'. Every individual must meet his or her lifetime needs through earning and borrowing. People will have to take on debt to buy a house, an education, and quite likely, to buy food and heating if for any reason they are unable to earn enough. This is likely to hit women hard because of their caring responsibilities.

During the 2015 general election the Women's Budget Group, in partnership with the Scottish Women's Budget Group, published a manifesto for change: 'Plan F', a feminist strategy for a caring and sustainable economy.[38]

To achieve Plan F there must be a shift away from the ideological pursuit of austerity and towards an economic strategy built on investment in social and sustainable physical structure. This includes investment in social housing, education, health and care. Caring responsibilities need to be shared through investment in quality public services. Gender relations in paid and unpaid work must be transformed. The economic priority should be on

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[37] *The WBG calls for rebuilding the foundations before fixing the roof* http://wbg.org.uk/wp-content/uploads/2015/04/WBG-Budget-2015.pdf

[38] *Plan F: A Feminist Economic Strategy for a Caring and Sustainable Economy* http://wbg.org.uk/wp-content/uploads/2015/02/PLAN-F-2015.pdf

fostering equality, human rights and sustainability. The WBG detailed Plan F policies in its April budget response. [39]

The money can be found. Cancel plans for trident (costing £100bn over the next 30 years), reverse tax giveaways (costing about £27bn a year), stop corporate welfare (reportedly worth around £93bn in 2012/13[40]) and retrieve the billions lost in tax avoidance (estimated to cost the Exchequer up to £120bn a year).

By continuing to cut public services and decimate social security, by spending too little on care and other social infrastructure, by encouraging private debt while chasing a budget surplus, this government is creating a system that undermines the security of women and the poorest in society. This is unnecessary and wrong; Plan F is a more effective and fairer plan towards current and future economic security for all.

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[39] http://wbg.org.uk/wp-content/uploads/2015/04/WBG-Budget-2015.pdf

[40] *The £93bn handshake, published in the Guardian 7th July 2015* http://www.theguardian.com/politics/2015/jul/07/corporate-welfare-a-93bn-handshake

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