Women's Budget Group

The Impact on Women of Budget 2013

A budget for inequality and recession

UK Women's Budget Group - April 2013

The UK Women's Budget Group is an independent, voluntary organization made up of individuals from academia, non-governmental organizations and trade unions. We have been scrutinizing the gender implications of the Budgets and spending plans of UK governments since the early 1990s.

Here we provide our gender impact assessment of the Coalition Government's March 2013 Budget.

Introduction

The coalition's latest Budget betrays the Chancellor's claim that he wants to help "strivers … people who want to work hard and get on". George Osborne's fourth Budget entrenched the government's austerity policies, yet it is these very policies that prevent ordinary people from "getting on". Huge cuts to public spending will prolong economic depression and intensify inequality.

One of the WBG's biggest concerns is that the government's plans will create an economy dependent on a low-skilled workforce, who can find no advancement or secure employment. Private sector wage employment has increased over the past year for women and men, but public sector employment, where women make up two thirds of the workforce, has fallen. As a consequence overall employment rates for women and men are still lower than in 2007, and unemployment remains high and has increased for women in the past year. Moreover the quality of jobs is declining.

People earning low wages, especially low-paid women workers, are working hard but not "getting on". Instead they are trapped in poorly paid, precarious employment.[1] A workforce where people are trapped in low-paid employment could lead to under-investment in employee skills and technology, which will generate a low skilled, low-wage, and low growth economy incapable of producing high quality goods and services. In turn, this would make it difficult for Britain to compete globally.[2] Instead the UK should compete with other countries on the basis of high quality goods and

[1] TUC (2012) *Women and Work* Available at: http://www.tuc.org.uk/economy/tuc-21436-f0.cfm
[2] See Bruegel, I. and D. Perrons. 1995. Where Do the Costs of Unequal Treatment for Women Fall? *Gender, Work, and Organization* 2(3): 110-121.

services, based on long term investment in social as well as physical capital, rather than development of obscure financial products.

Another problem arising from an over-reliance on a low-skilled, insecure workforce is the decrease in productivity levels and falling real wages.[3] This makes it difficult for people to subsist without social security to supplement their wages. Government spending on social security to top up the wages of poorly paid workers is effectively a subsidy for employers and will make it harder to reduce the deficit. Thus low and middle income working women and men remain disadvantaged, while the deficit spirals.

If the government's aim is simply to reduce the size of the deficit, then raising taxes is more effective than cutting expenditure. Recent evidence shows that cutting expenditure has a bigger negative impact on output and employment, than raising taxes.[4] Cuts to public spending make it difficult for people to find jobs, pay taxes, and contribute to deficit reduction.

To guarantee the wellbeing of everyone living in the UK it is necessary to invest not only in physical infrastructure but also in social infrastructure, such as child care services. Evidence shows that women are disproportionately working below their potential owing to inaccessible or unaffordable childcare provision. [5] Social infrastructure generates jobs for women, and helps to counterbalance the predominantly male job creation arising from physical infrastructure investment. We need investment in social infrastructure to enable people to develop skills and fulfil their potential and move into regular and rewarding employment. The government is focused on austerity and on fostering a 'free' economy that privileges the wealthy. The WBG argues that government policy should be based on feminist and heterodox economics analysis, which demonstrate that, "many problems are not a result of scarcity but of maldistribution",[6] that is, a result of the unequal distribution of resources, which this budget is making worse.

What's in the 2013 Budget for women?

The latest Budget offers little to relieve the deteriorating situation of women in the UK. Despite a promise of increased subsidies for childcare costs, women carrying out the hard work of raising children and provisioning families have largely been ignored and marginalised. And even the tax give-aways (discussed in detail below) designed

[3] ONS (2013a) Labour Market Statistics, January 2013 Available at: http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/january-2013/statistical-bulletin.html
[4] The IMF has recently increased its estimates of the negative impact of public spending cuts on output: see Blanchard, O. and Leigh, D. (2013) 'Growth Forecast Errors and Fiscal Multipliers ', *IMF Working Paper ,* WP/13/1, Washington DC: IMF.
[5] Equal Opportunities Commission (2005) 'Working below potential: Women and part-time work', EOC: Manchester
[6] See Strober, M. (1994) 'Rethinking economics through a feminist lens', *American Economic Review*, 84(2): 143-147. Pg. 146

to make a dire situation more palatable will go more to men than women, despite women having borne the brunt of the cuts so far.

Supporting childcare is important, and a good way of stimulating the economy. But the help promised in the Budget is limited and will come too late to help today's fragile economy and many of today's mothers. The current plans to subsidise parents' childcare costs will not ensure that the number of affordable childcare places will grow. Already we have one of the most expensive[7] childcare systems in the world; subsidies to parents may simply result in higher prices, rather than meeting needs. It would be better to invest directly in high quality services and/or increased free provision for all children. All children should be entitled to good quality childcare.

Women drive less and drink less beer than men, thus gain less from cuts to the duties on these items. More significantly, the raising of the Personal Allowance to £10,000 does not benefit anyone who earns less than the current threshold, and 67% of low earners are women. Meanwhile not just low to middle income workers, but also higher earners, will gain. This is the third consecutive increase to the personal tax allowance in real terms, yet child benefit remains frozen for the third year in a row. This means less money going to mothers and tilts the balance further against families with children.

For many families, especially those on lower incomes, the increased personal allowance will be offset by the reduction in the real value of welfare benefits and tax credits, most of which will rise by just 1% or not at all in April. This means extra pressure on families, and particularly on women who are most often responsible for making ends meet.

Below the WBG provides detailed analysis on the policies most likely to affect women, and improve or erode gender equality.

Childcare

WBG welcomes the government's decision to spend money on childcare, however we feel it is too little, too late, and badly targeted. The Chancellor announced two new childcare policies in his 2013 Budget. One is a £750m subsidy to cover 20% of the childcare costs for children under five of working parents not on tax credits or universal credit (except for households in which a lone parent or both parents earn more than £150,000). The second is a much smaller subsidy of £200m to pay for 85% (up from the current rate of 70%) of the childcare costs of some of the families who qualify for tax credits or Universal Credit.

The struggle to cover the costs of childcare is a pressing, daily reality for parents across the country, yet these new subsidies won't come into effect till 2015 and

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[7] Child care costs: how the UK compares with the world, *The Guardian,* 21st May 2012, Source OECD https://docs.google.com/spreadsheet/ccc?key=0AonYZs4MzlZbdDdCaFBjV2tXSjlGRk5mUlhDRVZJMHc#gid=0

2016. In the meantime, the maximum eligible childcare costs allowable for subsidy under tax credits have remained unchanged since 2005/6, despite sharply rising childcare fees and another austerity cut in 2011 reduced the rate of subsidy from 80% to 70%.

The 2011 cut to the childcare element of Working Tax Credit had a significant impact on affordability of childcare for low to middle income families. For families just above the median, years of consistent improvement in affordability went into reverse following this cut. A recent Resolution Foundation report, *Counting the Costs of Childcare,*[8] showed that by 2012, the cost of childcare simply made work unaffordable for many low earning women. More specifically, for low earning single mothers, it was the cut to the childcare element of tax credits that made working unaffordable[9].

Even in 2016, among tax credit and universal credit recipients, only some families, the better off, will regain their earlier subsidies. The government's latest childcare policy is badly targeted, too little and too late. With childcare costs soaring well above the rate of inflation, support is needed now rather than in several years' time.

Distributional consequences – rich versus poor: who benefits most?

The government's approach to the provision of childcare subsidies for poor and rich families differs greatly. The government's priority for higher income families is to give financial support towards costs, while the priority for those receiving state support is tied up with tackling low employment incentives, which appear to supersede the importance of decent childcare. How else does the government justify restricting extra subsidies to only the small proportion of families where both partners earn enough to pay Income Tax? It is because these parents face the highest employment disincentive through the combination of the tax system and the tapers involved in Tax Credits and Universal Credit, not because they or their children are the ones most in need of high quality childcare.

The chart below shows just how little support is targeted at the poorest families.

Analysis by the Resolution Foundation[10] shows less than 40% of working families on tax credits or universal credit will be eligible for improved support for the costs of childcare. Over 60%, more than 900,000 working families, will not qualify because one or both parents earn too little to pay income tax. For those with children under five, where many mothers work part-time, just under a third will qualify for

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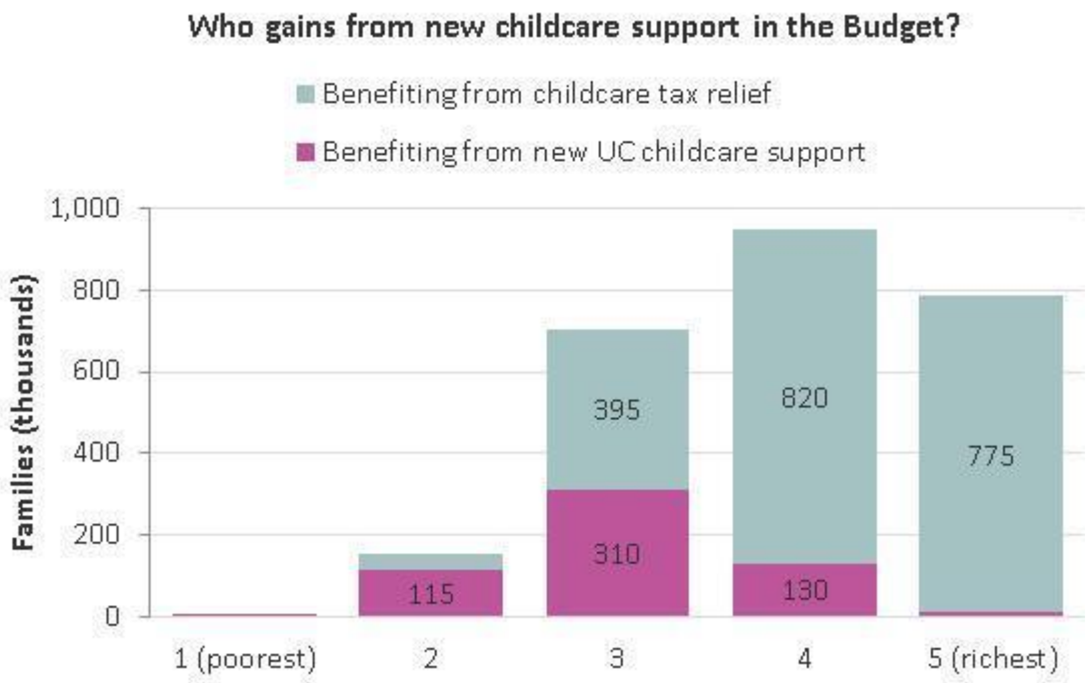
[8] Vidhya Alakeson and Alex Hurrell, *Counting the Costs of Childcare*, Resolution Foundation, October 2012
http://www.resolutionfoundation.org/media/media/downloads/Counting_the_costs_of_childcare_2.pdf

[9] Gingerbread and Resolution Foundation, *Childcare Support and the Hours Trap: the Universal Credit*, May 2011,
http://www.resolutionfoundation.org/media/media/downloads/Childcare_and_the_hours_trap_under_Univeral_Credit.pdf

[10] http://res.a-g-a-i-n.com/media/media/downloads/Budget_release_FINAL.pdf

improved support. The lowest income working families on universal credit with one or more parents working part-time on low pay will not gain. This is of particular concern since many women are underemployed for their skills and growing numbers are involuntarily employed in part-time employment.



Source: Resolution Foundation analysis of the Family Resources Survey: https://twitter.com/jamestplunkett/status/316130169616232449

The government's childcare plans will do little to help lone parents and second earners working part-time, according to children's charity Barnado's.[11] All that is new on offer is 15 hours of free childcare when their children are two years old. A lone parent working part-time on minimum wage with two preschool children will not be eligible for any increase in childcare support, and would gain nothing by increasing their hours from 15 a week up to 24, and would actually lose 28p for every hour worked over 24. These are the families whose employment prospects need to change if child poverty is to be tackled.

There are examples of families where men stay at home to look after children, the reality is that unaffordable childcare predominantly impacts on maternal employment. The UK ranks 16th in the OECD in terms of mothers going to work - 67.1% of mothers, compared to 84% in Denmark, 78.5% in the Netherlands and 73.6% in France. Mothers' employment matters not just for family income (and the

[11] http://www.barnardos.org.uk/ptw_childcare_and_child_poverty.pdf

revenue this generates for the Treasury) but because it gives them and their children more opportunity to benefit from that family income.[12]

Failure of the childcare market

The WBG is concerned not only about its distributional consequences, but also about the likely effects of this extra funding on childcare provision, costs and availability.[13] The new subsidies will entrench an already dysfunctional market-led system of childcare provision without tackling any of its deficiencies. The UK's market based childcare provision is one of the most expensive in the world costing 26.6% of average family incomes (40.9% of the average UK wage). The OECD average is 11.8%, well below what a 20% subsidy would achieve even if prices remained unchanged.[14] Childcare costs continue to outpace the rate of inflation, and even faster in comparison with wages that are falling in real terms. But, as any economics student knows, subsidising provision in imperfectly competitive markets is likely to increase prices further.

The market for childcare is, almost everywhere, uncompetitive. This is because parents usually want childcare that is local, and so don't tend to shop around, which skews their choice to the nearest providers. As a result childcare providers do not have to work hard to compete to retain the custom of parents with nowhere else to go. Fees within the same region can vary by over 75 per cent, showing that competition is not working to bring down costs.[15]

There is also the issue of quality. Chains and large commercial childcare providers can keep costs down by economies of scale, but it is not clear they provide better quality childcare. The larger providers become, the harder it is for new providers to compete or enter the market and the less competitive the market is, and the more likely it is that a subsidy, particular one that goes to nearly all parents, as it will in many areas, will simply lead to higher prices[16].

Similar points have been made about subsidies to mortgages. When there is market failure, as there are is in both the housing and childcare markets, increasing subsidies will not right the basic wrong, it will just push up prices.

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[12] Himmelweit, Susan and de Henau, Jerome (2013). Unpacking within household gender differences in partners' subjective benefits from household income. *Journal of Marriage and Family* (in press)
[13] See Jacob Mohun "*The Coalition's new childcare policy is heading down a costly path*"
http://www.neweconomics.org/blog/2013/03/22/the-coalitions-new-childcare-policy-is-heading-down-a-costly-path
[14] Daycare Trust and Save the Children, 2011, *Making Work Pay: the Childcare Trap*, http://www.daycaretrust.org.uk/data/files/Projects/London_project/making_work_pay_london_briefing__sept_2011.pdf
[15] http://www.daycaretrust.org.uk/pages/childcare-costs-surveys.html
[16] Eva Lloyd and Helen Penn (Eds.) (2012) *Childcare markets - can they deliver an equitable service?* Bristol: The Policy Press in association with the University of Chicago Press.

Attitudes to childcare support

There is a stark contrast in the government's attitude to parents receiving childcare subsidies through the tax system and to those receiving help through benefits. The government refers to the scheme for middle to high earners as "tax free" childcare, yet in reality it is simply a subsidy covering 20% of childcare costs up to a ceiling. Because of this ceiling, it isn't really "tax free", since many families pay more than £6,000 per year for childcare. But it is called "tax-free childcare" rather than a childcare benefit because the government wants to portray this subsidy as desirable, while continuing its anti-benefit rhetoric.

As a result, the principles on which state support for children and childcare are based are becoming muddled and contradictory. For higher income families, the focus is on giving parents financial help, perhaps in compensation for the withdrawal of child benefit from families where one partner pays a higher rate of tax. While for lower income families receiving state support the focus is on tackling low employment incentives. In both cases, childcare support is restricted to lone parents in employment and couples where both partners have jobs. If childcare is supposed to be good for the child, this is unfair on the children of "stay-at-home" mothers.

But the crucial issue is not any 'unfairness' between those mothers and mothers in employment, but how do we as a society support children and those who feed, clothe and care for them? Directly subsidised good quality childcare services are not only a means of enabling mothers to join and stay in the labour market, but are above all valuable in their own right as an investment in the welfare of all our children who are our future citizens and workers.

WBG recommendations

The WBG believes the government can improve childcare availability and affordability by:

- Funding childcare providers at source to ensure that provision is geographically spread to meet local needs,
- Imposing conditions for funding on the quality of childcare provision including factors such as staff qualifications and pay, and prices charged to parents (which could then be income dependent as is the practice in many other countries with more successful childcare systems),
- Spending more on the excellent Sure Start system. Current underfunding is steadily killing the programme,[17]

[17] The removal of the ring fencing of local authority spending on Sure Start has seen many childcare centres close down and many others reduce their services. According to Freedom of Information requests by the Labour Party, £430m was cut from English local authority Sure Start budgets between 2010-11 and 2012-13 and more than 400 Sure Start centres have closed since the government took

- Extend and increase the free entitlement to childcare, which has been a success, to younger children.

While the WBG welcomes childcare spending rising up the political agenda, we consider the government's latest plan a missed opportunity to improve the country's dysfunctional childcare system.

Raising of the Personal Allowance

The government plans to raise the personal allowance before income tax is paid to £10,000 in 2014-15, and will then increase it by Consumer Prices Index (CPI) in future years. The gain to taxpayers from the increase in 2014-5 is small, for most £52 above that from normal indexation. However the measure will cost more than £1bn per year to implement,[18] Three quarters of the gain will go to households in the better-off half of all taxpayers**.** On average, households in the poorest 10% of the distribution, where relatively few people earn above the personal tax allowance would gain just £6 a year. In contrast, the richest 10% of households gain an average of £87 a year.[19]

Little attention has been paid to the announcement that after 2014-5, the personal allowace will be indexed by the CPI rather than the current RPI. If this remains the case, in the long run the personal allowance will be lower in real terms that would have otherwise been the case if RPI indexation had remained in place.

As the WBG has shown in the past,[20] rises in the personal allowance produce small gains for most taxpayers, the majority of whom are men, but exclude many women who earn below the current tax threshold, who gain nothing. Most higher rate taxpayers will gain from the rise in 2014-5 because this time the higher rate threshold is not being reduced to exclude them; instead its increase will be limited to 1%. Only those whose income is more than £120,000, the level at which the personal allowance is tapered to zero, will not gain or may lose a small amount from this measure.

The goverment's own impact analysis shows that 57% of those gaining from this measure are men and only 43% are women. It also points out that 57% of those "taken out of tax altogether" by this measure are women, but fails to point out that these people gain less than the full £52 since they cannot make use of the full rise in the personal allowance. Further, many of income taxpayers in the lowest income households will gain just 32p a week. This is because they will have 65% of the gain tapered back through the Housing Benefit (HB), and 20% or more tapered back

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office. Over half of those which have remained open do not provide onsite childcare. See: http://www.guardian.co.uk/society/2013/jan/28/sure-start-centres-closed-labour

[18] HMRC Income tax personal allowance for those born after 5 April 1048 and basic rate limit for 2014-15 - tiin-2531, http://www.hmrc.gov.uk/budget2013/tiin-2531.pdf

[19] http://www.resolutionfoundation.org/blog/2013/Mar/20/easing-squeeze-tax-cut-all/

[20] See e.g. Women's Budget Group The Impact on Women of Autumn Financial Statement 2012 and Welfare Benefits Up-rating Bill 2013

through their Council Tax Benefit (CTB).[21] Again those most reliant on these benefits and affected by the taper are women. Once again the government gives no gender breakdown of those who do *not* gain by this measure.

Changes in beer duty

As the WBG has previously shown,[22] alcohol taxes impact more on households without children and on households with men than on households with children and/or whose only adults are women. We do not have the figures specifically for beer, largely a man's drink, but the gender impact of reducing tax on beer alone will be even more distorted. As the government says: "Due to differences in beer consumption, any change to beer duties will have an equalities impact. Men are more likely to drink beer than women."[23]

This tax give-away is going precisely to those being hit least hard by the benefit and other expenditure cuts brought in by this government. Although this measure's effect on a pint of beer will not be insignificant, the cost of this measure to the Treasury is less than of its other give-aways, just over £200m a year. But that this give-away should again be directed at those least impacted by other changes, just reinforces how little the government seems to care about the effects of its policies on women and children.

Further, this goes diametrically against a policy of trying to tackle the UK's problem with high alcohol consumption, which impacts on violence against women. As the Institute for Fiscal Studies has shown, the tax system could be used to effectively target those drinking above recommended levels, but the government has chosen not to do this.[24]

Changes in fuel duty

The government fails to recognise that cancelling the planned rise in fuel duty, an increase already postponed once, has any gender impact. Astonishingly it says that: "No impacts are expected on groups sharing protected characteristics."[25] But it is well known that men are more likely to own, drive cars, and drive greater distances.

Our research shows that the impact of a cut in fuel tax is similar to that of a cut in alcohol tax: again households without children and with men in them gain most.[26] In this case, it is households with male earners who gain particularly in cash terms – not the poorest. The cost to the exchequer is high at over £800 million a year.

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[21] http://www.cpag.org.uk/content/budget-leaves-poorest-families-abandoned-frontline-austerity
[22] http://wbg.org.uk/pdfs/Indirect_tax_Budget_2011_final_report_June_20.pdf
[23] HMRC *Beer duty rates* http://www.hmrc.gov.uk/budget2013/tiin-4005.pdf
[24] IFS *Reforms to alcohol taxes would be more effective than minimum unit pricing*, http://www.ifs.org.uk/publications/6645
[25] HMRC *Fuel duty rates* http://www.hmrc.gov.uk/budget2013/tiin-2522.pdf
[26] http://wbg.org.uk/pdfs/Indirect_tax_Budget_2011_final_report_June_20.pdf

We believe that cuts to spending on much needed benefits and services for women and children are being used once again to appease motorists and stall a fuel tax rise initially introduced on sound environmental grounds. Rather than bringing in a series of ad hoc postponements and cancellations of fuel duty rises, the government needs to develop a coherent policy on fuel duty that takes into account environmental aims as well as gender and other distributional effects.

Reductions in business taxes

In his Budget speech the Chancellor outlined plans to battle tax avoidance, working with international organisations such as the OECD, during the UK's presidency of the G8. Meanwhile, he set out plans to reduce taxes for businesses operating in the UK saying, "… nothing beats having the most competitive business tax system of any major economy in the world." Yet there is no clear evidence that reducing corporation tax will promote a return to prosperity. Osborne said:

> "In Germany, the corporate tax rate is 29 per cent. In France it is 33 per cent. In the United States its 40 per cent. Here in Britain we've cut corporation tax from the 28 per cent we inherited to 21 per cent next year … in April 2015 we will reduce the main rate of corporation tax by another 1 per cent. Britain will have a 20 per cent rate of corporation tax – the lowest business tax of any major economy in the world."

The WBG welcomes the commitment to international cooperation to reduce tax avoidance, and believes the Chancellor should take a similar approach to corporation tax rates. If the UK can take a leadership position on cooperation on global rules to reduce tax avoidance, it could also lead global cooperation on the harmonization of corporation tax rates. One major form of corporate tax evasion is the shopping around for countries with the lowest corporation tax rates and setting up business headquarters there, even though the level of activity in that country is low. So tax avoidance is linked to divergent rates of corporation tax.

In addition to the cut in corporation tax, stamp duty on shares traded on growth markets such as Alternative Investment Market (AIM) has been abolished. This contrasts policies taken across Europe to use transaction taxes to raise funds. Financial Transaction Tax (FTT) measures have been introduced in 11 EU countries, including France, Germany and Spain.[27] The London Stock Exchange lobbied for the scrapping of stamp duty on share trading. As this duty is collected automatically, it is inexpensive to run and hard to avoid; and at 0.5% it is less than most broker fees and as such barely noticeable by investors.[28] The continued application of the tax would have been a progressive measure as those engaged in share trading are more likely to be individuals with high incomes or organisations. Its abolition is claimed to directly benefit medium-sized UK firms by lowering their cost of capital and supporting jobs and growth, but the depressed state of the market will most likely

[27] http://www.bbc.co.uk/news/business-21457562
[28] http://www.ft.com/cms/s/0/38e8d914-78ee-11e2-930b-00144feabdc0.html#axzz2P82r2hwv

outweigh this in investment decisions. The FTT that is being introduced by 11 EU countries will be set at 0.1% for shares and bonds, and 0.01% for derivatives, could raise 26-30 billion pounds a year[29]. The WBG calls for a similar tax in UK.

The Chancellor boasted that the "tax cuts in this Budget aren't borrowed; they are paid for". But this begs the question of who pays for these tax reductions. The Treasury's own analysis, which we discuss in more detail later, shows that it is the 50% of households with lowest income that are paying.

Cuts implemented in April 2013

The latest round of tax breaks should be considered alongside the substantial real cuts in benefits and tax credits being introduced this April (along with a cut in the highest rate of income tax). The cuts include the abolition of various elements of the Social Fund, a source of small emergency loans and cash grants for people in desperate circumstances with no other recourse (e.g. young people leaving care and victims of domestic violence). This will be replaced across the country with 150 local welfare schemes. Instead of cash or loans the new schemes will provide in-kind support such as food stamps, food parcels and vouchers.

The WBG has shown in previous reports that it is women who often bear the costs of poverty within families. The stripping down of this vital safety net for the very poorest will further entrench poverty, leaving many living precariously and increasingly reliant on food banks and charity. The WBG is seriously concerned that the burden placed on poor women will be increased further by the changes.

Many of the cuts that come into effect this April will impact women's households and women in those households. We examine exactly how below.

Welfare Benefits Uprating Bill

The government's real term cuts include a freeze in some elements of tax credits, and child benefit in 2013/14. Most other working age benefits and tax credits will rise by only 1% this April and for the next two years, well below expected inflation rates. These measures were introduced in the Welfare Benefits Uprating Bill, and for many low-income families will more than offset the announced increase in the personal tax allowance.

The government argues that it is not fair that wages and salaries for many workers have lagged behind inflation, while most benefits and tax credits increase annually in line with inflation. This ignores the fact that an estimated 6 in 10 of those affected by the Welfare Benefits Uprating Bill are in employment.[30] In other words, the living

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[29] http://www.bbc.co.uk/news/business-21457562

[30] As the Resolution Foundation and others have pointed out: Resolution Foundation, 20 March 2013, *Budget Analysis and Reaction from the Resolution Foundation* (immediate release): http://www.resolutionfoundation.org/media/media/downloads/Budget_release_FINAL.pdf ; Institute for Fiscal Studies, January 2013, *The Effects of the Welfare Benefits Uprating Bill*: http://www.ifs.org.uk/publications/6539

standards of those in employment are affected not just by fluctuations in their wages but also by what is happening to benefits and tax credits, as well as changes in taxation. The government has already tied benefit and tax credit increases to a lower inflation rate (the CPI rather than the RPI). And those on lower incomes have in fact been facing a higher rate of inflation than others, because the prices of certain basics, food and fuel have been rising fast.[31] In addition, the failure to uprate benefits and tax credits in line with inflation takes money out of the economy, rather than putting it in; low-income families are more likely to spend their incomes, and to spend them in their local economies.

But the government is not interested in the spending power of low-income families. More broadly, it argues that austerity measures are needed to reduce the deficit and these necessitate cuts in benefits, and other areas of expenditure, more than rises in tax. Yet even compared to other areas of government spending benefit claimants have received more than their fair share of austerity. The balance between spending cuts and tax increases was always intended to be some 80% to 20%, which inevitably hit those on lower incomes harder. Ignoring this, the Chancellor now suggests that in future the social security budget may be cash limited, rather than rising in line with demand (represented by increasing/decreasing claimant numbers), as it has always done to date under previous governments of both political persuasions.

The 1% uprating will increase pressure on families, and particularly on women, who are most often responsible for making ends meet in low-income families. The government also recognises that families with children are more likely to be affected by this measure and that a larger proportion of women than men will be affected (mainly because 94% of lone parents are women).[32]

To at least stabilise the decline of gender economic equality the WBG recommends that this policy be dropped and all benefits and tax credits should be increased at least in line with inflation.

Child benefit freeze

In 2010 the government announced that child benefit would be frozen for three years. After that, it will rise by just 1% for two years.

Child benefit is paid by default to mothers. The continued freeze in child benefit will mean less money in mothers' purses. A family with two children will lose over £400 in total over the period of the freeze.[33] Parents face an extra blow because child

[31] Davis et al, Joseph Rowntree Foundation, July 2012, *A Minimum Income Standard for the UK in 2012*, http://www.jrf.org.uk/publications/MIS-2012 ; http://www.telegraph.co.uk/foodanddrink/foodanddrinknews/9776144/Cost-of-food-not-going-to-stop-rising-warns-UK-chief-scientist.html

[32] DWP Social Security Benefits Uprating Order 2013 impact assessment (final) - social-security-benefits-uprating-order-2013 http://www.dwp.gov.uk/docs/social-security-benefits-uprating-order-2013.pdf

[33] TUC press release, *Child benefit freeze will cost two-child families over £400*, 1 November 2012, http://www.tuc.org.uk/economy/tuc-21612-f0.cfm

benefit is no longer taken into account in means-tested benefits calculations, so losing this income over three years cannot be alleviated by extra support from other benefit increases for those on the lowest incomes.

Child benefit replaced the previous child tax and family allowances. It is therefore the only means in the UK fiscal system to ensure that the additional costs faced by those with children are recognised. But the contrasting treatment of child benefit and personal tax allowances means that the balance in the income tax system is being shifted against families with children.

Child benefit is a good way to help all families with children; it avoids the distinctions between types of family that sometimes bedevil policy debates. It helps those with and without childcare costs and, unlike means-tested benefits, has no impact on work incentives. Child benefit is neutral between single parent and two parent families, and between parents in or out of the labour market.

The WBG deplores the contrasting treatment of personal tax allowances and child benefit, and the resulting unfair treatment of mothers and families with children. The Chancellor should have used the Budget to unfreeze and restore the real value of child benefit in line with inflation. Although the WBG is not in favour of real increases in the personal tax allowance, if they are to be implemented they should at least be matched by proportionate increases in child benefit.

In addition, the high income tax charge on child benefit for those families with an individual earning over £50,000 per year should be abolished. While the WBG would be in favour of raising the rates of tax paid by high-income earners, we are not in favour of extracting extra tax just from high-income earners with children.

We also urge the government not to heed calls for a transferable tax allowance for married couples as a quid pro quo for the high-income tax charge. This is not the best way to help families with children or mothers, whether at home or in employment.

The “Bedroom Tax”

From April 2013 working age tenants in social housing will face a 14% cut in the amount of their rent covered by Housing Benefit if they have one “spare” bedroom and a 25% cut if they have more than one.

The government says the bedroom tax will lead to better allocation of social housing, but in many areas it is impossible to find alternative smaller-sized accommodation. Anyone in receipt of housing benefit is unlikely to be financial well off; as a result tenants are likely to be pushed (further) into poverty. The government recognises that this measure will impact particularly on parents whose children have left home. The majority of those affected are over 45-years-old, single women, both lone parents and those whose partner has died or left.[34] Forcing people to move or face poverty is particularly cruel for older women living on their own, for whom community ties tend to be important.

Astonishingly, the government's impact assessment states that because there the number of female housing benefit claimants is low, the policy will not affect gender inequality. Although the government acknowledges that the majority of those affected by the policy are women, it still states: "The measure does not have a significantly different impact on claimants of either gender." The government draws this conclusion because its analysis assesses gender impact only in comparison with the number of housing benefit claimants by gender and consequently considers it acceptable to conclude that: "As there is no differential impact by gender, no mitigation has been specifically considered to address gender differences"[35].

This is a truly bizarre interpretation of "differential impact by gender". Gender impact analysis is meant precisely to point out when policies that may be targeted on particular groups, for example housing benefit recipients, impact unequally on men and women in the population as a whole, not within the target group of the policy. The government's interpretation of "differential impact by gender" if adopted more widely would completely nullify the need to consider mitigating actions for any policy. There is a similar comment on the Uprating Local Housing Allowance by the Consumer Price Index.[36]

Benefit Cap

Another measure for which the government acknowledges a gender effect is the Benefit Cap, which limits the total benefits that a household can receive to £500 per week irrespective of size.[37] This measure is being implemented in four pilot boroughs in April before being rolled out nationally in October. Once again this is a cut that will hit women hard; 60% of the adults affected will be single women, 50% will be single parents, nearly all women, 89% of the households affected by the benefit cap will contain children. The mean reduction in benefit for households affected by the cap is estimated to be around £93 a week.

As has been widely reported the benefit cap is expected to cause disruption to families who will be forced to leave their homes and communities because they will no longer be able to afford to pay their rent. This measure impacts particularly on large families, which means far more children than adults are affected, and of the adults more than twice the number women than men. In 2013/14, the government

[34] DWP Housing Benefit Size Criteria for People Renting in the Social Rented Sector - eia-social-sector-housing-under-occupation-wr2011 http://www.dwp.gov.uk/docs/eia-social-sector-housing-under-occupation-wr2011.pdf

[35] *ibid*

[36] DWP Housing Benefit: Uprating Local Housing Allowance by the Consumer Price Index http://www.dwp.gov.uk/docs/eia-hb-lha-cpi-uprating-wr2011.pdf

[37] DWP Equality impact assessment for the benefit cap - eia-benefit-cap-wr2011 http://www.dwp.gov.uk/docs/eia-benefit-cap-wr2011.pdf

predicts that the number of adults affected by the cap will be 80,000, of whom 55,300 are women, while the number of children affected will be 190,000[38].

Those affected are the most vulnerable families, for whom being forced to move and lose the support of a local community will be particularly disastrous. Again within these families, the loss of community support is likely to be felt most strongly by mothers trying to balance quality childcare and employment. This is a short-sighted, cruel measure with far-reaching costs, both emotional to families and financial to the exchequer, that will heavily outweigh the meagre £270m a year saving.[39]

Combined effect of all tax and benefit measures

The Treasury's own analysis[40] shows that the net effect of all changes in taxes and benefits to households in the top half of the distribution will be a net increase in their incomes. Meanwhile household incomes fall for those in the poorest half and those in the lowest decile lose nearly 2% of an already very low income. There are slightly more adult women in the bottom half of the distribution than the top (and *vice versa* for men) and considerably more women than men in the lowest decile. This is clearly a gender effect, but the Treasury fails to mention this in their own analysis.

Analysis by Landman Economics shows that the combined impact of all tax and benefit measures introduced and implemented by the Coalition government up to April 2014 (excluding the Universal Credit) will be most detrimental to single female pensioners and female lone parents. Both these groups will lose just about 4.6% of their income in lost benefits. This compares with 4.2% for couples with children, 1.8% for couples without children and 2.2% for single adult men with no children. The measures announced in this budget show no sign of reversing the trend of a greater negative impact on women and children. Perversely, despite the government's claim that its reforms are intended to encourage people into employment, female single parents in employment have lost more (5%) than those not in employment (4.6%).

New analysis for Child Poverty Action Group also carried out by Landman Economics[41] found that the implementation of the coalition government's tax and benefit spending policies up to 2015, excluding the group moving onto Universal Credit whose size is not yet clear, would result in an increase of 600,000 children in *absolute* child poverty. The Welfare Benefit Uprating Bill alone will account for 200,000 children forced into absolute poverty.

Low-income working families with children have lost out more from the changes introduced in the last three years than working families without children. Households with one earner and no children have lost just over £20 per week, while

[38] *ibid*
[39] DWP *Benefit Cap (Housing Benefit) Regulations 2012: Impact assessment for the benefit cap* http://www.dwp.gov.uk/docs/benefit-cap-wr2011-ia.pdf
[40] http://cdn.hm-treasury.gov.uk/budget2013_distributional_analysis.pdf Chart 2.F
[41] http://www.cpag.org.uk/content/coalition-policies-push-600000-children-absolute-poverty-2015

a lone parent household with children has lost over £37 per week. Families with children are facing real, current hardship as a direct consequence of the current government's decisions.

As the WBG has shown, children and women's poverty are closely linked.[42] Children are poor because their mothers are poor, and mothers are often poor because raising children in the UK can entail huge losses in earnings and opportunities. Government policies so far have made this all the more true; as we argue above, current childcare policies are unlikely to change that.

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Prospects for women's employment

There is little in this budget to improve women's employment and further cuts in public expenditure are likely to make the situation worse.

Women's unemployment, which has stood at over one million for 24 successive months, increased in the last year by 2%, and is at the highest level in 25 years, while male unemployment fell slightly.[44] Over 300,000 women are long term unemployed and women's rate of long term unemployment increased relative to the male rate.[45] Unemployment among women rose by 5,000 in the period November 2012 to January 2013 (or by 0.5%). [This compares to a 1,000 increase among men (or 0.1%)]. However, the biggest increase in overall unemployment was amongst young women aged 18-24, with a 36,000 increase in unemployment, a 12.4% rise.[46]

Finding employment that fits around family life is more difficult than ever for single parents, especially given the nature of welfare reform requiring over 400,000[47] single parents to move from Income Support to job seeking allowance since 2008. Approximately 9 out of 10 are women. They have become a significant user group on the Work Programme (WP) making up 7.4% (62, 333) of all placements between June and July 2012.[48] In terms of long-term employment outcomes, single parents do worse than jobseekers overall in the Work Programme. Out of the 31,240 job seekers who have moved into longer-term work just 1,650 were single parents (the

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[42] See WBG Women's and children's poverty: making the links
[43] See WBG Women's and children's poverty: making the links
[44] ONS (2013a) Labour Market Statistics, January 2013 Available at: http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/january-2013/statistical-bulletin.html
[45] ONS (2013b) Labour Market Statistics, March 2013 Available at: http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/march-2013/statistical-bulletin.html
[46] ONS (2013) Labour Market Statistics, March 2013. http://www.ons.gov.uk/ons/dcp171778_301631.pdf
[47] Grayling C PQ March 2011 and figures from DWP report 736 May 2010 p11.
[48] DWP November 2012 http://statistics.dwp.gov.uk/asd/index.php?page=wp

total is 3.7% for all clients compared to 2.7% for single parents).[49]

The latest round of public sector cuts and continued constraints on public sector wages announced[50] together with existing planned cuts (implying around 450,000 jobs lost) will further disadvantage women, who make up 65% of the public sector workforce. In previous years, the chancellor has sought to ease the impact of the 1% limit to public sector pay increases by exempting those on the lowest pay– most of whom are women. This time however the chancellor decided to apply the limit to workers right across the board so that low paid women will be hit. In addition pay progression systems are to become entirely "performance" driven, which tends to disadvantage women, part-time workers and those on lower pay grades.

Though the number of women in employment is at record levels, it is still a smaller proportion of the labour force than in 2008. And while employment, including full time work, has increased for both women and men, many of the new jobs are precarious and part-time. The proportion of women and men who are involuntarily in part-time or temporary work continues to increase, contributing to insecurity and preventing people from "getting on".'[51] Women are more likely than men to work part-time, and much of this is underemployment. The latest figures show that there are 755,000 women working part-time because they cannot find a full-time job - and that another 855,000 work in temporary jobs, up 38,000 on last year.[52]

Good jobs for women are not being created. In 2012, the hourly median gender pay gap in England was 11% for full-time women and men, rising to 21% for full and part-time combined, and as much as 40% comparing part-time women and full time men.[53] Moreover, the gender pay gap is far higher in the private sector, where there is an increase in jobs, than in the public sector where jobs are being destroyed.

Although unemployment has fallen, it remains high, and women's chances of being out of work in the longer term have increased. The Chancellor boasted that, "Britain is open for business" – but it is heading for a low-waged, low productivity and insecure economy. New research by PricewaterhouseCoopers shows that the UK has fallen to 18th position on their Women in Work Index, behind the USA and many European countries, including crisis-hit Spain, Greece, Ireland and Italy. Women in the UK are more likely to experience lower job security, higher pay inequality and to be unemployed than in 17 other OECD countries.[54]

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[49] Gingerbread analysis of DWP data www.gingerbread.org.uk/news/180/work-programme

[50] These include extending the1 % limit to increases in pay until 2015/16 and restrictions on progression increases.

[51] TUC (2012) Women and Work Available at: http://www.tuc.org.uk/economy/tuc-21436-f0.cfm

[52] http://www.guardian.co.uk/uk/2013/mar/20/budget-osborne-claims-fact-checks

[53] It is important to compare the median hourly earnings of part-time women and full time men, as it shows how disadvantaged part-time workers are. Calculations by Jackie Longworth using data from ONS(2012) Annual Survey of Hours and Earnings. http://ons.gov.uk/ons/datasets-and-tables/index.html

[54] http://www.ier.org.uk/news/uk-women-worse-than-other-developed-countries

The Chancellor intends to make Britain "open to business" by promoting low-cost labour and a low tax regime. Reducing corporation tax even further to 20% (Germany 29%, France 33% and USA 40%) will increase profits only for the minority and miss an opportunity for raising funds necessary for reducing the deficit. Likewise the failure to adopt any kind of tax on financial transactions in contrast to our European partners, further makes Britain a dumping ground for corporations seeking to avoid real social responsibility.

Self-employed women

In the period since 2008, there has been a rise of 367,000 people in self-employment, so that in the period April to June 2012, 4.2 million people were self-employed, 14 % of all people in employment.[55] Men comprise 70% of the self-employed, but the numbers of women in self-employment have been increasing fast: between 2008 and 2011, women account for 80% of the increase in self-employment.[56] Some self-employed women will gain from the budget, though not all; and all self-employed women will be hampered by the failure of the budget to boost the growth of market demand.

Many self-employed parents will gain through the new system of support for childcare, since it will replace the current childcare vouchers, which are available only to employees.[57] However, lower-earning self-employed parents who receive child care support through tax credits and its successor, Universal Credit, will not be eligible for the new child care support. Additional child care support will be provided through Universal Credit, when it is rolled out, but only to those parents who pay income tax.

Here is what HM Treasury says : "For parents who currently receive childcare support through tax credits and in due course Universal Credit, *the Government will increase childcare support to improve work incentives and ensure that it is worthwhile to work up to full-time hours for low and middle income parents.* An additional £200m of support will be provided within Universal Credit, which is equivalent to covering 85% of childcare costs for households qualifying for the Universal Credit childcare element *where the lone parent or both earners in a couple pay income tax.*" [italics added]

Large numbers of self-employed people do not earn enough to pay income tax during the start-up period; and most self-employed women work part-time. Both groups look set to lose out in the childcare support changes. The numbers who lose will be increased by the raising of the income tax threshold to £10,000 from 2014, which will free many start-ups and micro-businesses from the need to pay income tax and associated paper-work. However, the owners of those businesses will no longer be able to benefit from the Universal Credit childcare element, nor will they

[55] http://www.ons.gov.uk/ons/dcp171776_298533.pdf
[56] http://www.ons.gov.uk/ons/dcp171776_298533.pdf
[57] .http://www.moneysavingexpert.com/news/family/2013/03/government-childcare-costs-revamp-winners-losers shows that most self-employed families will be net beneficiaries of the new scheme

qualify for the tax-free childcare subsidy, which will only be paid for children with two parents who pay tax.

Women who own small businesses will gain from the changes to National Insurance. From 2014 all businesses will be exempt from paying the first £2,000 of employers' National Insurance. The smallest businesses will benefit most with 450,000 not having to pay any employers' NI at all. This will benefit many businesses run by women.

The announcement of a £30m budget to provide growth vouchers for small businesses is also welcome, as in previous budgets small business support has been cut. The vouchers will provide external business advice to help small businesses make the most of any growth opportunities such as applying for a loan or taking on an employee. Details are limited so far, but it is to be hoped that this scheme acknowledges the needs of the new generation of female start-ups this recession has produced and provide support tailored to their needs.

The government announced it would spend £102m on Start Up loans for young people, with the target age group 18-30. Yet since 2008 84% of new businesses have been started by people aged 50 and above[58] making this policy's targeting paradoxical and unfair. This is a particular concern, given the large number of older women who have become unemployed and can only find part-time and/or insecure jobs, which is the driver behind the increasing interest in self-employment by women in this age group.

Women are also unlikely to benefit much from the extension of generous capital gains tax breaks for investors who buy shares in new businesses. Women's businesses are significantly less likely than men's to be supported by private investors. Among owners of established businesses, 36.1% of male-led businesses obtain finance from such investors, while only 7.7% of female-led businesses do. Just 2% of venture capital in the UK goes to women led businesses, and only 5% of UK investors in small businesses are women.[59] The majority of women-owned businesses are unlikely to benefit from new sources of investment capital such as the £75m pledged to expand Business Angel Co-investment fund and the Enterprise Capital Funds.

With women facing record levels of unemployment, and engaging in self-employment or business start-ups at unprecedented levels, the WBG believes that the government should devise policies to meet their distinct needs in terms of training, advice and financial support.

[58] ONS Feb 2013 'Self employed up 367,000 in four years, mostly since 2011.'
[59] Women's Enterprise Task Force (2009), Final Report and Recommendations http://www.womensenterprisetaskforce.co.uk/download/b2eba531bd892522226d1da6b68187aa.html

Investment is needed in social as well as physical infrastructure

The Chancellor announced extra investment in physical infrastructure, including rail, roads, and low-carbon technologies, such as the development of carbon capture and storage projects. There will also be tax allowances for shale gas investment and the manufacture of low emissions vehicles. All of this investment is in male-dominated sectors and is likely to create more jobs for men than women. This will only change if there is a concerted and sustained effort to tackle women's traditional exclusion from these sectors and to promote women's education and training in science, engineering and technology.

Investing in the equally important social infrastructure, such as childcare and elder care, would do more to help the over one million women who are currently unemployed. A double standard applies to investing in physical rather than social infrastructure that disadvantages women's employment. An equitable gender analysis would consider the best ways to invest for a future that takes account of the country's need for wide social care and a well looked after population, as well as its need for physical goods.

International Development

The WBG welcomes the commitment to budget for a minimum of 0.7% of national income for development assistance in 2013 and the commitment to protect aid until 2015-16. However, we are disappointed that instead of providing new money, or even ring-fencing the aid budget, the government is redefining costs to other government departments as aid and includes debt relief as part of development assistance.[60] Moreover, we are concerned about the reorientation of development assistance to promote UK economic and geo-political interests at the expense of wider development objectives.[61] The government claims to be pursuing "value for money" and "impact" agendas by narrowing the remit of the Department of International Development, cutting development assistance and contributions to UN organisations and aligning development assistance with trade and foreign policy priorities through its selection of which countries receive aid. UK funding has been

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[60] International Development Committee - First Special Report, Department for International Development Annual Report and Resource Accounts 2010-11 and Business Plan 2011-15: Government Response to the Committee's Fourteenth Report of Session 2010-12, http://www.publications.parliament.uk/pa/cm201213/cmselect/cmintdev/107/10702.htm ; "Aid: how much does the UK spend, and why it's important and how it works", Claire Provost and Mark Train, *The Guardian*, 20 March 2013, http://www.guardian.co.uk/global-development/2013/mar/20/uk-aid-spend-important-works ; Third report from the Foreign Affairs Committee Session 2010-12, FCO performance and finances, Response of the Secretary of State for Foreign and Commonwealth affairs, May 2011, http://www.official-documents.gov.uk/document/cm80/8060/8060.pdf

[61] Investing in growth: how DFID works in new and emerging markets, Justine Greening's speech at London Stock Exchange, 11 March 2013, https://www.gov.uk/government/speeches/investing-in-growth-how-dfid-works-in-new-and-emerging-markets; Aid money to go to defence – David Cameron, *BBC News, Politics*, 21 February 2013, http://www.bbc.co.uk/news/uk-politics-21528464; Business Plan 2012-15, DfID, 31 May 2012, https://whitehall-admin.production.alphagov.co.uk/government/uploads/system/uploads/attachment_data/file/31197/DFIDbusiness-plan2012.pdf

withdrawn from some United Nations organisations spurring the introduction of policies for achievement of minimum living and working conditions, including UN-Habitat, ILO and UNRISD.[62] The government is re-orientating aid away from direct financial assistance to governments and NGOs, aimed at reducing poverty (which affects women and children most), in favour of private sector development and technical assistance which benefits UK businesses. Despite the concerns expressed by the cross-party Parliamentary Select Committee for International Development, the government seems to be turning international development into a new market opportunity for British business.[63] It is increasing use of private-for-profit contractors, 92% of which are UK companies, and re-introducing the discredited practice of tied aid, achieved through the setting of informal barriers to developing countries bidding for aid contracts, which reduces the development potential of aid. In addition, the number of countries receiving aid has dropped from 47 to 23, and aid will now be more focused on politically unstable states that are seen as vulnerable to Al-Qaida aligned groups.[64]

International development is also impacted by UK tax changes. Although the Chancellor says that he is taking the lead internationally on tax evasion and avoidance, he is resolutely refusing to review the impact of his changes to the Controlled Foreign Companies rule on developing countries. This change was introduced in the 2012 budget, supposedly as a means of closing tax loopholes in the UK, and we criticised it in our response to that budget. Until these changes, the CFC rules have said that a UK-based company moving profits out of a third country, for example in Africa, to a tax haven would still be taxed on those profits at the difference between the UK rate and the tax haven rate. The loosening of the CFC rules gives UK multinational companies a strong incentive to move their profits out of poorer countries into tax havens, reducing the tax revenues of developing countries by what is estimated by Action Aid to be nearly half of the expected UK aid budget and undermining developing country capacity to invest in education, health services and other vital public services.[65]

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[62] The bilateral and multilateral aid reviews, standard note SN/EP/5906, 17 March 2011, http://www.parliament.uk/briefing-papers/SN05906

[63] Department for International Development Annual Report and Resource Accounts 2010-11 and Business Plan 2011-15, volume 1, International Development Committee, http://www.publications.parliament.uk/pa/cm201012/cmselect/cmintdev/1569/1569.pdf; Briefing to support the International Development Committee's inquiry into the Department for International Development's Annual Report and Accounts 2010-11 and Business Plan 2011-15, National Audit Office, http://www.nao.org.uk/wp-content/uploads/2011/11/1012_Briefing_for_IDC.pdf; UK government cost cutting could put aid programmes at risk, Claire Provost, *The Guardian*, 9th March 2012, http://www.guardian.co.uk/global-development/2012/mar/09/dfid-cost-cutting-puts-aid-at-risk; Why is so much UK aid money still going to companies based in Britain?, Claire Provost and Nicola Hughes, *The Guardian,* 21 September 2012, http://www.guardian.co.uk/global-development/datablog/2012/sep/21/why-is-uk-aid-going-to-uk-companies

[64] Statistics on international development, 2007/8-2011/12, DfID, October 2012 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67317/SID-2012.pdf

[65] The problem with a new tax loophole, Action Aid, http://www.actionaid.org.uk/103143/the_problem_with_a_new_loophole.html

The UK Parliamentary Committee on International Development has called for a review of these changes , as have the IMF, World Bank, OECD and development NGOs, especially in the light of OECD estimates that tax havens cost developing countries nearly three times the amount they receive in aid.[66] The government has flatly refused a review on the grounds that scrapping the changes would harm the UK's economic interests, encouraging multinationals to leave the UK.[67] In removing the strong disincentive to use tax havens to escape developing country taxes, the government has boosted the transfer of untaxed profits, generated on the backs of the world's poorest people, into the pockets of the wealthiest investors, bypassing developing country tax coffers and undermining the capacity for elected governments to be responsive to local needs.

The budget was a missed opportunity to:

- remove from the aid that counts towards the 0.7% target debt relief on money that was never expected to be repaid;
- halt the upsurge in the use of UK private-for-profit contractors and the step backwards to tied-aid;
- remove the incentive for UK multinationals to evade taxes on profits made in developing countries.

The WBG shares the concerns of other women's organisations that the narrowing of the development agenda has led to the adoption of a narrow conceptualisation of women's issues and the abandonment of an approach that puts gender equality at the heart of UK aid. Addressing the causes of inequality, vulnerability and poverty over the life course and putting in place the means and mechanisms by which women can secure their rights as citizens, human beings and their right to development requires a focus on female rights, from conception to the end of life; and placing women's views, especially those representing the most disadvantaged women, at the centre of the shaping of national level policies and of local level services. Incentivising tax dodging by UK multinational companies, privatising aid, and using women as cheap deliverers of services will not make international aid more effective, will not reduce the need for international assistance and will not deliver gender equality.

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[66] International Development Committee – Fourth Report: Tax in Developing Countries: increasing resources for development, 16th, July 2012 http://www.publications.parliament.uk/pa/cm201213/cmselect/cmintdev/130/13006.htm#a8; Supporting the Development of More Effective Tax Systems: a Report to the G-20 Development Working Group by the IMF, OECD, UN & World Bank http://www.actionaid.org.uk/103143/the_problem_with_a_new_loophole.html; "The Global Dodgers", Angel Gurria, Secretary General, OECD, *The Guardian*, 27 November 2008.

[67] Tax in developing countries: increasing resources for development: Government response to the Committee's Fourth Report of the 2012-13 session, 8 November 2012, http://www.publications.parliament.uk/pa/cm201213/cmselect/cmintdev/708/708.pdf

Gender Impact Assessment

Yet again the Treasury has not provided a comprehensive and cumulative gender impact analysis. Instead what we have is a partial gender analysis from HM Revenue and Customs (analysis of tax measures) and the Department of Work and Pensions (welfare benefit measures). This information was not posted on the Treasury website as part of the Budget papers, despite the inclusion of analysis of the distributional impact of tax, benefit and public expenditure decisions on household income.[68]

Gender analysis of the impact of tax measures can be found on the HM Revenue and Customs website in Annex A of *Overview of Tax Legislation and Rates*[69]. The quality of the analysis is poor and there is no consistent method. For instance the equalities impact of the reduction in beer duty states:

> "Due to differences in beer consumption, any change to beer duties will have an equalities impact. Men are more likely to drink beer than women, and younger people are more likely to drink beer than older people."

This is an appropriate approach, although could have been done to quantify the differences in beer consumption, and hence the differential gains to each group from a change in beer duties. However, the same approach is not carried through to the equalities impact of the reduction in fuel duty, which states:

> "No impact is expected on groups sharing protected characteristics."

This disregards the evidence that men are more likely to be buyers of petrol than women, and thus to gain more from this measure; and disregards the method used in the gender analysis of indirect taxes carried out by the WBG [70].

The lack of consistent methods in the equalities impact assessment in Annex A of *Overview of Tax Legislation and Rates* suggest that the assessment is not being used to inform policy making, and is instead merely a *pro-forma* exercise conducted in a perfunctory way after policy has been decided, with no oversights to check the quality and consistency of the methods used and the statements of impact.

Gender analysis of welfare benefit measures can be found, with some difficulty, on the website of the Department for Work and Pensions. There is a webpage for impact assessments (http://www.dwp.gov.uk/publications/impact-assessments/), and gender equality assessment is included in some of these assessments, such as

[68] This analysis examines the impact on household income by income quintile and decile .
See http://cdn.hm-treasury.gov.uk/budget2013_distributional_analysis.pdf
[69] See http://www.hmrc.gov.uk/budget2013/ootlar-main.pdf

[70] Gender Analysis of the changes in Indirect Taxes introduced by the UK Coalition Government, 2010 - 2011 http://wbg.org.uk/pdfs/Indirect_tax_Budget_2011_final_report_June_20.pdf

the impact assessment for the Social Security Benefits Uprating Order.[71] There is also a webpage for equality impact (http://www.dwp.gov.uk/publications/impact-assessments/equality-impact-assessments/), but many equalities impacts assessments have not been uploaded to this webpage.

Once found, the DWP's assessments are of varying quality. Some of them simply report whether men or women are more likely to be affected, such as the impact assessment for the Social Security Benefits Uprating Order, which reports that:

> "On an individual basis women are more likely to be affected than men, with around 12 per cent of women affected compared to 10 per cent of men. This difference is likely to be because around 90 per cent of lone parents are women, which is the family type most likely to be affected."[72]

There is no comment on whether this requires consideration of mitigating measures. Other assessments focus on the share of those affected who are women, men and couples. Thus the Equality Impact Assessment for the Benefit Cap reports that:

> "Modelling suggests that around 60% of customers who are likely to have their benefits reduced by the cap will be single females but only around 10% will be single men."[73]

Again here the analysis ends, and there is no comment indicating that the policy makers considered mitigating measures or reshaping policy to lessen the unfair impact.

Other DWP Equality Impact Assessments draw the unwarranted conclusion that there is no differential impact by gender, even though the analysis shows that the majority of those affected are women. An example is the Equality Impact Assessment of the so-called 'bedroom tax' (which reduces housing benefit for working age claimants who live in socially rented houses and who are occupying a property that is deemed to be larger than they require – see above).

This states that, "… larger numbers of female claimants are affected by the size criteria" and that, "… compared to the distribution of the Housing Benefit case load and all social rented sector Housing Benefits claimants, the measure does not have a significantly different impact on claimants of either gender. As there is no differential impact by gender, no mitigation has been specifically considered to address gender differences."[74]

This conclusion is drawn from data that shows: 50% of all working-age social rented sector Housing Benefit claimants are single women, and 51% of the claimants

[71] http://www.dwp.gov.uk/docs/social-security-benefits-uprating-order-2013.pdf
[72] http://www.dwp.gov.uk/docs/social-security-benefits-uprating-order-2013.pdf p.9
[73] http://www.dwp.gov.uk/docs/benefit-cap-wr2011-ia.pdf p. 8
[74] http://www.dwp.gov.uk/docs/eia-social-sector-housing-under-occupation-wr2011.pdf

affected by this measure are single women, while single men are 27% of claimants and 24% of those affected, and couples are 23% of claimants, and 24% of those affected.

But such comparisons are largely irrelevant. It is not relevant to a gender impact assessment to show that single women's share of those affected by the measure is more or less the same as single women's share of the population to whom the measure is applied; and similarly for single men. What is relevant is that while 160,000 single male claimants and 160,000 couple claimants will lose assistance, while 340,000 single female claimants will lose support. Policy that disadvantages particular groups in which women predominate is a form of indirect discrimination.[75]

In addition, the government still has made no attempt to bring couple households into the gender impact analysis, either by making assumptions about the division of benefit cuts and tax gains/losses between both partners in a couple[76] or by disaggregating couple household by their gendered characteristics, such as sex of main earner.[77]

The approach adopted by the government also makes it impossible for them to consider the gender impact of measures that only have an impact on women, such as Statutory Maternity Pay and Maternity Allowance, or on men, such as Paternity Pay. There is no discussion of the gender impact of these measures in the impact assessment of Social Security Benefits Uprating Bill.

An assessment of the gender impact of direct tax, tax credit and benefit measures by the House of Commons Library found that the Budget 2013 measures continue the trend of taking more (in net terms) from women than from men. Adding the new measures to those already introduced since the June 2010 Budget, in 2014/15, women will be paying about four times as much as men, which is 79% of the total amount raised by the changes to taxes and cuts to tax credits and benefits.[78]

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[75] Equalities and Human Rights Commission (2012) *Making Fair Financial Decisions. An Assessment of HM Treasury's Spending Review conducted under Section 31 of the 2006 Equality Act.* P. 42
http://www.equalityhumanrights.com/uploaded_files/Inquiries/s31_final.pdf

[76] Household surveys do not probe how couples share their income, but it would be possible either to assume equal division, or make some other assumption, such as sharing in the same ratio as they receive income. For more discussion see Equalities and Human Rights Commission (2012) *Making Fair Financial Decisions. An Assessment of HM Treasury's Spending Review conducted under Section 31 of the 2006 Equality Act.* chp. 5
http://www.equalityhumanrights.com/uploaded_files/Inquiries/s31_final.pdf

[77] As has been done in some WBG analysis, for example Gender Analysis of the changes in Indirect Taxes introduced by the UK Coalition Government, 2010 - 2011
http://wbg.org.uk/pdfs/Indirect_tax_Budget_2011_final_report_June_20.pdf

[78] Press release, Yvette Cooper, Shadow Home Secretary and Minister for Women and Equalities, 07 April 2013,
http://www.yvettecooper.com/women_are_being_hardest_hit_this_year_changes_are_worst_of_all

The Women's Budget Group is a network of over 200 academics and activists. For more information, please visit www.wbg.org.uk or contact Amy Watson admin@wbg.org.uk , WBG Coordinator.

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