A Gender Impact Assessment of the Coalition Government Budget, June 2010

UK Women's Budget Group

The UK Women's Budget Group is an independent, voluntary organization which brings together individuals from academia, non-governmental organizations and trade unions. We have been scrutinizing the gender implications of the budgets of UK governments since the early 1990s. Here we provide our gender impact assessment of the coalition government's June 2010 budget.

Executive Summary

Fairness: the budget fails the gender equality test

A 'Maid Marian' tax could help it pass

We welcome the emphasis that the coalition government has given in the budget speech and budget statement to the importance of fairness. But the government has failed to recognize that fairness has many dimensions- it is not just a matter of comparing the impact of the budget on rich and poor households, but also on women and men, in different age groups, ethnic groups and regions.

There is now a Gender Equality Duty that requires public authorities to be proactive in eliminating gender discrimination and promoting equality of opportunity between women and men. The Gender Equality Duty applies to all public bodies, from central government to local government to service delivery partners. It applies to taxation, the benefits system and to public services. There is thus a positive duty to examine the impact of the budget (and the spending review) on women as compared to men. We are disappointed that the government has not complied with this duty and urge the government to prepare a gender impact assessment of the budget as soon as possible.

The government has provided, in Annex A of the budget statement, an analysis of the impact of tax and welfare benefit changes on households with different levels of income - an analysis revealed to be seriously misleading by the Institute of Fiscal Studies (IFS). The IFS which showed that the budget measures were not as the government claimed, ones from which the rich will feel more pain than the poor, and described them more accurately as "regressive"[1]. But no attempt was made by the government, or the Institute for Fiscal Studies, to analyze the impact on the individual incomes of women and men. In households with more than one earner, individual incomes matter because they affect the bargaining power that women and men bring to household decision-making. There is convincing evidence that women and men do not always pool all their income and share it equally.[2] As the Report of the National Equality Panel noted 'Gender inequalities are largely masked when incomes are measured on a household basis'[3].

A government committed to gender equality would try to use budgets as a way of offsetting the gender inequality that exists in markets, businesses, families and communities:

- median annual earnings for men who work full time are £25,800, but for women only £20,100 [4]

- men are more than three times as likely to be in the top tenth of earners as women[5]
- many women are part-time workers, who average hourly pay is 39% below those of full-time men[6]
- even after taxes and benefits, in the mid years of the last decade, median individual income for men was £281 per week, while for women it was less than two-thirds of this, at £180 per week[7]
- women continue to do more unpaid work than men, 4 hours 15 minutes for the average women on the average day, as compared to 2 hours 18 minutes for the average man on the average day[8]

We welcome the pioneering assessment of the impact of the budget on the incomes of women and men, conducted by the House of Commons library, at the request of MP Yvette Cooper. It analyses the distribution between women and men of the £8 billion raised by the budget changes in direct taxes and benefits, and finds that £5.8 billion will be paid by women and only £2.2 billion by men.[9] This will only exacerbate existing inequalities of income between men and women. This is not surprising because a larger share of women's income is made up of benefits and tax credits - on average one-fifth for women compared to one-tenth for men – and more women than men earn too little to benefit from the change in income tax thresholds.[10]

We have examined these and other budget measures and our verdict is that while the budget has a few individual measures that help to offset gender inequality, such as the exemption of low income workers from the public sector pay freeze, the budget taken as a whole is unfair in its impact on women as compared to men. The budget, together with likely changes in the welfare system, seems more supportive of an out-dated 'male breadwinner, dependent female carer' model of relations between women and men, than an egalitarian 'dual earner, dual carer' model. It runs the risk of fostering, in the long run, a fall in women's participation in the labour market, and the loss of the talents of many women to the economy. If the amount women get from earnings falls, this will trigger increases in the cost of tax relief and/or means-tested tax credits and benefits, increasing the budget deficit.

Low income mothers, who are the managers and shock-absorbers of poverty, will be among the main losers. Women from black and minority ethnic groups will be particularly hard hit, as 40 per cent of them live in poor households.[11] Despite a valuable increase in child tax credits for families on low incomes, the fall in the real value of child benefit, abolition of the health in pregnancy grant, and restriction of Sure Start maternity grant to the first child, the cuts in housing benefit, the fall in the real value of benefits due the change in the basis on which they are uprated, and the forthcoming cuts in public services will hit these women hard for the foreseeable future. All this will also be harmful to their children.

The House of Commons library report does not take into account the effect of the enormous spending cuts that will start in the autumn (25 percent and now we are told possibly up to 40% across most of the public sector). Women tend to be harder hit than men by spending cuts because women use public services more intensively than men - they use them to meet their own needs, which are greater than those of men, because of pregnancy, longer life expectancy, and lower earnings and assets; and women also use public services more intensively than men to assist them in managing care responsibilities, especially those that provide care services, for children, for frail elderly people, and for sick or disabled people.[12] Women are also the ones who are likely to pick up the extra unpaid work that cuts in public services will entail for families.

The government has stated that it is concerned about fairness in determining where the cuts will fall[13]. But it seems to have no plans to look at the implications for gender equality. *We call upon the government to conduct a gender impact assessment of the planned expenditure cuts, and to revise the plans in the light of the assessment.*

These cuts will also result in the loss of a large number of jobs, likely to be disproportionately women's jobs since about 65 percent of workers in the public sector are women.[14] No estimates were provided in the budget, but the Office for Budget Responsibility published estimates on June 30th that 490,000 public sector jobs will be lost by 2015 and 600,000 by 2016. The OBR forecasts that 2 million new jobs will be created in the private sector, though the likelihood of that has been widely questioned. *The OBR is also bound by the gender equality duty and we call upon the OBR to publish estimates of job losses and gains disaggregated by sex.*

Women will bear the brunt of the reduction of the budget deficit because the government has decided that the reduction of the budget deficit must come primarily from cutting public expenditure rather than raising tax revenue. The measures announced in the budget speech mean that 77% of the reduction comes from spending cuts, 23% from tax increases. This is slightly less extreme than the proposals that the Conservative Party made in its election manifesto for a ratio of spending cuts to tax increases of 4 to 1. It is not in line with the manifesto proposals of the Liberal Democrat Party for a ratio of spending cuts to tax increases of 2.5 to 1.

We agree that there is a need to reduce the deficit in the long term, though we have concerns over the scale and timing of the government's plans, but we urge the government to put more of the emphasis on raising taxes on those who can afford to pay them. We welcome the levy on the banks and the increase in capital gains tax, but they do not go far enough. We are concerned that the budget plans to raise the bulk of the extra revenue required from an increase in VAT to 20%-- a measure that will hit low income people harder than high income people, and increase the problems that women have in managing family spending. An increase in the standard rate of income tax would have been fairer in gender terms.

Even better would be a 'Robin Hood' tax on financial transactions, so called because it take from the rich and (potentially) gives to the poor. [15] This could be turned into a 'Maid Marian' tax by ensuring that the revenue from the tax is used to avoid the cuts in benefits and public services that will be so damaging to women and undermine gender equality. An estimate by IPPR suggest that a financial transactions tax set at a rate of just 0.01 percent (and retaining stamp duty at 0.5 percent for equity purchases) would raise net revenues by around £25 billion a year.[16]

This would easily enable the government to avoid some of the most damaging spending measures[17]. It would pay for: uprating benefits, tax credits and public sector pensions in line with the Retail Price Index (£3,900 million); retaining the health in pregnancy grant (£150 million) and Sure Start maternity grants (£75 million); restoring the cuts in tax credits (£3,110 million) and housing benefit(£1,640 million): not freezing child benefit (£940 million); not requiring single parents whose youngest child starts school to look for paid employment if they are not ready to do so (£150 million); not making it more difficult to get Disability Living Allowance (£360 million). This would come to £10,325 million, leaving another £15,000 million or so to maintain the public services that are critical for gender equality.

We call upon the government to review its approach to deficit reduction, phase in the reduction more gradually, and place more emphasis on equitable tax raising measures.

Our assessment of individual measures follows below.

Changes to the welfare system

Erosion of welfare benefits through change in system of uprating

From April 2011 benefits and tax credits (but not necessarily state pensions) will be uprated in line with the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). The effect of long term uprating by CPI rather than RPI – both in terms of budgetary savings and average cuts in income, and in terms of distributional effects – depends on how the two indexes will move in the future, but the method of calculation makes the CPI lower than the RPI[18]. Based on the past 10 years' September to September indexes the RPI (which includes mortgage payments and other costs of home ownership) has increased on average by 2.64% and the CPI by 1.87% per year. This difference is small in any one year but cumulated over many years the effect is significant. For example, if a benefit worth £100 in year 1 was uprated by the RPI for 10 years using the average from the past it would be £130 nominal terms at the end of this period. Uprating by the CPI would make it only £120. Thus the benefit would effectively be cut by £10 or 10% of its original nominal value.[19]

This 'stealth' cut is the biggest single item in the Budget's 'saving' in the cost of social support for incomes: rising from £1.17bn in 2011-12 to £5.84bn in 2014-15. Women are more reliant on benefits than men, due to their higher engagement in unpaid care work and lower earnings, so this will have a significantly unequal gender impact.

State Pensions

Women are more dependent than men on the state pension and less likely than men to have occupational pensions or private pensions, especially very large ones. Women are more likely than men to be poor in old age: about two-thirds of the 2.1 million pensioners living in poverty are women.[20]

The basic state pension will be uprated in line with earnings, prices (as measured by CPI), or 2.5 percent, whichever is highest from April 2011. We welcome the restoration of the link with earnings, but are concerned that the link to prices will be to the CPI rather than the RPI. The CPI takes no account of mortgage and some other costs to homeowners, so the many pensioners who still have mortgages to pay may not be compensated for any rises in these costs.

We also welcome the uprating of the standard minimum income guarantee in the pension credit by the cash rise in the basic state pension. However, we are concerned that although its the woman's low income in retirement that usually triggers a couple's eligibility for pension credit, it is paid in over 80 percent of cases to the man, i.e. the partner with the higher income. This increases income inequality within the household. It would be more equitable for Department of Work and Pensions to require the pension credit claimant and payee in couples to be the partner with the lower income.

A number of other pension measures in the budget will help to offset gender inequality in old age, and we welcome them.

- The proposed ending of rule that requires an annuity to be purchased by age 75
- Maintenance of winter fuel allowance and free bus pass (which women use more than men)
- Phasing out the default retirement age, which in the past has lead to people being forced to retire when they did not want to
- Reduction in the annual tax allowance for private pensions

However, the basic state pension remains lower than most other rich countries and many eligible people do not claim the pension credit. To end women's poverty in old age requires a rise in the basic pension.

Following the budget, the government announced proposals for raising the state pension age. Health inequalities make this unfair. Among women and among men those who are likely to depend on the state for their only pension tend to die younger than those who have occupational or private pensions, who would still be able to retire earlier, should they choose to do so. Since men are more likely than women to have a private pension, this unfairness will impact on more women than men.

A rise in the state pension age also has implications for child care and elderly care. Women and a growing number of men in their 60s are likely to have caring responsibilities, either for childcare, enabling their daughters or daughters-in-law to take paid employment and / or for frail elderly parent(s). With cut backs in public provision, grandmothers will become more important as providers of childcare. (Already 40 percent of mothers in paid employment rely at least in part on the childcare they provide). However, grandparents have no right to work flexibly as parents do, so a rise in the state pension age may impact on grandparents' availability for childcare.

The fair way to tackle the problem of funding decent pensions is to remove the compulsory retirement age (as the government intends) and tackle age discrimination, both of which prevent those who wish to continue in employment doing so. If this raises insufficient funds, rather than forcing those who would choose to retire to work longer it would be fairer to fund this by higher rates of income tax for all standard and higher rate tax payers.

Child benefits and maternity grants

Universal child benefit was one of the earliest demands of the women's movement in the UK. Child benefit is usually paid to mothers, as they are the ones who take the main responsibility for caring for children. For many mothers who are not employed, this is their only source independent income. The universal character of this benefit is important for two reasons:

- it is some recognition by society of the costs to mothers of providing the next generation, who will be helping to provide for everyone's old age pension
- it is some recognition of the importance of mothers having some income in their own right. Mother's income has been shown to be more likely to be spent on the children than father's[21]

We welcome the decision to retain a universal child benefit and not to subject it to a means test. Means-testing on the basis of household income is detrimental to women because it takes no account of how resources are shared within families. However, the freezing of child benefit for three years from April 2011 will reduce the real income of all mothers. Mothers will also have their incomes reduced by the elimination of the Health in Pregnancy Benefit and the restriction of the Sure Start Maternity Grant to the first child.

Women make big sacrifices in lifetime earnings when they become mothers.[22] The cuts to child benefit and maternity grants increase this financial sacrifice. Their gender impact is unfair.

Tax credits

A series of complex changes was made to tax credits:

Increase in child element of CTC by £150 in 2011 and £60 in 2012
Remove baby element in Child Tax Credit (CTC)
Reverse proposed £4 extra CTC in 2012 for 1-2 yr-olds
Reduce higher income threshold to £40k
Taper family element in CTC immediately after child element
Increase withdrawal rates to 41%
Remove the 50+ element in Working TC
Reduce income disregard from £25,000 to £5,000
Reduce backdating from 3 to 1 month in 2012
Introduce £2,500 disregard for income falls in 2012

Although there will be an increase in the level of Child Tax Credit for the lowest income families, most of these changes reduce entitlement - abolition of the baby and infant bonuses, the ending of eligibility for families with household income above £40,000, and increases in the rate at which tax credits are withdrawn once household incomes rise. These reductions in entitlements will hit women in middle income households who are trying to combine paid employment with motherhood and erode the incentives for mothers to work for pay.

The Conservatives, while in opposition, had highlighted the incentive problems caused by high withdrawal rates for families: yet this budget increases them for many more. At an individual level, 'second earners', who are typically women, are likely to be deterred from employment more strongly than at present. Some women are likely to find that work no longer pays, and have to leave the labour market.

For Working Tax Credit, the removal of the 50+ element will hit many older women, making their first steps in returning to the labour market. For Working Tax Credit, the intention to reduce the higher income threshold further will impact primarily on the childcare element, further eroding women's incentives to take employment.

As well as changes in the tax credit entitlements, the budget also made changes to the administration of the system that will penalize women.

From April 2011, the level of in-year rises of income that will be disregarded from calculations of tax credit entitlement will decrease from £25,000 to £10,000 and from April 2013, this will be decreased further to £5,000. This will mean more overpayments in the end-of-year adjustment, and more women being pressured to repay tax credits that they have already spent.

From April 2012, the period for which a tax credit claim and certain changes of circumstances can be backdated will be reduced from three months to one month. This change puts the onus on claimants to notify changes even more quickly, or lose money. Limiting backdating to one month will hit women: your husband leaves, you're trying to keep up your job and look after the children and within four weeks you find you've lost a couple of thousand pounds worth of child and childcare tax credits that you needed to help you avoid arrears on the mortgage.

From April 2012, a disregard of £2,500 will be introduced in the tax credits system for in-year falls in income. As a result, people with income falls in-year of up to £2,500 will not get any rise in their tax credit award.

The rules are complex and hard to understand, and these changes will result in more stress for women.[23]

Benefits for lone parents

Lone parents, 90 percent of whom are women, will be required to look for paid work when their youngest child reaches the age of 5. They will no longer be eligible for Income Support and will be transferred to Jobseekers Allowance. But the budget is likely to result in fewer jobs and less child care provision being available, as a result of the public expenditure cuts. If they do not find paid work that is compatible with their child care responsibilities, lone parents face declines in real income, as those on Job Seekers Allowance for over a year will have their housing benefit cut by 10 percent. These measures clearly do not pass the gender equality test. Instead of pressurizing lone parents to take paid work, policy should focus on improving the availability of decent work and affordable child care, so that lone parents are able to combine earning wages that take them out of poverty with caring for their children.

Housing benefit

Entitlements to housing benefits will be reduced; form April 2011, local housing allowance rates will be capped at £250 per week for a one bedroom property, £290 per week for a two bedroom property, £340 per week for a three bedroom property, and £400 pound per week for four bedrooms or more. This will hit large families in inner London particularly hard.

Since more women than men live with adult children, they are the more likely to be caught by restrictions on eligibility by size of household as young people move unpredictably in and out of the family home, especially in a period of high unemployment. From April 2010, there is an additional penalty for those receiving Job Seekers Allowance: their housing benefit will be reduced to 90 percent of the initial award after 12 months (with no mention for any exemption for lone parents). These measures are likely to lead to an increase in homelessness, with all the stress that causes for women with children.

Disability Living Allowance

The requirement for a new medical assessment to establish eligibility for Disability Living Allowance, unless carefully designed, could have an unequal gender impact. Women disproportionately suffer mental health problems, and these are hardest to demonstrate, so women may disproportionately be likely more likely to fail a medical test. They will lose income in moving to Job Seekers Allowance.

Public sector employment and pay

The two-year pay freeze for directly employed public sector workers earning more than £21,000 will tend to hit women more than men, since around two-thirds of public sector workers are women. The unequal gender impact will be somewhat mitigated by an exemption for lower paid workers, as those earning below £21,000 (estimated by the Treasury to be 1.7 million out of a total of 6.1 million public sector employees) will receive an increase of at least £250 a year., and women are likely to be over represented in this group. However, 2.2m local government workers, 75% of whom are women, have already had a pay freeze imposed on them this year, without any exemptions for the lower paid.

With the expansion of outsourcing, around 1.2m public service workers, the majority of them low paid women (e.g. care workers) are outside the public sector and not covered by national bargaining. Their pay is likely being squeezed even harder.

The budget will do nothing to rectify women's unequal pay in the public sector, as no provision is made to fund recent unequal pay settlements, or to make provision for future settlements. In Scotland alone there are currently 35,000+ equal pay claims in the Employment Tribunal system.

The proposed cuts of 25 – 40 percent to the budgets of all departments except DFID and the NHS will lead to large scale loss of employment in the public sector, which is likely to disproportionately affect women. No estimates were provided in the budget, but the Office for Budget Responsibility published estimates on June 30th that 490,000 public sector jobs will be lost by 2015 and 600,000 by 2016. The OBR forecasts that 2 million new jobs will be created in the private sector, though the likelihood of that has been widely questioned. The OBR is also bound by the gender equality duty and we call upon the OBR to publish estimates of job losses and gains disaggregated by sex.

Child care and social care services are also a good example of the incorrect assumption that cutting government departmental budgets only affects jobs in the *public* sector. With privatisation over the past twenty years most jobs in childcare and social care are in the private-for-profit sector. Local authorities will not have the cash to pay for all the domiciliary or residential care services older people need. Some private sector providers will try and hold down/or cut staff wages or staff numbers. The government has abolished the £75 million Care First programme which was to help 50,000 young people enter the social care workforce (employers got a £1000 subsidy to employ 18-24 year olds who had been out of work for 6+ months).

Cuts to public services

Excluding cuts in benefits, the budget proposed £34 billion of spending cuts by 2012/13[24]. Spending by the National Health Service and the Department for International Development will not be cut, but all other departments and services will face cuts of around 25 per cent (assuming the cuts are equally distributed across the public sector)[25].

The government has not provided any analysis of the distributional impact of these cuts, but a pioneering study for the TUC and UNISON has estimated that the poorest tenth of households will lose public services worth £1.344 each year (equivalent to 20.5% of their household income). The richest tenth of households will lose services worth £1,135, equivalent to just 1.6 percent of their household income[26]. This is clearly regressive and unfair as between rich and poor households.

It will also unfair as between women and men. Public services are critical in mitigating some of the gender inequalities that prevail in markets, businesses, families and communities; and women tend to make more use of public services than do men, both for themselves and for those for whom they care. We are particularly concerned about the implications for care services for children and the elderly; and funding for women's organizations, including those providing services to support women who are subject to violence; and to support economic opportunities for low income women.

Social care services for the elderly are already grossly under-funded, and the number of over 80s is increasing, so these will be rationed even more tightly. Pressure on family carers (who are mainly women) is bound to increase. Once again women will be disproportionately affected in being the majority of both those who need care services and those who try to combine paid work with providing care.

Funding cuts for some women's' organizations are already happening. An example is WEETU - The Women's Employment Enterprise and Training Unit, based in Norwich. Since 1987, WEETU has developed innovative programmes to support low income women who wish to improve their position in the labour market through training, work experience and enterprise support. WEETU has been delivering a flag-ship programme of enterprise support for low income women under the LEGI (Local Economic Growth Initiative). But the LEGI programme is being peremptorily cut. WEETU has now had to make three women - employed part time as outreach workers - redundant and stop delivery of its successful programmes in low income neighbourhoods. This decision signals a disregard for the most vulnerable women and the poorest communities, and is inconsistent with the objective of enabling them to get paid work.

Services that address violence against women will be under pressure at the same time as demand for their services may rise. For instance, men who lose jobs and/or experience financial difficulties may take their frustrations and anger out on their partners; arguments about money are an important trigger for domestic violence. Services that address violence against women are already short of funds. The Map of Gaps, published by the Equality and Human Rights Commission and the End Violence Against Women Coalition, showed that 1 in 4 local authorities made insufficient provision for specialist services for women in their area.[27] This means that in many parts of Britain, there are already insufficient refuges, rape crisis centres, and other services. The last government had launched a strategy to address this, but the new Coalition government suspended the strategy as one of its first acts in Government. This is a false economy since research shows that domestic violence in England and Wales alone costs around £23 billion a year and sexual violence around £8 billion.

The government has set up a framework of criteria and procedures for the Spending Review (to be published in the autumn) which will determine the distribution of the cuts across departments and programmes, and to the devolved administrations in Scotland, Wales and Northern Ireland. The framework states that 'In the light of its commitments to fairness and social mobility, the Government will look closely at the effects of its decisions on different groups in society, especially the least well-off, and on different regions.'[28] There is no mention of examining the impacts on women and men. The previous government had a Public Service Agreement (PSA 15) that related to gender equality, but the PSAs have been abolished. We call upon the government to conduct a gender impact assessment of the planned expenditure cuts, and to revise the plans in the light of the assessment.

Changes to Taxes

Income Tax

The personal allowance will increase by £1,000 to over £7,000, and thresholds for higher tax payers will be adjusted to ensure that they do not gain from this. This is a mildly progressive change in gender terms. It will result in the proportion of total income tax receipts being paid by men increasing somewhat and that paid by women decreasing, helping to offset the pre-tax gap in men's and women's income.

However, this tax cut is not fully funded and is therefore responsible for expenditure cuts elsewhere in the budget – typically expenditure cuts will impact more on women than men. Moreover, it does not help those on the lowest incomes (these include those out of the labour market and many of those working part time because of caring responsibilities i.e. significantly more women than men). These people will suffer most from public service cuts, since they are the most reliant on public services, and will have to pay the same VAT rise as everyone else, but receive no benefit from the changes in income tax thresholds.

In the absence of the Maid Marian tax it would be fairer, in terms of both gender and income inequalities, to raise more revenue by raising income tax rates, to prevent the need to raise the rate of VAT or to cut public services so drastically.

Capital gains tax and inheritance tax

Women own fewer assets than men, and so are less liable to Capital Gains Tax (CGT). The rate of CGT has been increased from 23 June 2010. From that date, gains above the tax-free allowance of £10,000 will be added to income, and any part that falls into the higher rate or additional rate tax band is taxed at 28 percent, which is lower than the higher or additional rate of income tax. Thus the change fails to remove the incentive to take income in the form of pseudo capital gains, which has been thought to be responsible for some serious distortions in investment e.g. speculation on the housing market. If more revenue were raised from CGT, there would be less need to cut public expenditure, and this would lessen the adverse impact on gender equality.

Indirect taxes: VAT and excise duties

VAT will rise from 17.5% to 20% from 4 January next year. VAT, which is a tax on spending, is a regressive tax because those on the lowest incomes spend the largest proportion of their incomes. In the UK, this is mitigated by the fact that food and children's clothing and a number of other essential items are zero-rated, as both these items form a larger proportion of the spending of poorer households, especially those with children. These exemptions are very important for women, as managers of household budgets, and their continuation makes VAT a more gender-equitable tax than it would be if they were ended. Nevertheless an increase in VAT from 17.5% to 20% will result in a bigger proportionate tax rise from households in the lowest income quintile (equivalent to a more than 2% loss in income) than others and the smallest to the top quintile (equivalent to about a 1% drop in income)[29] (IFS, Browne presentation).

It has been argued by the IFS that some households in the lowest income quintile are there only temporarily and that expenditure is a better measure of long term prosperity (because of exemptions the incidence of VAT on expenditure is similar across expenditure quintiles).[30] This might be true of those temporarily out of employment, of some with inherently volatile earnings, and also of anyone running down their savings. However many of those in the lowest income quintile are poor by all measures, including many lone parents and single pensioners (both groups predominately women). The increase in VAT will hit these groups of women hard, especially since they are unlikely to benefit from the change in income tax thresholds and are likely to be among those especially hit by cuts in public services.

Summing up the gender impact of the budget for different groups of women

Women who are mothers: Child benefit is a universal benefit that is in the vast majority of cases paid to the mother - by freezing it for three years it will be cut in real terms. Child Tax Credit is means-tested in relation to household income but is paid to whoever is nominated the main carer in the family, most often the woman. The reduction in Child Benefit and in Child Tax Credits for middle-income families therefore means a loss of independent income for women in those households, who may have a low or no income of their own, making them more reliant on their husbands. Further, if childcare subsidies through Working Tax Credit are also be cut, such women may be pushed out of the labour market.

The increase in Child Tax Credit for low-income families boosts the income of mothers if they are nominated as the main carer. However, the extra £150 will quickly be absorbed by the rising costs associate with 20% VAT. New mothers' independent income will be hit by the scrapping of two one-off payments: the health in pregnancy grant and the Sure Start maternity grant for second and subsequent children.

Lone parents (most of whom are women) are affected by the new requirement that they must look for work when their youngest child goes to school. For this policy to work it is essential that the government does not cut services for families, such as breakfast clubs, afterschool care and holiday play schemes provided by extended schools. However these services will be vulnerable due to the squeeze on local authority budgets.

Cutting Housing Benefit by 10 per cent for people who have been claiming Job Seekers Allowance for more than 12 months will increase the housing insecurity of lone mothers and their children, who are over-represented among unemployed mothers. This will be exacerbated by extending the requirement to seek work to lone mothers when their youngest child starts school.

Women who are carers: many of whom themselves face poverty during their working lives and in retirement are also facing cuts in support. Because the eligibility criteria for the Disability Living Allowance (DLA) is to be tightened this will have a knock on effect on eligibility for Carers' Allowance, which is only available for those looking after someone in receipt of the middle or higher level of DLA or Attendance Allowance. As three quarters of Carers' Allowance recipients are women, this is yet another area in which women will bear the brunt of the budget cuts.

Women who are in paid employment: many will benefit from the raising of the personal income tax allowance but as women comprise about two-thirds of public sector workers large numbers will be affected by the two-year pay freeze for those earning over £21,000. The flat-rate rise of £250 will not greatly compensate lower paid public sector workers given cuts in other benefits and the rise in VAT. The public expenditure cuts are also likely to mean that women are disproportionately represented among those who lose jobs.

Retired women: older women are poorer and live longer than men. Linking the rise in the basic state pension to earnings, CPI or 2.5 per cent, whichever is the greater, will boost the incomes of many older women. However, they will suffer from cuts to caring and other social services, upon which they are more reliant than men, and for longer.

Women with disabilities: women suffer mental health problems which are harder to demonstrate and so they are more likely to fail the new medical tests for DLA and get a reduction in the benefits. Women with disabilities will also suffer from cuts in the provision of public services.

Black and minority ethnic group women: these groups of women are more likely to live in poor households and will so be harder hit, on average, than white women. Women of Pakistani and Bangladeshi origin tend to have larger or extended families, so they will suffer from the capping of housing benefits for properties with more than three bedrooms, and will be hit by the decision to only pay the Sure Start maternity grant to the first child.

To sum up, on the whole women will be made worse off by the budget than men, as they rely on transfer payments, public services and public sector employment to a greater extent than men. However it is the poorest and most vulnerable women in British society who will feel the cuts most acutely. This is not a gender-neutral budget. Nor it is a fair one.

For more information please feel free to contact us by email at info@wbg.org.uk or by phone at 075 7623 5554.

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[1] See www.ifs.org
[2] See for instance, Shelly Lundberg and Robert Pollack, 'Do Husbands and Wives Pool their Resources?: Evidence from the United Kingdom Child Benefit', *Journal of Human Resources,* 32(3) 1997
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