

## THE IMPACT ON WOMEN OF THE COALITION GOVERNMENT'S SPENDING ROUND 2013

UK Women's Budget Group - July 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 Spending Round 2013, announced on 26 June 2013.

### 1. EXECUTIVE SUMMARY

Since June 2010, the Women's Budget Group (WBG) has been tracking the impact of the coalition government's economic policy on women and gender equality. The 2013 Spending Round continues the dominant trends we have identified:

- Women are harshly affected by cuts to public services and social security entitlements.
- The shift of employment from public sector to private sector worsens women's labour market position.
- Women benefit the least from opportunities arising from the government's investment in physical infrastructure.

The mix of fiscal consolidation is now not the 80/20 per cent spending cuts/tax rises that the coalition government promised, but an even more unbalanced 85/15 per cent.<sup>1</sup> WBG thinks that tax increases should now be explored instead of further public spending cuts. But instead the government is freezing council tax, and increasing the personal tax allowance in real terms. The cost of increasing the personal tax allowance to £12,300 in 2015/16 would be over £10bn, according to a recent written answer; and by the end of 2015/16, council tax revenues will be some £3bn lower than they would otherwise have been.<sup>2</sup>

#### Cuts to public services and social security entitlements

- The 10% cut to the local government budget will have a devastating impact on jobs and services crucial to women. The WBG is particularly concerned about the impact these cuts will have on the most vulnerable women who need various local services, including the 1.2 million victims of domestic violence each year.

<sup>1</sup> Institute for Fiscal Studies, 27 June 2013 [http://www.ifs.org.uk/budgets/sr2013/paul\\_johnson.pdf](http://www.ifs.org.uk/budgets/sr2013/paul_johnson.pdf)

<sup>2</sup> IFS The 2015-16 Spending Round, Paul Johnson "Opening remarks"  
[http://www.ifs.org.uk/budgets/sr2013/paul\\_johnson.pdf](http://www.ifs.org.uk/budgets/sr2013/paul_johnson.pdf)

- The plan to make unemployed and precariously employed people wait 7 days before giving them access to Universal Credit is expected to save £250m per year. The details are not yet clear; but this measure could hit women particularly hard, as they are often the ones in low-paid, insecure jobs and are more likely to have children dependent on their incomes.

**The WBG calls on the coalition government to stop and reverse these cuts, which put the poorest and most vulnerable women, and their children, at risk of deep poverty, physical harm or worse.**

#### **Shift of employment from public to private sector**

- The Chancellor says that every job loss in the public sector is offset by three created in the private sector. But the WBG has found that women are not benefitting equally from new employment in the private sector. Instead *63 of every 100 new (net) jobs created since 2009-10 went to men and just 37 to women*. What is more, the new jobs are lower paid, more precarious and more likely to be part-time; and the gender pay gap in the private sector remains at 25% for hourly pay and nearly 44% for weekly earnings. Any further public sector job cuts will push more women into low quality jobs or unemployment. For those who stay in the public sector, the loss of pay progression will harm the lowest-paid workers and entrench existing gender pay inequalities.

**The WBG calls for urgent action to secure equal opportunities, pay and conditions for women in private sector employment, and put a halt to further deterioration in the public sector. As investment in physical infrastructure begins, measures should be proposed to promote women into new job opportunities, develop targeted recruitment strategies, and tackle unequal workplace cultures.**

#### **Investment in physical rather than social infrastructure**

- The Chancellor announced £50bn investment in infrastructure projects, but once again the priority is on physical infrastructure: new roads, two rail links, and guarantees for new nuclear plants. As the WBG has pointed out before, this type of investment mainly creates jobs for men, unless specific measures are introduced targeted at recruiting women. The Chancellor made no mention of new investment in social infrastructure, such as care for children and elderly people. Developing social infrastructure would create more new jobs than construction (especially for women), respond to urgent and expanding social need, and provide a larger stimulus to the economy. The Chancellor says that he has protected NHS spending; yet he made no allowance for health service costs rising faster than inflation, and the increased demands of an ageing population and a rising birth-rate.

**The WBG calls for an emphasis on investment in social rather than physical infrastructure. This would create more additional jobs, respond to urgent and expanding social need, and provide a larger stimulus to the economy.**

***The WBG is also concerned about the Treasury's failure, once again, to produce an adequate equalities impact assessment of this latest spending round.***

The Equalities Impact Assessment produced by the Treasury is misleading and superficial. Under 'gender' the assessment highlights how women benefit from two specific coalition government measures, but provide no assessment of the gendered impact of spending cuts. In this response to the Spending Round 2013, WBG provides a quantitative assessment of the cumulative gendered impact of the Coalition government's fiscal policy since 2010, plus a gender assessment of measures specific to the Spending Round 2013.

**The WBG calls on the coalition government to take seriously its requirement to pay due regard to the impact of its spending decisions on gender equality.**

## **1. THE TREASURY'S GENDER IMPACT ASSESSMENT – *Could Do Better***

The Treasury has once again failed to fulfil its responsibilities (as set out in the Equality Act 2010) by producing a superficial and misleading equalities impact assessment for the latest spending round. The Treasury claims to have held a roundtable with equality experts early on in the planning for the spending round but neither the Fawcett Society nor the Women's Budget group was invited.

The assessment consists of a mere five and a half pages<sup>3</sup> with no attempt at quantitative impact analysis. This is despite the fact that the Treasury did produce quantitative analysis elsewhere in its spending round documents for the impact on households by income group.<sup>4</sup> The Treasury has ignored the fact that impacts by gender, race, age, and disability can also be quantified via analysis of households or families classified according to these four characteristics, which other reports have shown is possible.<sup>5</sup>

### *What the Treasury left out*

In the 'Gender' section of the analysis – which consists of two short paragraphs – there is not a single mention of social security. The analysis ignores the impact of a possible cap to total spending on working age social security benefits and the requirement for unemployed and precariously employed people to wait seven days before claiming benefits.

The analysis says nothing at all about the impact on women of spending cuts.

The Treasury's analysis also separates gender from race, age and disability, with no consideration of how these characteristics intersect to compound disadvantage. Black, Asian and Minority Ethnic women, for example, will be particularly hard hit by expenditure cuts, as they are more likely to work in the public sector, and receive a higher proportion of their income from benefits and tax credits.<sup>6</sup>

### *What the Treasury put in*

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<sup>3</sup> Much of the text relates to a reiteration of the government's commitment to carrying out an impact analysis. There are at most three pages making any remarks about how this particular expenditure review is likely to impact on different groups experiencing social disadvantage.

<sup>4</sup> 'Impact on households: distributional analysis to accompany Spending Round 2013':  
<https://www.gov.uk/government/publications/spending-round-2013-documents>

<sup>5</sup> For examples, see Howard Reed, Diane Elson and Sue Himmelweit (2013) *An Adequate Standard of Living: A Child Rights Based Quantitative Analysis of Budgetary Decisions 2010-2013*, Office of the Children's Commissioner, [www.childrenscommissioner.gov.uk](http://www.childrenscommissioner.gov.uk)

<sup>6</sup> Kalwinder Sandhu, Mary-Ann Stephenson and James Harrison (2013) *Layers of Inequality. A Human Rights and Equality Impact Assessment of the Spending Cuts on Black, Asian and Minority Ethnic Women in Coventry*.  
<http://www2.warwick.ac.uk/fac/soc/law/chrp/projects/humanrightsimpactassessments/women>

The Treasury's impact analysis mentions two measures it claims will benefit women. One, the introduction of 'tax-free' childcare, is not actually a Spending Round measure and was announced prior to the April 2013 Budget. The second is £2bn from the NHS for local health and social care services. However, this is not new money, which means reduced allocations to other parts of the NHS.<sup>7</sup>

### *Impact on Households by Income Level*

The Treasury does present an analysis of the cumulative impact of cuts to public services (and changes in taxes and benefits) on households<sup>8</sup> by income quintile, looking at the poorest 20 per cent, through to the richest 20 per cent.<sup>9</sup>

The analysis shows that all groups will lose through cuts to public services (Chart 2.B). The biggest loss will be in the poorest fifth of households (quintile 1) who will lose on average public services worth £9 per week by 2015/16 (since 2010/11). Since women are more concentrated than men in the poorest households, this will hit women hardest.

Those in the middle lose less: quintile 2 households will lose on average £4 per week; and quintile 3 households, £5 per week. The richest will lose more than middle-income households, but not as much as the poorest, with both quintile 4 and 5 households to lose on average £6 per week each. Unlike poorer households, the better-off households can often afford to pay for private sector services to replace those lost from the public sector, so what we also need to know is the value of this loss as a share of income. The Treasury does not provide this analysis. Instead, in Chart 2.C, we are told that the share of public spending received by each income quintile will remain virtually unchanged despite the spending cuts. This creates an impression of 'fairness', but to properly assess equality more information is needed on the cuts in proportion to the income of each group.

Losses in relation to income are provided in chart 2.E for the combination of changes to spending on public services and taxes and benefits. This shows that the losses are regressive overall across the first 4 quintiles, with the poorest quintile (Q1) losing 3.9 per cent of income, Q2 losing 2.6 per cent, Q3 losing 1.2 per cent and Q 4, 0.5 per cent. The top quintile is apparently hit hardest, losing 4 per cent, but this is virtually the same as the bottom quintile, and derives mainly from tax changes, not expenditure cuts.

The Treasury draws more attention to the impact of policy on the richest than on the poorest quintile, saying that the analysis shows that the richest quintile make the greatest contribution to reducing the deficit. But, unlike the poorest, who make the same contribution in proportion to their income, it is a contribution that the rich can afford to make and that will not drive them to food banks.

The Treasury provides no analysis of the cumulative impact on the numbers of people living in poverty. Since women are more concentrated than men in the poorest households, the losses in the poorest quintile will hit them harder than men; and since Black, Asian and

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<sup>7</sup> See Zara Aziz (2013) 'Integration is risky for NHS services', *The Guardian*, 10/7/2013.

<sup>8</sup> A household is defined by Office of National Statistics as 'a person living alone, or a group of people living at the same address who have the address as their only or main residence and either share one main meal a day or share living accommodation (or both)'.

<sup>9</sup> 'Impact on households: distributional analysis to accompany Spending Round 2013': <https://www.gov.uk/government/publications/spending-round-2013-documents>

Minority Ethnic people are more concentrated in the poorest households, women from these groups will be harder hit than others.

Even before the latest spending round, the Institute for Fiscal Studies (IFS) estimated that incomes for the poorest tenth of the population would fall by 4.5 per cent over the next four years to April 2016, with the biggest change being the decision to alter the basis of uprating benefits from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI).

## **2. THE WBG'S GENDER ANALYSIS OF THE CUMULATIVE IMPACT OF COALITION GOVERNMENT FISCAL POLICY ON FAMILIES**

In this analysis we examine the distribution of the all the cuts to spending on public service and changes in taxes and social security, between families with different gender characteristics. We draw upon modelling carried out by WBG member Howard Reed (Landman Economics).

The model uses existing data from a variety of sources on service use and social security receipts to allocate spending (and changes in it) to families (as understood by Department of Work and Pensions as units that can claim benefits, including single people) and then calculates the incidence of the changes by family type.<sup>10</sup> Our analysis differs from the Treasury's *Distributional Analysis*<sup>11</sup> which allocates spending to households, which are defined in terms of joint living arrangements, and could include more than one family understood as a benefit unit<sup>12</sup>.

A simple assessment of the impact of cuts to spending on services on women as compared to men as individuals is not possible partly because of data limitations and partly because many public services are used by families as a whole, and even where they are primarily used by individuals other family members often benefit too. This is because in the absence of public services, other family members may provide those services, either through their own unpaid labour or by purchasing them in the market. We therefore believe that, in the absence of sufficient data on individual time-use and consumption, the family unit is an appropriate first level for a gendered assessment of changes in public service provision, distinguishing families by their gendered characteristics.

Like the Treasury's, our analysis models expenditure within England, including expenditure allocated through English local authorities. Because it excludes the expenditure allocated by the devolved administrations from their devolved block budgets, it can model only English local authority spending.

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<sup>10</sup> For basic methodology (as applied to households rather than families as in this analysis) and data sources see: Tim Horton and Howard Reed (2011) 'The distributional impact of the 2010 Spending Review', *Radical Statistics*, 105, pp 4-9. See also, for methodology for application to families, Howard Reed, Diane Elson and Sue Himmelweit (2013) *An Adequate Standard of Living: A Child Rights Based Quantitative Analysis of Budgetary Decisions 2010-2013*, Office of the Children's Commissioner, [www.childrenscommissioner.gov.uk](http://www.childrenscommissioner.gov.uk)

<sup>11</sup> HM Treasury (2013) 'Impact on households: distributional analysis to accompany Spending Round 2013': [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/209037/spending-round-2013-distributional\\_analysis.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209037/spending-round-2013-distributional_analysis.pdf)

<sup>12</sup> For example, a single mother and her child living with pensioner grandparents. There are approximately 26.6 million households in the UK and 32.6 million families.

The following assumptions were made about the scale of cuts that could be allocated to individual families (from 2010/11 to 2015/16) based on actual spending 2010/11 and 2011/12, and planned spending thereafter :

Departmental spending:

- Health -1.1%<sup>13</sup>
- Education (schools) -10.9%<sup>14</sup>
- Transport -5.2%

And, in the following areas, where funding is only part of a departmental settlement:

- Higher education (HE)/Further education (FE), adult education -32.6%
- Early years -19.0%<sup>15</sup>

And where large portions of expenditure are devolved to local authorities:

- Social care -23.4%
- Social housing -33.8%

The remaining areas of spending cuts that can be allocated to families (such as to museums) are individually much smaller and so are grouped together:

- Other categories -21.1%

In comparing our results with those given by the WBG in its response to the 2010 Comprehensive Spending Review,<sup>16</sup> there are some important differences to note. First, the 2010 analysis, which only included spending on public services, not taxes or welfare benefits, was done at the household level, while this analysis is done at the family level. Since more than one family may share a household, the scale of changes to expenditure will be greater at the household level. Second, in the earlier analysis, all expenditure was allocated to households, including spending on services such as defence, international development and environment, that are not used directly by specific families or households and so was allocated on a flat-rate basis. Here, we restrict our analysis to those items that can be allocated directly to families and directly affect their standard of living. For these reasons, the results of this analysis cannot be compared directly with those in our response to the 2010 Comprehensive Spending Review.

Some gender effects can be shown simply by looking at different family types, as in Figures 1 and 2.

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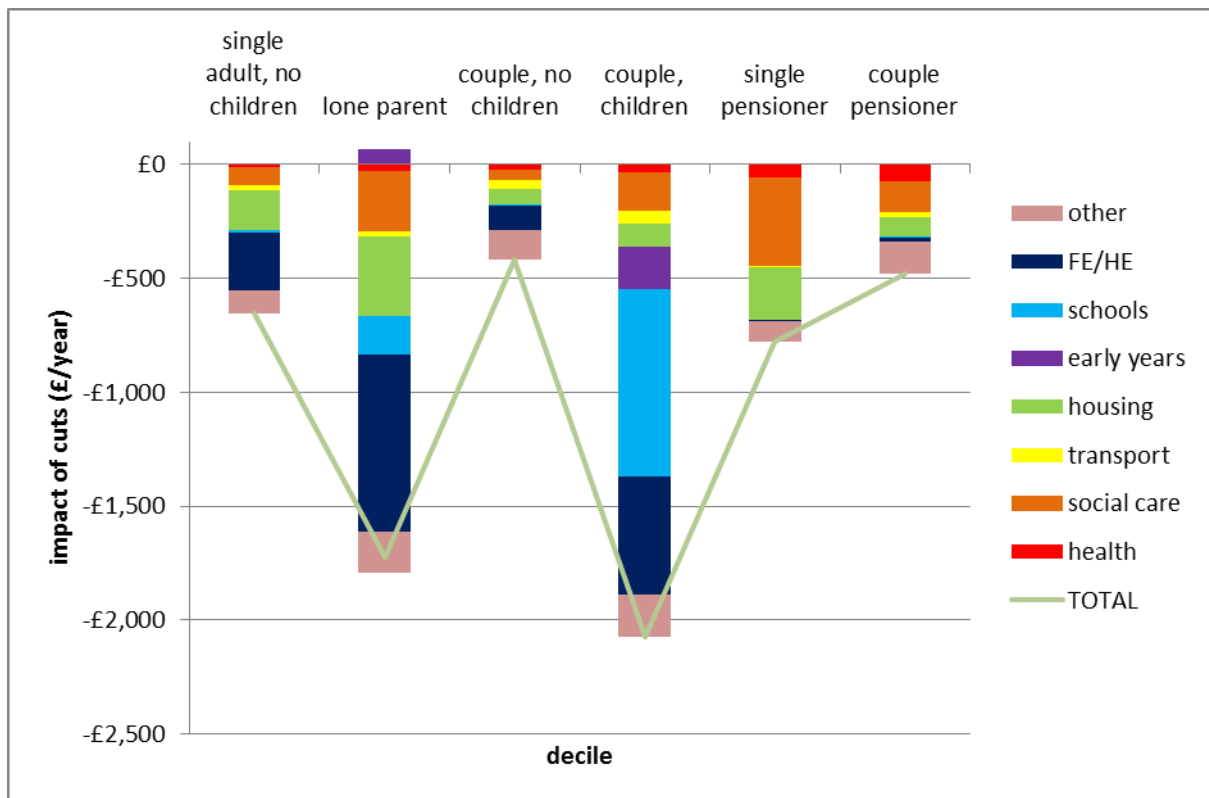
<sup>13</sup> Despite claims that the NHS has been protected, if the NHS does not spend all the money allocated to it in any one year, the Treasury claims back most of the underspend. This happened in 2011-12, so that in practice there has been a cut to NHS spending.

<sup>14</sup> This includes extra spending on the pupil premium counterbalanced by cuts elsewhere.

<sup>15</sup> This includes extra spending on early education for disadvantaged two-year-olds counterbalanced by cuts elsewhere

<sup>16</sup> UK Women's Budget Group (2010) *The Impact on Women of the Coalition Spending Review 2010*: [http://wbg.org.uk/RRB\\_Reports\\_4\\_1653541019.pdf](http://wbg.org.uk/RRB_Reports_4_1653541019.pdf)

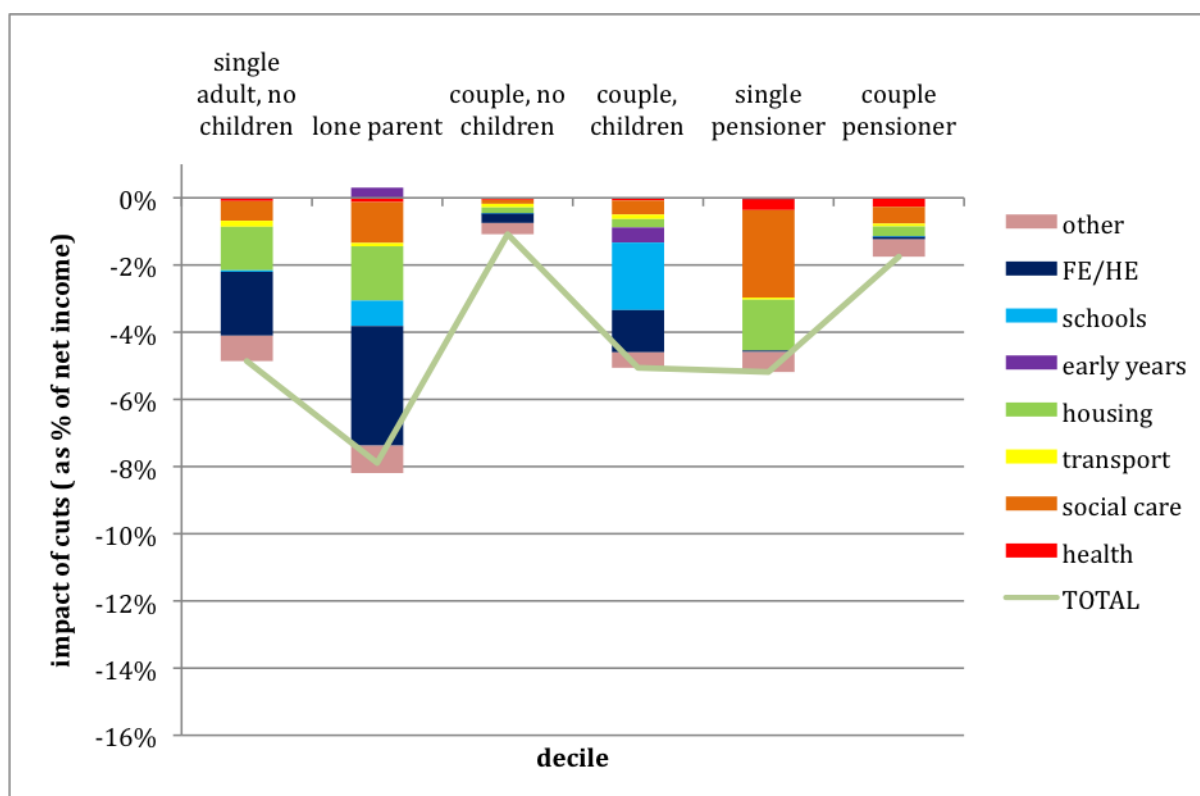
Figure 1: Effects of spending cuts by family type in cash terms, all services



Source: Landman Economics

Figure 1 shows the cuts in terms of cash no longer spent on services per family, and Figure 2 shows that cash as a share of family net income. Figure 1 shows that parents lose most in terms of the cash value of spending on public services, with couple parents closely followed by lone parents. The largest component of the losses to families with children, both couple and lone parents, is due to cuts in education spending, not only on schools but also on FE/HE. Social care makes up the largest component of single pensioners' losses.

Figure 2: Effects of spending cuts by family type: as % of net income, all services



Source: Landman Economics

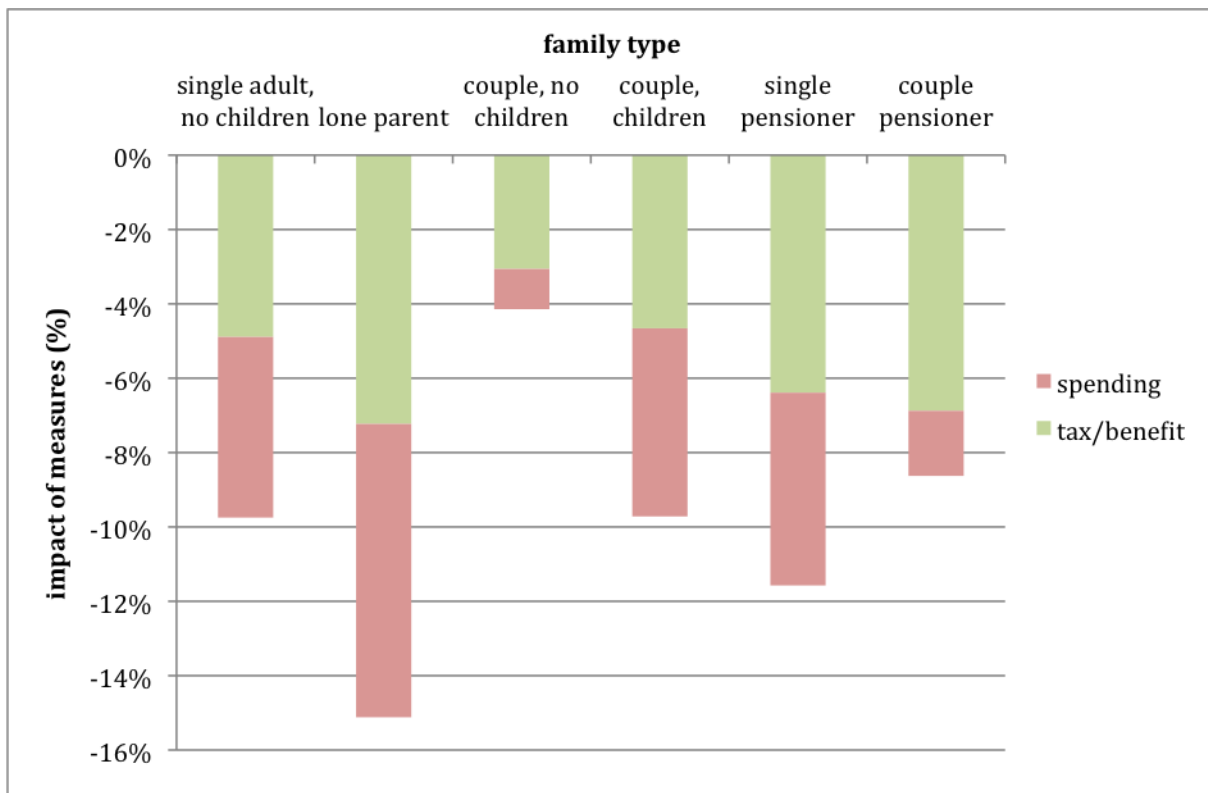
Figure 2 shows that lone parent families, because they have lower incomes on average than couples, lose more in proportion to their income. Single pensioners lose the second largest amount in proportion to their income, closely followed by couples with children and other single adults. Nearly all lone parents and most single pensioners, especially older pensioners, are women. Couples without children, whether of working age or pensioners, are hit least hard by these changes, both in cash and percentage terms, as they were by the last spending review.<sup>17</sup>

As the Treasury does in its analysis, we also give figures that include the effects on families of changes announced so far in income taxes, national insurance contributions, benefits and tax credits (tax/benefits), projected up to 2015/6.

<sup>17</sup> UK Women's Budget Group (2010) *The Impact on Women of the Coalition Spending Review 2010*



Figure 3: Effects of spending cuts and changes in tax/benefits by family type: as % of net income

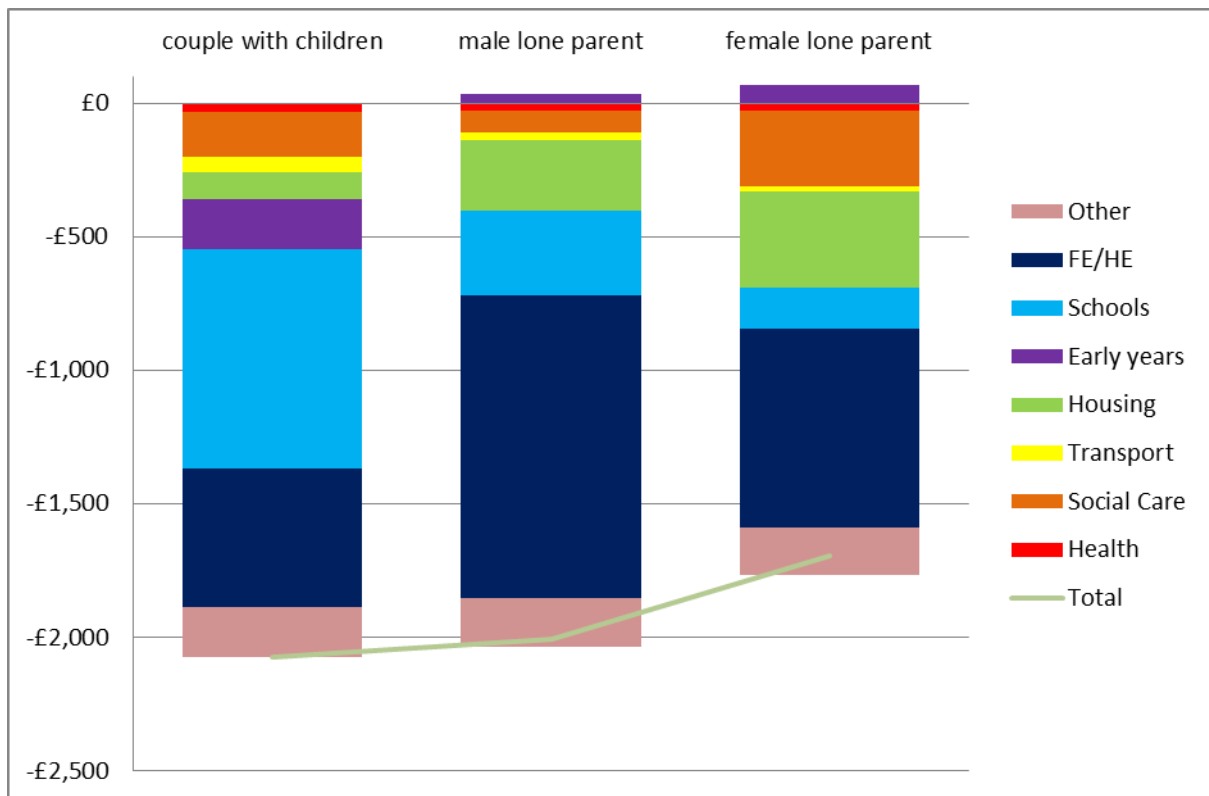


Source: Landman Economics

Figure 3 shows that the cuts in spending magnify the impact of changes in such transfer payments, with the same working age family types experiencing the greatest percentage of cuts in income from both sets of cuts. However, among pensioners, the spending cuts impact much more severely on single pensioners than on couples, while the changes in taxes and benefits impact slightly more on couple pensioners than on singles.

Our more detailed analysis of gender effects below examines the effects of cuts on families divided into gendered types, both in cash terms and in proportion to income, and comments on where the latter are driven mainly by differences in service use or by differences in family income.

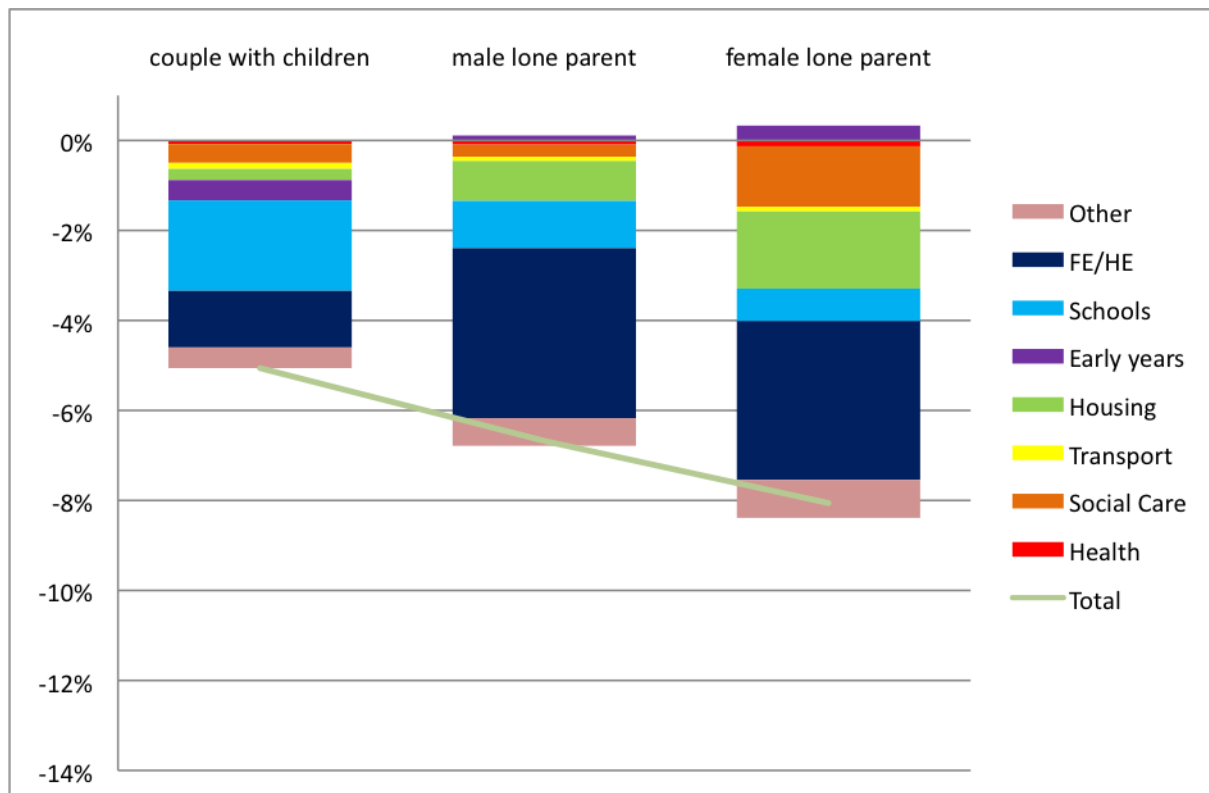
Figure 4: Distribution of cuts among families with children in cash terms, all services



Source: Landman Economics

Figure 4 shows that all families with children are hit in cash terms by education cuts. However, lone parent families are hit more than couple parent families by cuts to FE/HE, possibly reflecting greater efforts by both male and female lone parents to improve their own labour market chances, while couple parent families, having more children on average, are hit more by cuts to schools. Lone parent families also lose more in cash terms by cuts in housing and female lone parents lose particularly from cuts in social care. Lone parent families gain on average a small amount from extra spending on early years because it is targeted on disadvantaged two year olds, while couple parents lose on average from cuts elsewhere in early years spending.

Figure 5: Distribution of cuts among families with children, as % of net income, all services

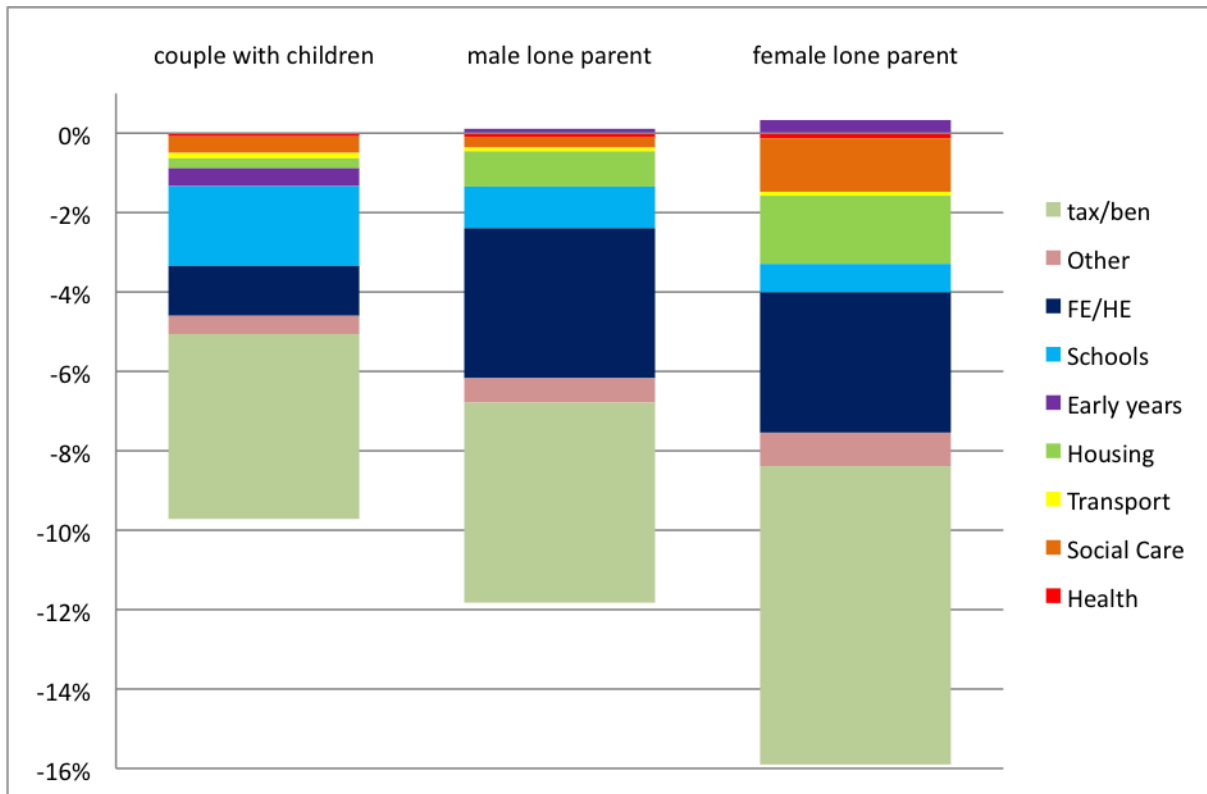


Source: Landman Economics

Since lone parent families are often poor, the cuts form a much larger proportion of their income, particularly those of female lone parents who lose public services worth more than 8% of their income, nearly half of which is made up of cuts to FE/HE, as Figure 5 shows. Because there are very few male lone parents, just 130,000, as opposed to 1,326,000 female lone parents,<sup>18</sup> the real gender issue within different groups of parents is a comparison between the effects on lone parent and couple parent families.

<sup>18</sup> The small number of male lone parents also means that their sample size in this analysis is small. So not too much can be read into differences in effects on male and female lone parents. As can be seen from a comparison of Figures 1 and 3, and Figures 2 and 4, all effects on lone parents are dominated by those on female lone parents.

Figure 6: Effects of spending cuts and changes in tax/benefits on families with children: as % of net income

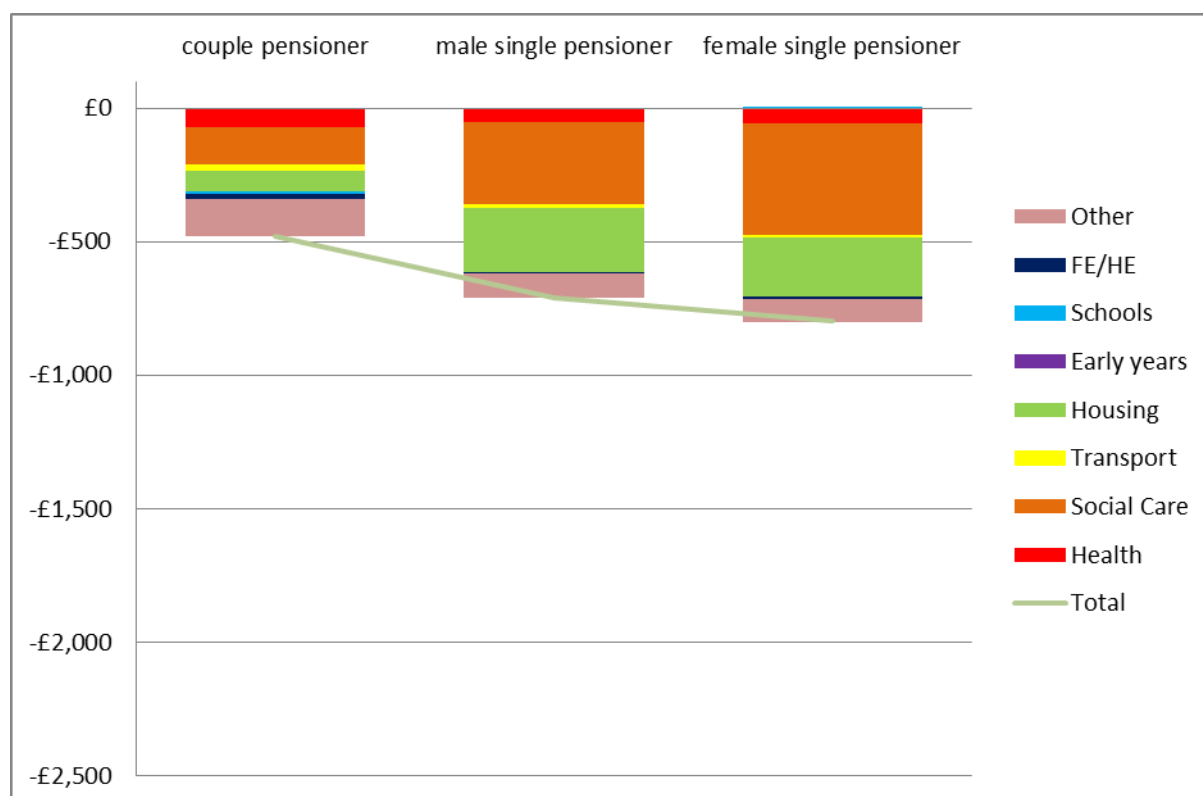


Source: Landman Economics

Figure 6 shows that these spending cuts come on top of cuts due to changes in the tax/benefit system that fall in similar proportions, roughly doubling the effects. For all three types of families with children, the changes in the tax/benefit system have an impact roughly equal to that of the spending cuts, with female-headed lone parent families losing an amount equivalent to nearly 16% of their income in all.<sup>19</sup>

<sup>19</sup> This assumes no transitional protection for any cuts.

Figure 7: Distribution of cuts among pensioner families in cash terms, all services



Source: Landman Economics

Figures 7, 8 and 9 examine effects on pensioners. Figure 7 shows that cuts to social care are the most important component of the spending cuts for all types of pensioner families, followed by those in housing. All types of pensioner families are affected by cuts in social care, but single pensioners even more so than couples, as they are far more likely to use social care services (many partners in couples look after each other). Older pensioners, most of whom are women, are the heaviest users of social care and are thus most affected by cuts in care. Male single pensioners are particularly affected by cuts to spending on housing, as they are more likely to live in social housing. The outcome is that both male and female single pensioners lose more than couple pensioners in cash terms, with female single pensioners losing the most.

This result is even more pronounced when the cuts are considered in proportion to income, because single pensioners are poorer than couple pensioners, and female pensioners are the poorest of all. As Figure 8 makes clear, female single pensioners lose an equivalent of nearly 6 per cent of their income, more than male single pensioners; and both lose more than couple pensioners. Further, the vast majority (73%) of single pensioners are women. Men when they are pensioners are far more likely to live in couples.

Figure 8: Distribution of cuts among pensioner families in cash terms, all services



Source: Landman Economics

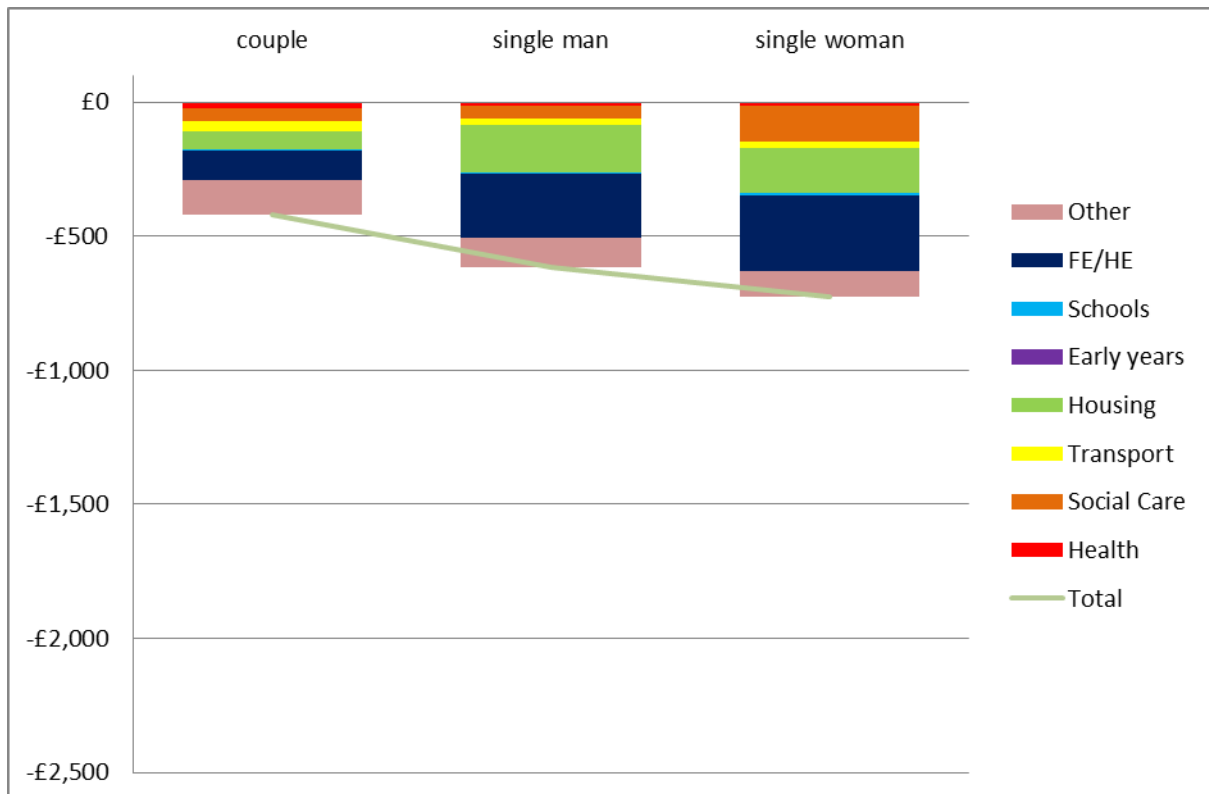
Figure 9: Effects of spending cuts and changes in tax/benefits on pensioner families: as % of net income



Source: Landman Economics

Figure 9 shows that again these effects are compounded by changes to the tax/benefit system. Although specific pensioner benefits were protected, on average pensioners lost out even more from other changes in the tax/benefits system than they did from cuts in services, and more than other groups in proportion to income. Again female single pensioners fared worst, losing on average an amount equivalent to more than 12 per cent of their income.

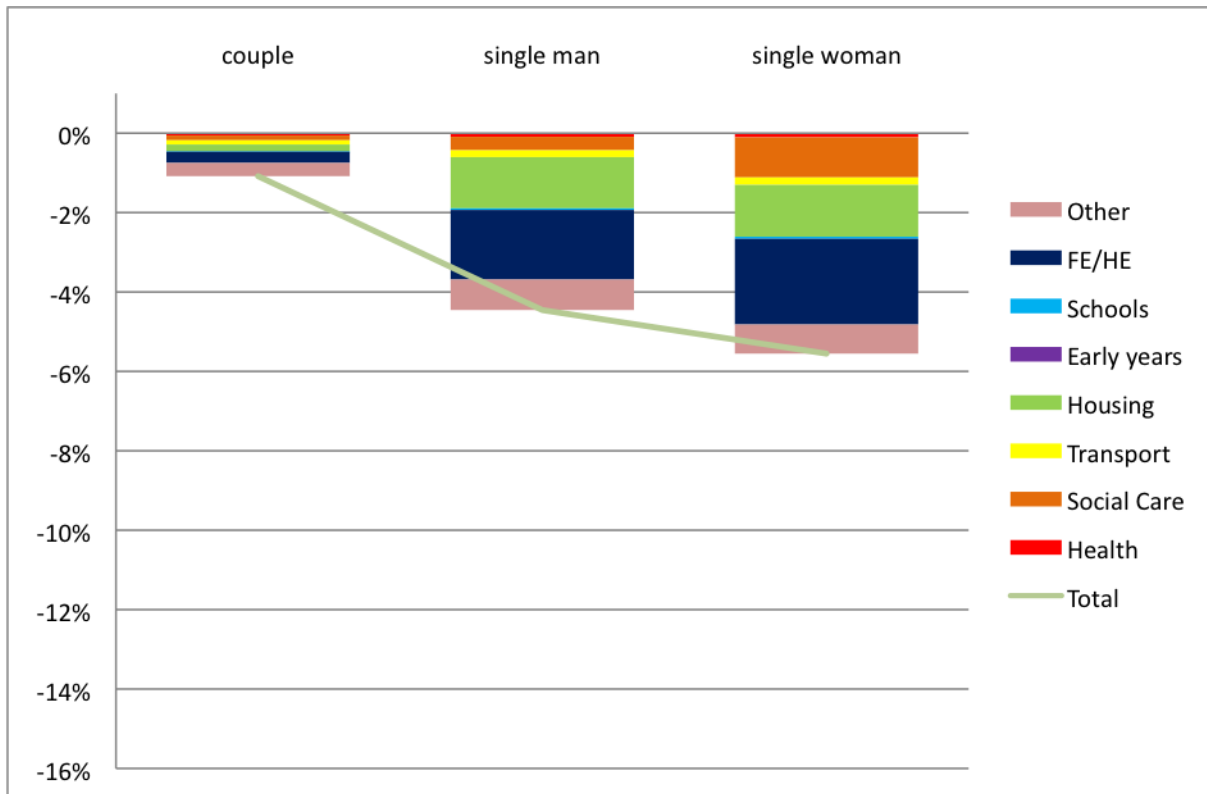
Figure 10: Distribution of cuts among working age families without children in cash terms, all services



Source: Landman Economics

Figures 10, 11 and 12 examine effects on families without children. Figure 10 shows that the spending cuts fall more heavily in cash terms on single childless people than couples without children; this is mainly because these singles are more affected by cuts in FE/HE and housing. Single women are also more heavily affected by cuts in social care and are bigger users of FE/HE than single men, so they lose most overall.

Figure 11: Distribution of cuts among working age families without children, as % of net income, all services



Source: Landman Economics

Single women also experience the biggest proportionate reduction in living standards as the result of cuts, as Figure 11 shows. Single women are also poorer than single men, and far poorer than couples without children, who experience the smallest cut in spending in both absolute and proportional terms of any group considered in this analysis.

Figure 12 shows that the effect of changes in taxes and benefits again magnifies the effects of the cuts in services, but not to the same extent as for other family types. In particular, couples without children experience on average a 3 per cent loss of income through changes in the tax/benefit system, less than that experienced by single people without children, and far less than the over 6 per cent experienced by pensioners and female lone parents.

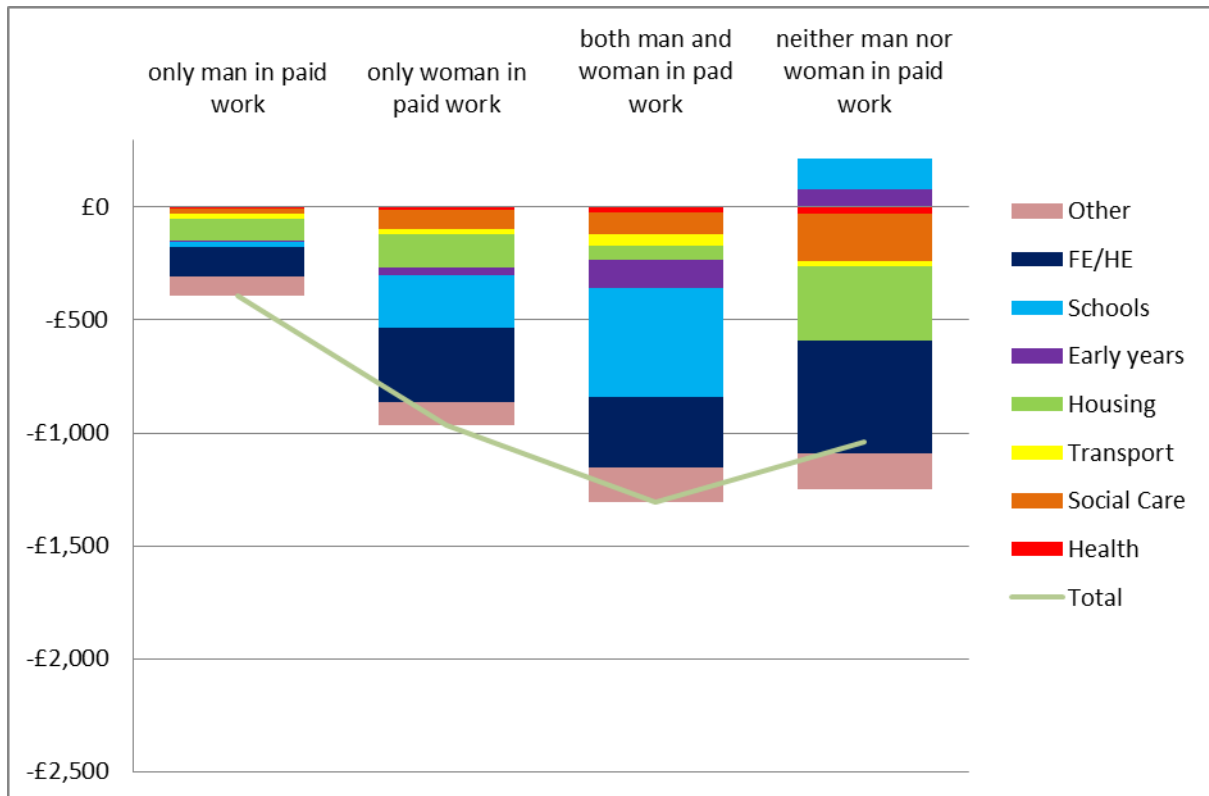


Figure 12: Effects of spending cuts on working age families without children in cash terms: as % of net income



Source: Landman Economics

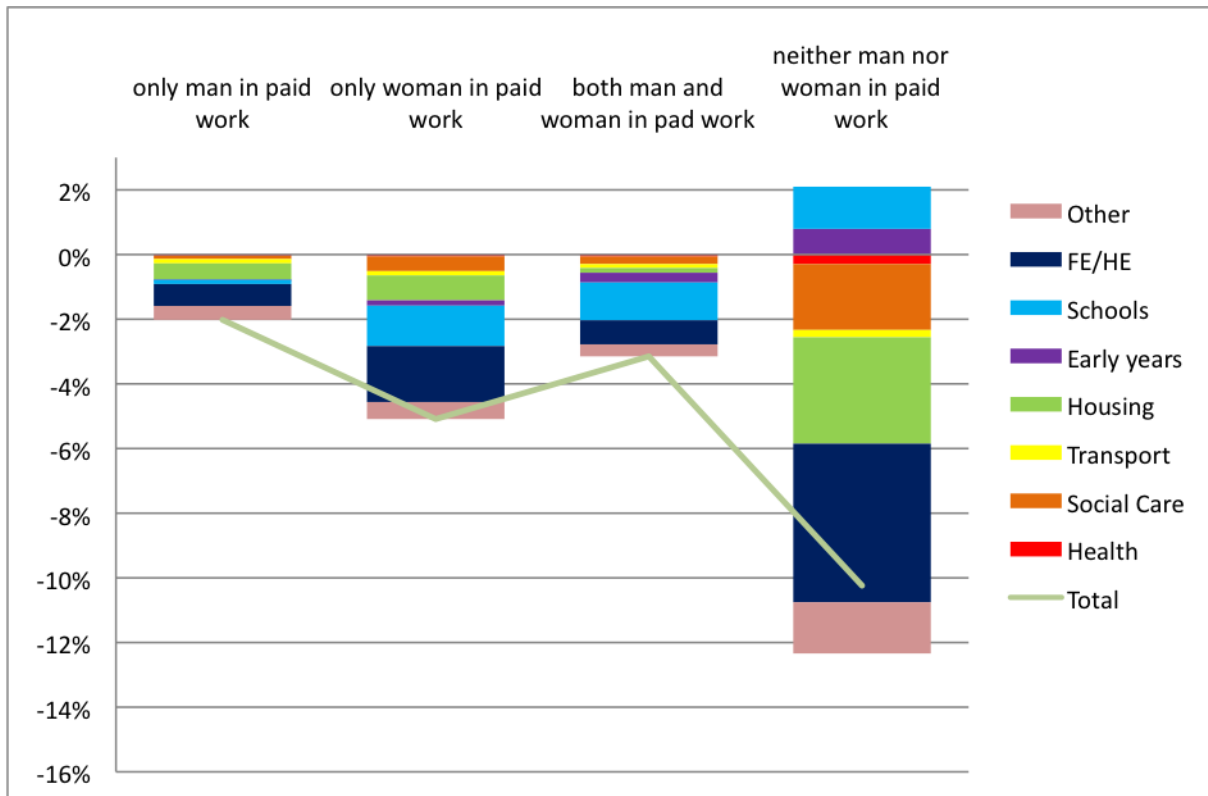
Figure 13: Effects of spending cuts on working age families, by gender of earners, in cash terms, all services



Source: Landman Economics

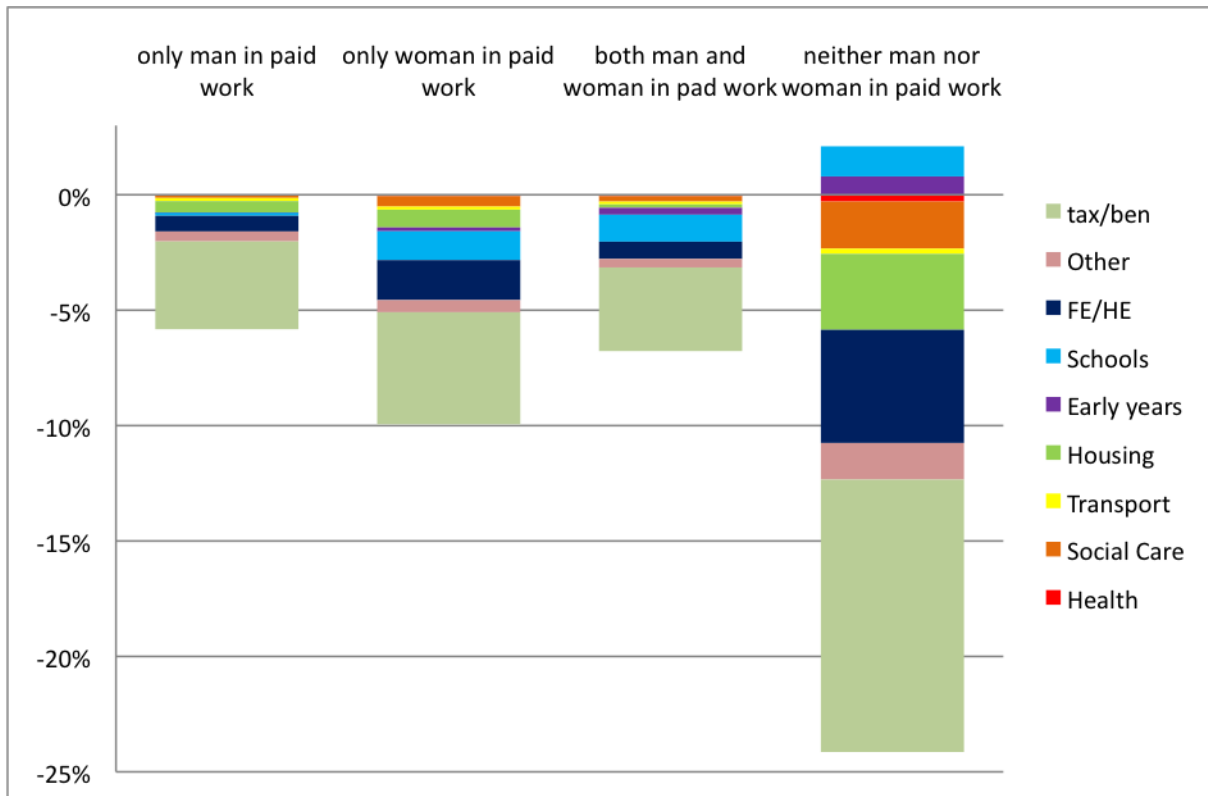
Figures 13, 14 and 15 classify all working-age families, singles as well as couples, by the gender of their earners. Figure 13 shows that families with no earners gain slightly from changes in spending on schools (through the pupil premium), and early years (through the expansion of free early years education to disadvantaged two year olds). However, cuts in spending on housing, social care and FE/HE affect them particularly badly, with the result that in cash terms they lose almost as much as families with two earners, who lose the most in cash terms. Both groups experience cuts worth over £1,000 per family. One-earner families are less badly hit, but among them there is a big discrepancy. In cash terms, families whose sole earner is a woman experience more than twice the cuts of families with a sole male earner. This is because sole earning women are far more likely to be supporting children and families with children have suffered particularly from cuts in education, both in schools and FE/HE, and in early years provision. Families with a male sole earner also use less social care, so cuts in its provision have less impact on them.

Figure 14: Effects of spending cuts on working age families, by gender of earners: as % of net income, all services



Since families with no earners have the lowest incomes, they lose by far the most in percentage terms, as Figure 14 shows. But the effect of the gender earnings gap shows up clearly too, in that families with only female earners fall further behind those with male earners when the impact of the cuts is considered in percentage terms.

Figure 15: Effects of spending cuts and changes in tax/benefits on working age families, by gender of earners: as % of net income



Source: Landman Economics

Again including the effects of tax and benefit changes magnifies these effects, with families with no earners experiencing a fall equivalent to nearly 25 per cent of their income, as Figure 15 shows. (Note that in order to accommodate the scale of cuts experienced by families with no adults in paid employment Figure 15 has had to be drawn to a different scale to the other figures giving cuts as a percentage of income.)

The overall gender impact can be summarized by the simple comparison of the average spending cut as a percentage of income suffered by the families of single women, single men and couples shown in Figure 16.



### 3. GENDER ANALYSIS OF SPECIFIC POLICIES IN THE 2013 SPENDING ROUND

Here we consider in more detail spending on the NHS, schools, higher education, social security, child care, social care, housing, local government, violence against women and girls, and overseas development aid. In addition we explore the implications of the shift from public sector to private sector employment and the priority given to investment in physical infrastructure.

#### TOO LITTLE INVESTMENT IN THE NHS

The NHS is a prime example of the lack of investment in social infrastructure. The Chancellor announced that in 2015-16 the NHS budget will rise by 0.01% to £110bn. It is good news that the NHS will face no further cuts; but the health service is already in dire straits, being required to make £20bn worth of savings by 2015.<sup>20</sup> These cuts have had and will have a dramatic impact on particular health services vital to women, with many, such as neo-natal services, midwives, health visitors, and birth centres, scaled back or even withdrawn completely.<sup>21</sup> The loss of vital translation and interpretation services within the health service will also have an adverse effect on many women.<sup>22</sup> The government makes no allowance for the fact that health service costs rise faster than inflation or for the costs of increased demand from an ageing population and a rising birth-rate.

Joined-up commissioning between the NHS and Councils for Social Care would improve integration between the services, but the £3.8bn commissioning plan announced is not new money - instead, the NHS contribution of £2bn will be siphoned off from an already pressurised NHS budget.

Cuts to other non-NHS services will also increase the pressure on the health service. The closing of programmes such as Sure Start, cuts in disability allowances, and reductions in sexual and domestic violence support services will add to the burden on an already struggling health service. In particular, the Supporting People Programme that funds many sexual and domestic violence support services has already faced cuts of around 11 per cent, with more expected. Moreover, the changes brought about by Universal Credit may make it harder for refugees to continue and may force some of them to close<sup>23</sup> unless the government revises the measures further in terms of their impact on funding.

The WBG has also continuously warned that the loss of health services will impact on women as carers. More women than men act as carers to people with long-term illnesses or

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<sup>20</sup> DOH, March 2013, *Making the NHS more efficient and less bureaucratic*, available on line at <https://www.gov.uk/government/policies/making-the-nhs-more-efficient-andless-bureaucratic>

<sup>21</sup> Robson S., Robinson J. and CEDAW Working Group for the North East (June 2013) *The impact of austerity measures upon women: A case study of the North East of England*

<sup>22</sup> Women in Coventry reported a lack of translation and interpretation services: *Layers of Inequality*, Coventry Women's Voices, Centre for Human Rights in Practice, University of Warwick School of Law, Coventry Ethnic Minority Action Partnership and Foleshill Women's Training: <http://www2.warwick.ac.uk/fac/soc/law/chrp/projects/humanrightsimpactassessments/women/>

<sup>23</sup> Robson S., Robinson J. and CEDAW Working Group for the North East (June 2013) *The impact of austerity measures upon women: A case study of the North East of England*

disabilities, and for elderly people; cuts to state-funded health and social care services will therefore further increase the 'care burden' on women.<sup>24</sup>

The cuts to NHS staff are also gendered, as the public sector employs more women than men: for example, women make up nearly 90 per cent of all qualified nursing, midwifery and health visiting staff. Between 2010 and 2012, there has been a loss of 6,082 qualified nursing staff nationally. The numbers of female medical and dental professionals (excluding other doctors in training) in lower grades have also fallen each year since 2010.

### **EROSION OF TEACHERS PAY AND TERMS AND CONDITIONS IN SCHOOLS, ESPECIALLY 'FREE SCHOOLS' AND ACADEMIES**

The Department for Education appears to have escaped the 2013 Spending Round relatively unscathed with the schools budget ring-fenced. But though much is made of the protected schools budget, the reality is that education spending has seen a 1 per cent cut in real terms. Christine Blower, the General Secretary of the National Union of Teachers, says: "Far from being 'protected' we have seen the biggest four-year cut in education spending since at least the 1950s, reversing the long-overdue increase in education spending under Labour."

The pay and progression of teachers are further damaged in this spending round by the continuing 1 per cent cap on public sector pay awards. Furthermore, the Chancellor has started plans to reform progression pay for teachers. These reforms will have a negative impact on the earnings of the hundreds and thousands of female teachers, teaching assistants, and auxiliary staff who make up the teaching profession.

A particular concern is the erosion of teachers' employment rights and entitlements under the government's "accelerated programme" of free schools and academies. The WBG is concerned that these schools, free to set employment conditions for teaching staff, will have negative consequences for the predominantly female workforce, and serve to widen existing gender and socio-economic inequalities. Any policies which have a negative impact on the pay or conditions of teachers have an adverse gender impact because 73.3 per cent of all teachers are women.

Academy schools have the freedom to set employment terms, conditions and salaries of teachers. Examples of terms and conditions that could be affected by this include the inclusion of guaranteed planning, preparation and assessment (PPA) time for teachers, the removal of administrative tasks from teacher duties, national pay and conditions for all staff, limits on working time, and continuing professional development (CPD) entitlements. No academy school has yet committed to implement the national pay and conditions framework indefinitely. This is a risk to gender pay equality, as the national framework ensures an equal and fair pay system. Terms and conditions of teachers and other staff in free schools are likely to be even less favourable, as such schools have been established from scratch and can set their own contracts.

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<sup>24</sup>European Parliament (February 2013) *Gender aspects of the effects of the economic downturn and financial crisis on welfare systems*  
<http://www.europarl.europa.eu/committees/en/studiesdownload.html?languageDocument=EN&file=90730>

Increased autonomy without the support of the local authority structure could also lead to increased incidents of discrimination. Changes to terms and conditions may be proposed that would have a disproportionate effect on female teachers. For example, in some existing academies there is Saturday working; others have longer school days and longer school years. These conditions of employment may prevent women with caring responsibilities from working in these schools and disadvantage the career prospects of those who do.

Some academies pay less maternity pay than their neighbouring local authority schools. In some cases, staff who have moved to an academy have not had their previous service recognised for maternity purposes and have lost all built-up entitlement to maternity pay.

Moreover, the government's focus on free schools and academies also poses a threat to gender equality in terms of the education provided to girls. Free schools are not obliged to adhere to guidelines about the teaching of Personal Sexual and Health Education (PSHE), which means that children may leave school without having received even a basic education in human reproduction, reproductive rights, and contraception. Lack of education about reproductive rights is widely recognised as a barrier to women's economic independence globally.

Free schools are not bound by the same fair admissions procedures as maintained schools. A 2007 report by the Institute for Public Policy Research (IPPR)<sup>25</sup> suggests that schools responsible for setting their own admissions policies are six times more likely to be highly unrepresentative of their surrounding area than community schools whose admissions are overseen by a local authority.

## **CUTS IN FINANCIAL SUPPORT FOR STUDENTS IN HIGHER EDUCATION**

Spending Round 2013 claims that the government is 'committed to creating a society in which there is high social mobility...' (p.8). Key to increasing social mobility is improving access to higher education (HE). Indeed, the government argued that one of the aims of its 2012/13 reform of higher education funding was to promote greater social mobility. Yet the policy announcements in the 2013 Spending Round undermine and contradict this policy aim. It proposed changes to undergraduate student financial support that will hit students from the poorest backgrounds while leaving untouched the support received by the wealthiest students.

In 2015/16, means-tested grants will be frozen rather than increased in line with inflation, leading to an effective cut in the value of grants for the poorest students. This will save the government just £60m. In addition, eligibility for full maintenance grants is restricted to those students from families with household income below £25,000 per annum. This income threshold also has been frozen, and has not changed in cash terms since 2008/9. This amounts to a real terms cut of over 20 per cent relative to inflation. Consequently, access to the most generous grants is being restricted further and more students have to rely on loans to meet their living costs.

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<sup>25</sup> *School Admissions: Fair choice for parents and pupils*

<http://www.ippr.org/publication/55/1582/school-admissionsfair-choice-for-parents-and-pupils>



The government has also cut the amount of money allocated to the National Scholarship Programme, aimed at helping the most disadvantaged students through bursaries and fee waivers. The £150m originally planned is to be reduced to £50m from 2015, with the savings re-allocated to postgraduate students. The money provided via the National Scholarship Programme is matched pound for pound by universities, so this represents a total cut in support for undergraduate students of £300m per year.

Combined and separately, these changes are likely to have a disproportionate impact on women who make up the majority of the undergraduate student population, and especially mature women students and those taking higher education courses at further education colleges.

## **CUTS IN SOCIAL SECURITY**

Cutting social security spending affects women more than men in two ways:

1. A higher percentage of women's individual income on average is made up of benefits and tax credits (and some get all their income in this way);
2. In couple families, women are more likely to be the ones responsible both for making the money stretch and for spending on children.

### ***Background – stigmatising welfare***

The government had already planned £18bn of cuts to the social security budget in 2014/15, and in the Autumn Statement 2012 announced an additional £3.6bn of cuts for 2015/16. The government is using the social security budget largely as the source of 'savings' to prevent other departments from being cut.<sup>26</sup> This is an absurdly reductionist view of the multiple positive functions of benefits and tax credits, which (amongst other things) redistribute income over the lifecycle, encourage savings and employment, achieve horizontal redistribution between those with and without children, help to stabilise the economy during periods of recession, and facilitate adaptation to labour market changes.

The Chancellor continuously referred to 'welfare' when discussing social security during his Spending Round speech. He also called Labour the 'welfare party', seemingly intending this as an insult. This is indicative of a wider derogatory attitude towards those receiving benefits. The WBG refers to 'social security' because the label 'welfare' has connotations of residual benefits for those at the bottom of society only. Indeed, this appears to be how the Chancellor thinks of our benefits system. He deliberately made a distinction between those in receipt of social security and "those who pay" for it.

But this view of the social security system is inaccurate and misleading. It divides society into those who receive benefits and those who pay for them - whereas in practice virtually all of us receive benefits at some point in our lives and pay for social security through taxes (indirect taxes such as VAT, even if not direct taxes). Women are likely to be particularly conscious of these shifts and interdependencies over the lifecycle. The increasing speed of the shift towards greater means testing will edge the benefits system closer to the Chancellor's narrow view of it. It also underlies the increasing dissociation of the public from the social security system, as demonstrated in opinion polls. This shift, and the divisive

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<sup>26</sup> see, for example, *Spending Round June 2013*, Cm 8639, HM Treasury, 2013, p 7.

‘them and us’ attitude that underlies it, need to be resisted, and universal benefits supported, if we are really going to be ‘all in this together’.

### ***Capping Social Security Spending***

In the Spending Round 2013, the Chancellor announced a cap on the ‘annually managed expenditure’ (AME) on over £100bn of social security benefits. This has been characterised by a range of commentators as more of a political ploy than an economic one.<sup>27</sup> State pensions, the main driver of increased spending, are omitted from the proposed cap, and working age benefits spending is already likely to fall because of previous cuts and uprating decisions. But an overall cap diverts attention from (and opposition to) policy moves to cut individual benefits, which the Liberal Democrats said they opposed. Even the Labour Opposition has now been persuaded to announce its own version of a benefits spending cap.

The government will set a cap each year at the Budget for the following 4 years, at a level that reflects forecast inflation. The first such cap will be set from 2015-16 at Budget 2014. Each year, the Office for Budget Responsibility will issue a warning if a government seems likely to breach the cap (with a margin for small fluctuations). The government must stick to the cap or report to parliament to explain why it is ‘overspending’.

However, as the Institute for Fiscal Studies has pointed out, the best way to manage expenditure, if this is thought necessary, is to assess spending item by item. Instead, the government has lumped most social security spending together, which means that the cap will include housing benefit, tax credits, disability benefits, and some of pensioners’ other benefits.

The Chancellor has not explained how the universal credit will work in line with the cap, particularly as he plans to exclude “cyclical benefits that directly rise and fall with the unemployment rate”. Universal credit will be available to those both in and out of employment, which means that many low-income families receiving it could also be at risk from the overall AME cap.

### ***Seven-Day Wait for Benefit Claims***

Instead of the current three day wait before they can apply for jobseeker’s allowance, claimants will have to wait seven days. In practice, it can take far longer to process a claim, which means that the extended waiting time will further delay much-needed financial support.

The wording of the new measure is careful. Although it is headlined as directed at unemployed claimants in the policy costings, it appears as though it will in fact affect anyone claiming universal credit and subject to conditionality. It only applies to those who have not made a universal credit claim in the past 6 months, however, which seems to mean that it will affect only those on relatively higher incomes who lose their jobs or who do not take up their right to universal credit when in work. But as most means-tested benefits are included in universal credit, the 7-day wait will have a detrimental effect because it will apply to benefits such as housing benefit and allowances for children that can currently be claimed immediately.

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<sup>27</sup> Declan Gaffney, 26 June 2013 <http://touchstoneblog.org.uk/2013/06/the-welfare-cap-a-political-gimmick-with-very-real-risks>

Single parent charity Gingerbread says that the 7-day wait will be “crippling” for lone parents. Research has shown that in many couples living on low incomes it is the woman who takes on the burden of managing the household budget and making ends meet. Thus this delay in payment is likely to hit women particularly hard. Regardless of the 7-day wait, universal credit will be paid in arrears more than one month after the date of claim; so many claimants will have to apply for advance payment, use food banks, and/or take out payday or other loans to make ends meet while they wait.

### ***Increasing Conditionality***

The Chancellor also announced that claimants will have to conduct an ‘upfront work search’, which means having a completed CV, registering for online job boards, and starting to look for work before they receive benefits. Lone parents with a youngest child aged three will need to attend jobcentre interviews and start preparing for work (though they do not need to take jobs until their youngest child turns five).

Single Parent Action Network has many examples of single parents sanctioned for missing an appointment because they had to pick their children up from school or take them to hospital.

Table 1: Number of Lone Parent Claimants on JSA Sanctioned

Period	Number of JSA lone parent claimants sanctioned
January 2008 - December 2008	1,340
January 2009 - December 2009	4,970
January 2010 - December 2010	14,070
January 2011 - December 2011	20,580
January 2012 - April 2012	8,940

*Parliamentary Question, House of Common, 24 October 2012, c955W. Source: JSA Sanctions and Disallowance Decisions Statistics Database; JSA Lone Parent Spells database*

Increased conditionality is likely to lead to further increases in sanctions in the coming years, with a corresponding increase in the numbers of impoverished people reliant on food banks. The number of people using food banks tripled last year to approximately half a million. In research on the subject, Oxfam and Church Action on Poverty found that up to half of all those turning to food banks did so “as a direct result of having benefit payments delayed, reduced or withdrawn altogether”.<sup>28</sup>

Half of all jobseekers will be required to go to the jobcentre every week, rather than every fortnight; interviews with advisers will last longer, and there will be a review every three months. All claimants subject to conditionality will have to verify their claim every year.

Yet Jobcentre Plus (JCP) is already failing in its delivery, as highlighted in the longitudinal study by SPAN and the University of the West of England that followed single parents on Job Seekers Allowance, published in 2012. Of those single parents who gained employment during the three-year study, none did so through contact with Jobcentre Plus. Instead, they relied on existing networks such as friends or previous employers, or set up their own micro

<sup>28</sup> *Walking the Breadline*, May 2013

businesses. In addressing this failure in expertise, SPAN's research recommends the reinstatement of Lone Parent Advisors and a radical improvement in the training of JCP staff, particularly with regard to knowledge of opportunities for advancement for single parents and their needs as both parents and employees.

If claimants do not speak English, they will have to attend language courses on pain of a cut in benefit. However, the problem is not that some claimants are unwilling to learn English; it is the fact that most cannot access lessons because of the savage cuts to English for Speakers of Other Languages (ESOL) courses two years ago. There is a crisis in ESOL provision that the Chancellor does not acknowledge.

These measures amount to further moves in the ratcheting up of conditionality, with no plans to offset this with improvements in the rewards for paid work; in fact, it is the reverse for many, with real pay reductions. There is no additional support for lone parents, who face the brunt of many of the government's changes, in terms of tailored advice and support, more help with childcare costs, and family-friendly jobs. The government itself talks about a 'work first' approach (*Spending Round 2013*, p 25), which will tend to lead to bad job matches (Social Market Foundation) and is unlikely to mean the best use of skills for growth. Meanwhile, additional resources are being transferred to subsidise childcare for middle to high earners; yet this is unlikely to help women working below the tax threshold in part-time employment.

### ***Cuts in Administration***

The Secretary of State for Work and Pensions will find a further 9.5 per cent of savings in the running costs of the Department for Work and Pensions (DWP). This is a significant sum. Between 2011 and 2016, the DWP will have lost some 40 per cent of its staff (*Daily Telegraph*, 27.6.13, which also reports that the Office for Budget Responsibility has suggested that some administrative changes in DWP could lead to higher benefit bills).

The other changes announced to benefits besides the AME cap were not intended to achieve savings; any money saved by what the Chancellor called 'the new contract' with claimants (over £350m per year) will be put back into the costs of the proposed additional management of claimants. In addition, the published spending round documents show that there is in fact some uncertainty about the effect of some of these measures.

### **LACK OF RECOGNITION FOR UNPAID WORK**

The Chancellor once again did not acknowledge the unpaid contributions to domestic labour made in particular by women. There is no effective measure to help to alleviate women's domestic burden. The current plan to increase subsidies to some parents' childcare costs is welcome, but it will only help employed women. The lack of affordable childcare services forces many women to switch to part-time work and low-paid jobs. Women's working hours and hourly wage decrease after having a child<sup>29</sup> because women are responsible for care and domestic services to family members. Women undertake the major share of caring work for children and elderly family relatives. Women of working age (20-59) on average spend 280 minutes per day on unpaid domestic work, which is almost double the time spent

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<sup>29</sup> Kan, M. Y. and Gershuny, J. I. (2009) 'Gender and Time Use Over the Life-course', in M. Brynin and J. Ermisch (eds) *Changing Relationships*. New York & Oxford: Routledge, pp.146-160.

by their male counterparts (148 minutes per day). Women also share 72 per cent of caring work for family members, which is 2.6 times that of men (28 per cent).<sup>30</sup>

### **SUPPORT FOR CHILD CARE IS INADEQUATE**

The WBG welcomes the government's recognition that the cost and availability of childcare are important issues for parents, and mothers in particular. So it is good news that the childcare support within universal credit will, for some, be based on 85 per cent of the approved costs rather than the 70 per cent that it will be for most.

However, we regret that this will be limited to families in which both parents pay income tax. Nearly half of parents receiving help with childcare costs as part of working tax credit currently work less than 23 hours per week<sup>31</sup>, and are thus unlikely to pay income tax and benefit from this measure. Yet most need childcare support, with at least one child aged under five. The number of parents who qualified for the childcare element fell by nearly 50,000 to 446,000 in 2013, slightly fewer than in 2008<sup>32</sup>. Meanwhile, the cost of childcare is increasing faster than the rate of inflation, according to the Daycare Trust.

The proposed tax-free child care scheme (worth up to £1200 for each child) to replace employer-supported child care for families *not* receiving tax credits is also aimed at families where both parents work. The earnings limit for *each* parent is very high, at £150,000 per year, and contrasts with the maximum £15,000 *household* income needed to qualify for free nursery education for 2 year olds. It also contrasts with an annual earnings threshold of £60,000 for one earner to trigger the complete withdrawal of child benefit, and appears to have been designed to placate some of the better-off parents who have had an income tax increase or given up their child benefit. It is also likely to lead to claims for further measures to be introduced for better-off single earner families (such as recognition of marriage / non-earning partners in the tax system). The WBG is pleased that the government is still committed to extending free nursery education to the 20 per cent most disadvantaged two year olds. We also welcome the greater involvement of health workers in children's centres, but believe that there is a shortage of midwives and that the recent increase in the number of health visitors has not kept pace with the increase in births over the past decade, which has resulted in a 12 per cent increase in the number of children under 5 years old. To respond to these demands, the government should increase the children's services budget. Instead, children's services budgets are being cut, including those for the poorest parents and the youngest children.

The Early Years Intervention Grant, which replaced a number of grants including the ring-fenced General Sure Start Grant in 2010, is less than the sum total of the support it replaced. It is also no longer ring-fenced, and is thus vulnerable to overall reductions in local authority budgets. Most authorities have resisted the closure of children's centres, choosing instead to protect front-line delivery of services. Nevertheless, by 2011 the Daycare Trust and 4Children found that nationally 7 per cent of children's centres planned to close and 56 per cent offered reduced services. In addition, charges to use services have been introduced, there is less childcare provision, the number of qualified staff and training budgets has been reduced, and outreach work has been curtailed.

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<sup>30</sup> Kan, M. Y., Sullivan, O. and Gershuny, J. I. (2011) 'Gender Convergence in Domestic Work: Discerning the Effects of Interactional and Institutional Barriers from Large-Scale Data', *Sociology*, 45(2): 234-251.

<sup>31</sup> HMRC, Child and Working Tax Credit Statistics: April 2013, Table 4.4

<sup>32</sup> *Ibid*, table 1.2.

## **FUNDING FOR SOCIAL CARE - TOO LITTLE TOO LATE**

The WBG is concerned that health and social care are still underfunded. The government's commitment to the joint commissioning of social care in the form of a special £3.8bn pooled budget is welcome, but not enough. In the past there have been financial barriers against developing constructive partnerships between health and social care providers, and social care has been underfunded for years.

Local authority budgets for social care have never been ring-fenced and, faced with reduced funds, the eligibility criteria used for receiving social care support have become ever stricter. People who need moderate levels of support do not receive it, and the national criteria just announced by the government will do little to change this. This means that much need will remain unmet and demands on supportive families and friends will increase. The latter is short-sighted because of the extra pressure placed on carers, who could damage their own health if they cannot share their caring responsibilities with support from formal services. With 'informal' carers providing four times as much care as formal services, sustaining their capacity and willingness to care should be given higher priority in government policies. Although more men are becoming involved in care, women are still the majority of both formal and informal carers.

The government has endorsed the idea of a 'cap' on the cost of social care borne by those who need it. However, at £75,000, which is twice the level proposed in the 2011 Dilnot report, it is too high. This is in part because the cap excludes both 'hotel costs' and any fees charged above the level that the local authority would be willing to meet. In practice, the cap may be well over £100,000,<sup>33</sup> and this is not yet fully understood by the public. This means that people will still fall short of the funds needed for the adequate care they may eventually need. One way to fund adequate social care is by a small increase in inheritance tax. Other methods include scrapping pension higher-rate tax relief for employers and employees and removing the partial National Insurance cap on higher rate employees. A long-term care social insurance scheme could be introduced.

The quality of social care depends on those employed in the sector. If they are underpaid, unsupported and under-trained they will not provide good and safe care. With the increasing privatisation of social care, employment conditions in the sector have deteriorated over the past 15 years. For example, of the quarter of a million people employed on a 'zero hours' contract, it is estimated that 100,000 are domiciliary workers.<sup>34</sup> It is a sector heavily dependent on migrant workers.<sup>35</sup> Social care needs to be a more attractive career option; closer working with health workers could create new and exciting training opportunities, and England may become less dependent on badly paid migrant workers in this sector.

## **HOUSING**

The government set out changes to housing policy in Investing in Britain's Future (IBF), a Spending Round supplementary document. This includes £3.3bn for affordable housing

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<sup>33</sup> *Financial Times*, 29 June 2013

<sup>34</sup> Resolution Foundation, 2013, cited by Will Hutton, *Observer*, June 30 2013

<sup>35</sup> 60% in Greater London were not born in the UK (Harper et al 2010)

between 2015/16 and 2017/18, and provision for social rent increases up to 2025/26.<sup>36</sup> Though the measure may not generate badly needed social housing, more affordable housing in the private sector could benefit some working women.

A closer look suggests that what is being presented as an ambitious investment in social housing is actually a real terms reduction in the affordable housing grant.<sup>37</sup> Additional changes to social security programmes will hit housing benefit recipients, lone parents in particular, especially hard. The IBF report confirmed expectations that social rents will increase by CPI plus 1 per cent per year from 2015-16 for 10 years. At present, social landlords are tied to a maximum rent increase, which is linked to the retail prices index plus 0.5 per cent plus up to £2 per week. The change to CPI plus 1 per cent provides certainty for landlords, but less security for tenants. Social housing tenants' ability to pay near-market rents is not considered by the government. Again, women on low incomes, especially lone parents, may find themselves unable to meet housing costs.

In addition, the shortage of affordable housing, the combined effect of pay freezes, changes to benefit payments and conditionality, and the reduction in housing benefit through the so-called bedroom tax,<sup>38</sup> may well force many poorer families into rent arrears or debt.

## **LOCAL GOVERNMENT JOBS AND SERVICES SQUEEZED FURTHER**

Once again, local government took the biggest hit in the Chancellor's Spending Round, with a further £2bn budget cut imposed in 2015/16 on top of the £10bn already made since 2010. According to Sir Merrick Cockell, Chair of the Local Government Association, "This cut will stretch essential services to breaking point in many areas. While positive steps have been taken to target NHS funding at social care, the fact remains that some councils will simply not have enough money to meet all their statutory responsibilities."<sup>39</sup>

The Chancellor stated that local government access to grants and initiatives from other departments would reduce the overall local government spending cut from 10 per cent to 2 per cent.<sup>40</sup> Looking at the announced local spending by departments other than the Department of Communities and Local Government, it is difficult to make the figures add up, but this could refer to some of the following:

- 1) £0.2bn from the NHS to accelerate the move to pooled funding for care;
- 2) £0.33bn to support "transformation of local services";
- 3) Smaller amounts for fire and rescue and collaboration.

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<sup>36</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/209279/PU1524\\_IUK\\_new\\_template.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209279/PU1524_IUK_new_template.pdf), p. 7

<sup>37</sup> <http://blog.shelter.org.uk/2013/06/was-the-spending-review-a-good-deal-for-britains-struggling-households/>

<sup>38</sup> An estimated 23% of those affected by change are lone parents.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/138017/social-sector-housing-under-occupation-wr2011-ia.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/138017/social-sector-housing-under-occupation-wr2011-ia.pdf)

<sup>39</sup> [http://www.local.gov.uk/web/guest/media-releases/-/journal\\_content/56/10171/4044082/NEWS-TEMPLATE#sthash.fowHMUG8.dpuf](http://www.local.gov.uk/web/guest/media-releases/-/journal_content/56/10171/4044082/NEWS-TEMPLATE#sthash.fowHMUG8.dpuf)

<sup>40</sup> It is difficult to reconcile these percentage changes with the data in the spending review publication which shows the resource DEL reducing by £2.1bn (8.5 per cent) and overall spending reducing by £0.3bn (0.5 per cent). This seems to imply a contribution from other departments of £1.8bn, so would not include the big local contributions to social care and investment in growth.

The main additional local funding (which is presumably outside of local authority control) includes:

- 4) £2bn from the NHS towards local pooled spending of £3.8bn on health and social care, a welcome development from which women in particular will benefit;
- 5) Government commitment to a significant package on housing, offset by increasing social rents by CPI+1 per cent per year from 2015-16 for 10 years, which is mixed news for those seeking affordable places to rent;
- 6) £2bn, presumably from the Department for Business, Innovation and Skills local growth fund for access by Local Enterprise Partnerships, which are (in some cases exclusively) dominated by men.

From 2010-2013, local authorities that opted to freeze their council tax were eligible for central government support funding equivalent to the revenue they would have generated from a council tax rise of 1 per cent.<sup>41</sup> This option has been extended to 2014/15 and 2015/16. Residents have been given the right to endorse or veto any council tax increase via a local referendum. The government plans to raise the council tax threshold that triggers a referendum from 1 per cent to 2 per cent in those two years. It is not clear how much the payment to those local authorities agreeing to freeze the council tax will be. Councils that choose to join the growing minority that do not freeze tax would forgo the grant and instead set an increase of up to 2 per cent, above which authorisation from a local referendum would be required. No council has yet held such a vote.

These limits on raising money from local people amount to an additional cut for local authorities, given the current rate of inflation. As the Institute for Fiscal Studies has pointed out, freezing council tax year after year make it hard to unfreeze it later. It criticises the government for introducing what effectively amounts to a major reform of the tax system without announcement or debate.<sup>42</sup> The conditions imposed on councils which do not freeze their council tax effectively undermine local democracy and accountability.

Councils derive their income from a variety of sources including fees and charges for certain services, council tax and business rates but, as the majority comes from central government grants, their scope to raise new revenues is limited. While the council tax freeze benefits households as tax-payers, the duration of the council tax freeze means that it has significantly affected the ability of councils to raise revenues and use them to reduce pressure on both vulnerable residents and services. The cost of administering council tax collection is no longer funded by central government and represents a hidden extra cost to local government. The failure to fund local council tax support schemes introduced in April 2013 to the same level as the previous council tax benefit has resulted in many poorer working-age claimants receiving considerably less help with their council tax bills.

These strains on local authority resources translate into many negative ramifications for women.

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<sup>41</sup> [http://www.parliament.uk/documents/commons-vote-office/December\\_2012/19-12-12/4.DCLG-Local-Government-Finance.pdf](http://www.parliament.uk/documents/commons-vote-office/December_2012/19-12-12/4.DCLG-Local-Government-Finance.pdf)

<sup>42</sup> Institute for Fiscal Studies, 'The 2015-16 Spending Round', Paul Johnson "Opening remarks": [http://www.ifs.org.uk/budgets/sr2013/paul\\_johnson.pdf](http://www.ifs.org.uk/budgets/sr2013/paul_johnson.pdf)



### ***As recipients of services***

Women make up the largest group of recipients of services provided by local government. The reduction in the spending controlled by local authorities comes on top of swingeing cuts which have already led to reduced services. Non-statutory services may now be at risk in some areas: these could include children's centres, youth services, museums and sports centres, as well as road maintenance and the availability of street lighting during the early hours. Reports from Coventry,<sup>43</sup> Bristol<sup>44</sup> and the North East<sup>45</sup> have shown how these cuts bear mainly on women partly because they are the biggest service users but also because of the choices that some councils have made.

Women will find it increasingly challenging to access the services they depend on for health, caring or safety related issues. In an effort to save money, many information services are being contracted out to call centres that have no connection with the local residents they are serving or knowledge of the history behind each case. The lack of local staff will mean that many who cannot afford a phone or internet provision will be excluded further from society: this is likely to affect women and elderly people particularly. Budget cuts have resulted in a greater reliance on services being provided via newer forms of technology that can only be accessed online. In 2012, 84 per cent of the UK population had access to the internet, but while 87 per cent of adults between the age of 16 and 24 used the internet, just 48 per cent per cent of adults in total did so. In 2011, the 8.2 million adults who had never used the internet made up 16.3 per cent of the population.<sup>46</sup> This illustrates a serious problem for families who rely on services that are only available online.

### ***As employees of local authorities***

Cuts to local authorities announced in the spending round will also mean a further loss of good quality local jobs for women and further loss of real income for those who retain their jobs, causing both more hardship and a dampening of local economies. Women are particularly affected because they comprise around 70 per cent of local authority employees. With limited budgets, authorities are barely able to cover essential services, and the few staff remaining after three years of job cuts are expected to handle extra workloads that exceed job descriptions on smaller salaries.

The announcement that public sector pay rises will be limited to 1 per cent is welcome, as local government pay has been frozen since 2009. Many of the lowest-paid workers in local government missed out on the permitted £150 increase for low-paid staff in the public sector in 2010. Two-thirds of the local government workforce, which is over one million strong in England, earn less than £21,000 basic per annum<sup>47</sup> and 48 per cent of the workforce are part-time female workers. Women make up 76 per cent of all employees working for councils in England, concentrated in shire county councils (81 per cent female employees), London boroughs (74 per cent female) and the metropolitan authorities (75 per cent female). All these types of councils are responsible for education and social services,

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<sup>43</sup> [http://www2.warwick.ac.uk/fac/soc/law/chrp/publications/unravelling\\_equality\\_full.pdf](http://www2.warwick.ac.uk/fac/soc/law/chrp/publications/unravelling_equality_full.pdf)

<sup>44</sup> <http://www.bristolfawcett.org.uk/Documents/Economy/BristolCuttingWomenOut.pdf>

<sup>45</sup> [http://thewomensresourcecentre.org.uk/wp-content/uploads/2012/12/newomens\\_women\\_and\\_the\\_cuts\\_interim\\_study\\_final\\_5\\_9\\_12\\_doc.pdf](http://thewomensresourcecentre.org.uk/wp-content/uploads/2012/12/newomens_women_and_the_cuts_interim_study_final_5_9_12_doc.pdf)

<sup>46</sup> Office of National Statistics, February 2012

<sup>47</sup> [http://www.local.gov.uk/c/document\\_library/get\\_file?uuid=e29db894-a57d-4b9e-98b9-404f9ac35b3a&groupId=10171](http://www.local.gov.uk/c/document_library/get_file?uuid=e29db894-a57d-4b9e-98b9-404f9ac35b3a&groupId=10171)

where occupations are traditionally female and where part-time work is common, particularly among support staff, because of business needs - whereas shire district and borough councils (still 53 per cent female employees) do not have these responsibilities, and provide services where men traditionally work, such as refuse collection and street cleaning, parks and gardens, and housing.<sup>48</sup>

George Osborne also announced this week the end to 'pay for time served' and automatic pay progression. It is unclear whether local government will be affected. However, some councils have already agreed and implemented an increment freeze in order to maintain services and prevent further redundancies.

### ***As citizens who pay council tax***

There is emerging evidence of people falling behind with the new council tax payments as they struggle to cope with the multiple and cumulative effects of the government's welfare reforms. Councils are obliged to pursue debt recovery for council tax arrears and, with funding for rebates reduced, inevitably more of our poorest people will be taken to court, and incur further costs, for relatively small sums of money owed. Single women, lone parents, disabled women and those women who care for a dependent relative will be particularly vulnerable to debt if their already low incomes are further squeezed, year on year.

### **INADEQUATE RESOURCES TO PREVENT VIOLENCE AGAINST WOMEN AND GIRLS**

In its Equalities Impact Assessment of this Spending Round, the Government states that it has protected services most likely to be used by women.<sup>49</sup> However, this is not apparent when looking at arguably the most critical services for women – specialist sexual and domestic violence support services. The impact assessment claims to safeguard spending on “key universal services”. These services are certainly key, but are by no means universal.<sup>50</sup>

Violence against women and girls costs the state in excess of £36bn per year.<sup>51</sup> Government figures show that last year around 1.2 million women suffered domestic abuse, over 400,000 women were sexually assaulted, 60,000 women were raped and thousands more were stalked. Fewer than 1 in 4 people who suffer abuse at the hands of their partner and only around 1 in 10 women who experience serious sexual assault report it to the police.<sup>52</sup> Despite the claim in the spending review that crime has decreased, this does not appear to apply to sexual and domestic violence: the 2011/12 Crime Survey shows no statistically significant change since 2008/9.<sup>53</sup>

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<sup>48</sup> [http://www.local.gov.uk/web/guest/local-government-intelligence/-/journal\\_content/56/10171/3015313/ARTICLE-TEMPLATE](http://www.local.gov.uk/web/guest/local-government-intelligence/-/journal_content/56/10171/3015313/ARTICLE-TEMPLATE)

<sup>49</sup> Para 2.7, *Spending Round 2013: Impact on Equalities*, HMT, 2013

<sup>50</sup> *Map of Gaps 2*, Coy, Kelly, Foord, EHRC, 2009

[www.equalityhumanrights.com/uploaded\\_files/research/map\\_of\\_gaps2.pdf](http://www.equalityhumanrights.com/uploaded_files/research/map_of_gaps2.pdf)

<sup>51</sup> 'An indicative figure for the minimum and overlapping cost of violence against women and girls in the United Kingdom is estimated to be £36.7bn annually. However, this does not take into account the long-term emotional and mental health problems experienced by victims or the fact that many of these crimes go unreported and undetected each year.' *Call to End Violence against Women and Girls*, HM Government, 2011

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/97905/vawg-paper.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/97905/vawg-paper.pdf)

<sup>52</sup> All figures from Home Office web page on gov.uk, 'Ending violence against women and girls in the UK', published 26<sup>th</sup> March 2013

<https://www.gov.uk/government/policies/ending-violence-against-women-and-girls-in-the-uk>

<sup>53</sup> *ONS statistical bulletin*, February 2013. 'Focus on: Violent Crime and Sexual Offences, 2011/12'

[http://www.ons.gov.uk/ons/dcp171778\\_298904.pdf](http://www.ons.gov.uk/ons/dcp171778_298904.pdf)

The government has adopted a ‘ violence against women and girls’ strategy, but this provides only £40m of stable funding between 2010 and 2015 – around £8m per year for specialist local support services.<sup>54</sup>

Apart from the moral arguments for protecting women and children from violence, the government is missing an opportunity to invest in ending this pernicious crime, reduce the burden on taxpayers, and develop initiatives to prevent violence in the first place. In particular, more work is needed in schools teaching children about equal, respectful and non-violent relationships.

The issue here is not about affordability, but about what the government chooses to prioritise. The government has ring-fenced in the spending review £200m in 2014-15 to address the problems of ‘troubled families’. It has calculated that there are 400,000 such families across the country. And overall, it says that this costs the state £6bn per year.<sup>55</sup> The definition of ‘troubled families’ focuses on the receipt of social security benefits, absences from school, offending and housing-related antisocial behaviour. This investment is many times greater than that made to tackle violence against women and by the government’s own calculations will produce a much lower return.

Moreover, the reduction on payments to local government by 10 per cent will exacerbate the existing problems created by poor and complex commissioning practices that threaten many services offering support to women and girls who experience domestic abuse. These services are vital; as noted, the government’s own figures show that women are often unwilling to report these crimes to the police. This lack of trust in the criminal justice system continues despite exemplary leadership from the Crown Prosecution Service to increase conviction rates for those crimes that are reported. It also means that even more women are reliant on the specialist services run by voluntary women’s organisations such as Women’s Aid, Refuge and Rape Crisis.

Women who have been subject to violence should not be reliant on the vagaries of charitable funding or uncertain local commissioning to be assured of services; they should be a priority in the spending review.

## **OVERSEAS DEVELOPMENT AID**

The 2013 Spending Round has confirmed the 0.7 per cent of GNP for development assistance established in the April 2013 Budget. The government will maintain this into 2015/16. However, the WBG notes that this figure includes gift aid, replacing to the Treasury the money given in gift aid by UK taxpayers.

Overall the anti-poverty development agenda has been cut, belying the government’s commitment to meeting the target 0.7 per cent of GNP. Instead of focusing on anti-poverty measures, the government has embarked on an economic growth and political stability agenda that puts UK interests first.

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<sup>54</sup> ‘allocating and protecting nearly £40 million of stable funding until 2015 for specialist local support services and national helplines’ from Home Office web page on gov.uk, ‘Ending violence against women and girls in the UK’, published 26<sup>th</sup> March 2013

<https://www.gov.uk/government/policies/ending-violence-against-women-and-girls-in-the-uk>

<sup>55</sup> ‘£200 million to be invested in 2014-2015 to help 400,000 high risk families’: Massive expansion of Troubled Families programme announced, 24 June 2013 <https://www.gov.uk/government/news/massive-expansion-of-troubled-families-programme-announced>

The WBG has three main concerns. The proportion of the overseas development budget shared with departments other than DfID is increasing; development is being redefined and the focus on poverty reduction is being lost; and GDP growth is dominating the agenda and approach to development, despite overwhelming evidence that such a focus increases inequality.

### 1. Involvement of departments other than DfID in overseas development aid

The redefinition of the activities of other departments as development aid continues to cause concern.<sup>56</sup> The money spent outside DfID will increase by 13.3 per cent by 2015/16, and this means that other departments can take on development work. Take the UK's pool of money for climate change projects, for example. This will increase to £969m, and will be delivered jointly by DfID, DECC and DEFRA (CSR 2013, 2.64). The WBG is concerned that the UK could claim to meet climate change commitments using money from the aid budget.

This trend is a concern because departments given overseas development aid money are not bound by requirements to reduce poverty, as DfID is, and instead can work to broader economic aims.<sup>57</sup> For example, the Ministry of Defence and FCO use the money for peacekeeping, pensions and other activities. Not all departments, notably the MoD, are subject to transparency standards with regard to their development activities.<sup>58</sup>

### 2. Redefinition of Overseas Aid

The government has made it clear that its focus is on economic growth in developing countries. Given the lack of interest in poverty reduction, this approach will increase inequality and deepen poverty.

There is no sign in the Spending Round that the overall approach to overseas aid will be taking on the concerns that development is increasingly defined as a new market opportunity for British business.<sup>59</sup> There is a re-affirmation of the government's

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<sup>56</sup> 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> ; and 'Aid: how much does the UK spend, and why it's important and how it works', by 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>

<sup>57</sup> OECD - <http://www.oecd.org/dac/stats/officialdevelopmentassisteddefinitionandcoverage.htm> as cited in <http://www.devinit.org/the-uk-spending-review-2013-key-points-on-international-development-budget>

<sup>58</sup> Whereas DfID and the DECC are subject to the International Aid Transparency Initiative, the MOD is not – see <http://blog.opengovpartnership.org/2013/04/uks-foreign-office-plots-its-route-to-aid-transparency/>

<sup>59</sup> *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](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*, 9<sup>th</sup> 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*,

commitment to 'efficiency' in the guise of increasing the use of commercial contractors. Privatising aid and setting hurdles that prevent local companies from securing contracts is a return to the discredited practice of tied aid.

Thirty per cent of the ODA budget will go to fragile states. This targeting on political rather than development grounds reflects a concern that these states are vulnerable to Al Qaida aligned groups, which again detracts from the focus on development as opposed to security (CSR 2013, 2.63).

### ***Gender and Development***

The WBG welcomes DfID's commitment to improving life chances and outcomes for women and girls through education and family planning.<sup>60</sup> However, the WBG believes that gender should be a cross-cutting development concern, particularly as the involvement of non-DfID departments in ODA shifts the focus of aid away from poverty reduction. Macro projects that focus on economic growth, security and climate change also need to be assessed in terms of their gendered impact. We are also concerned that the inclusion of women and girls in DfID priorities is limited to education and the family.

Addressing the causes of inequality and poverty, putting in place means and mechanisms for women to secure their rights, requires a focus on female rights, from conception to the end of life. Women's views, especially those representing the most disadvantaged women, must be central to the shaping of national level policies and of local level services. Moving away from the priority of poverty reduction to one that focuses on economic growth and security, privatising aid, and using women as cheap deliverers of services will not make international aid more effective, nor reduce the need for international assistance, and will fail to deliver gender equality.

### **THE SHIFT FROM PUBLIC TO PRIVATE SECTOR EMPLOYMENT WORSENS WOMEN'S LABOUR MARKET CONDITIONS<sup>61</sup>**

Data from the Quarterly Labour Force Survey show that over the period between 2009/2010 and 2012/2013 slightly more men than women lost their jobs in the public sector (51 per cent of the 350,000 jobs lost over the period). Since men account for only about one third of public sector employment, their loss is proportionally larger than that of women (-7% versus -3.8%). The proportion of part-time employment among men employed in the public sector increased by 3.6 per cent, while for women it decreased by 0.5 per cent (Table 2); in the private sector, part-time proportions increased for both genders, but more for men at +9 per cent versus +1 per cent for women.

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21 September 2012, <http://www.guardian.co.uk/global-development/datablog/2012/sep/21/why-is-uk-aid-going-to-uk-companies>

<sup>60</sup> Spending Round 2013, 2.62.

<sup>61</sup> Data from Quarterly Labour Force Survey: comparison of the fiscal year 2009-2010 and 2012-2013 (up to latest quarter available: Jan-March 2013) – quarters merged and observations reweighted

Table 2 Employment changes between 2009-10 and 2012-13

	Levels 2012-13			Rate of change		
	Men	Women	All	Men	Women	All
Econ. inactive	3,310,684	5,719,663	9,030,347	-2.0%	-3.2%	-2.8%
inactivity rate	16.5%	28.3%	22.5%	0.6%	1.6%	1.1%
ILO unemployed	1,418,895	1,084,968	2,503,863	-5.2%	14.9%	2.6%
unemployment rate	8.5%	7.5%	8.0%	-6.7%	12.2%	0.6%
In employment	15,301,319	13,371,888	28,673,207	2.3%	1.5%	1.9%
employment to pop. ratio	76.4%	66.3%	71.3%	1.3%	0.8%	1.0%
In private sector	12,824,545	8,872,033	21,696,578	3.7%	4.1%	3.8%
% self-employed	21.0%	13.1%	17.8%	1.9%	5.4%	2.9%
% part-time	11.9%	44.1%	25.0%	9.0%	1.3%	3.5%
% non-permanent	5.4%	6.2%	5.7%	14.8%	19.5%	17.0%
In public sector	2,326,305	4,411,410	6,737,715	-7.0%	-3.8%	-4.9%
% part-time	9.4%	38.7%	28.6%	3.6%	-0.5%	0.7%
% non-permanent	7.5%	7.8%	7.7%	2.6%	6.7%	5.2%

Source: WBG calculations by Jerome De Henau based on Quarterly Labour Force Survey (quarters of fiscal years 2009-10 and 2012-13), weighted figures.

The government has predicted that new jobs in the private sector will replace jobs lost in the public sector. However, more jobs have been created in the private sector for men than for women (56 per cent of the 800,000). Overall, for every 100 new (net) jobs created, 63 went to men and 37 to women. Looking at employment rates, the relative change was 1.8 per cent for men and 0.8 per cent for women

In the last three years there has been a rise in self-employment and family working, especially among women (+10 per cent and +18 per cent respectively). Among employees, of note is a rise in temporary jobs by 23 per cent for women and 18 per cent for men in the private sector (although this accounts for 5 per cent of all private sector employee jobs). In the public sector, there was also a rise in temporary jobs, but only for women.

The most striking gender difference is the evolution of unemployment: while the unemployment rate has fallen by 0.6 percentage points for men, it has increased by 0.8 percentage points for women (an increase of nearly 15 per cent in the number of women who are unemployed).

In sum, although men have lost more jobs (both in absolute and in relative terms) than women in the public sector, women's situation has deteriorated in other respects, with higher unemployment, picking up relatively fewer new jobs than men, and with a faster increase in non-permanent jobs. Despite a larger rise in the proportion of (largely involuntary) part-time employment among men than among women, women have still much higher rates of part-time employment, at 42 per cent, than men at 11 per cent.

### **Gender Pay Gap 25% in Private Sector**

The Chancellor claimed that the rise in pay for some public sector employees had been up to 7 per cent annually despite the cap or freeze on pay for higher earners. According to figures drawn from LFS data (Table 3), median hourly pay in the public sector (all employees) has increased by 6.3 per cent and by 4.5 per cent in the private sector between 2009-2010 and 2012-13, compared with cumulative inflation over that period of 10.7 per cent (March to March). The nominal pay rise was larger for women than for men, especially in the public sector. As a result, the gender pay gap (all employees – median pay) in the public sector has fallen sharply, from 18.2 per cent to 14.2 per cent over the last two years. In the private sector, however, the gap has remained at about 25 per cent.

Table 3 Hourly pay – all employees

	Median hourly pay (2012-13)			Rate of change			Gender pay gap	
	Men	Women	All	Men	Women	All	2012-13	2009-10
<b>In private sector</b>	10.95	8.21	9.62	5.2%	5.3%	4.5%	25.0%	25.1%
Full-time	11.63	9.36	10.87	5.5%	4.5%	5.3%	19.5%	18.7%
Part-time	6.52	7.05	6.92	8.7%	6.3%	6.8%	-8.1%	-10.5%
<b>In public sector</b>	13.97	11.98	12.71	3.1%	8.1%	6.3%	14.2%	18.2%
Full-time	14.43	13.00	13.63	4.5%	5.7%	5.8%	9.9%	10.9%
Part-time	10.00	10.07	10.03	0.0%	11.0%	9.1%	-0.7%	9.3%
<b>All</b>	11.55	9.43	10.43	4.5%	5.1%	4.3%	18.4%	18.8%
Full-time	12.16	10.81	11.63	4.6%	4.4%	4.8%	11.1%	11.0%
Part-time	6.88	7.82	7.60	8.3%	5.7%	5.7%	-13.7%	-16.5%

Source: WBG calculations by Jerome De Henau based on Quarterly Labour Force Survey (quarters of fiscal years 2009-10 and 2012-13), weighted figures.

The picture is different when looking at weekly pay (Table 4). Women’s pay increased much faster than men’s in the public sector overall, and especially in part-time jobs, but it is the opposite in the private sector. As a result, the gender earnings gap in the private sector has increased to 43.7 per cent, while it decreased in the public sector, to 29.9 per cent.

Table 4 Weekly pay – all employees

	Median weekly pay (2012-13)			Rate of change			Gender pay gap	
	Men	Women	All	Men	Women	All	2012-13	2009-10
In private sector	462	260	363	5.7%	4.0%	4.9%	43.7%	42.8%
Full-time	485	359	450	5.0%	3.8%	6.4%	26.0%	25.1%
Part-time	125	135	132	19.0%	8.0%	10.0%	-8.0%	-19.0%
In public sector	538	377	438	1.7%	9.0%	6.1%	29.9%	34.6%
Full-time	577	486	529	4.5%	5.2%	5.8%	15.8%	16.3%
Part-time	196	212	212	-5.8%	10.4%	10.4%	-8.2%	7.7%
All	471	300	385	1.9%	5.3%	5.5%	36.3%	38.3%
Full-time	500	410	465	4.0%	4.6%	3.3%	18.0%	18.5%
Part-time	130	154	150	13.0%	6.9%	8.7%	-18.5%	-25.2%

Source: WBG calculations by Jerome De Henau based on Quarterly Labour Force Survey (quarters of fiscal years 2009-10 and 2012-13), weighted figures.

These figures confirm earlier research by the WBG that the shift from public to private employment will have a significant impact on women's pay and conditions of employment. The gap between the median weekly earnings of women in the private sector and those of women in the public sector has risen from 28 per cent to 31 per cent, while for men it has fallen from 17 per cent to 14 per cent.

### **MORE 'JOBS FOR THE BOYS'? £50BN INVESTMENT IN PHYSICAL INFRASTRUCTURE PROJECTS**

George Osborne announced £50bn investment in infrastructure projects for 2015-2016, but once again priority has been given to physical infrastructure – investment in new roads, two rail links, house building, and guarantees for new nuclear plants. There are no plans for investment in social infrastructure, such as care for children and elderly people. Developing social infrastructure would create more new jobs than construction projects would (especially for women), would respond to urgent and expanding social need, and would provide a larger stimulus to the economy.

The announced infrastructure spending will include £300bn of capital expenditure by the end of this decade. This includes a public housing programme, rail and road investment, clean energy, and broadband expansion.<sup>62</sup>

<sup>62</sup> <https://www.gov.uk/government/speeches/speech-by-chief-secretary-to-the-treasury-danny-alexander-investing-in-britains-future>



The WBG welcomes investment in housing and schools. However, there are three key issues of concern regarding the package as a whole.

1. Is this expenditure new? If so, when will it be spent?
  - Few of the projects announced in previous spending rounds have come to fruition (yet), and some of the new proposals are aspirational rather than shovel-ready. This means that it will be a long time before a significant number of jobs are created (Institute for Fiscal Studies, 2013).
  - Should the investment take place, it would potentially provide the fiscal stimulus that would create employment and boost the economy, that Keynesians and (with qualifications) the WBG have long been recommending, in contrast to the current fiscal consolidation and economic contraction. However, there are important gender dimensions to this expenditure that are not addressed, which leads to our second concern.
2. Given job segregation and male over-representation in the construction sector (as well as the gender differential in the use of some of these facilities, such as roads), if the investment does take place the main beneficiaries in terms of new jobs will be men.
  - According to Chief Secretary to the Treasury Danny Alexander MP, this expenditure will be financed by “back office efficiencies”, which he admits means “thousands of job losses”.
  - The WBG has previously expressed concern about high levels of occupational segregation and pay inequality in the apprenticeships system and this concern remains. If the government is heavily investing in the construction sector, far more must be done to encourage young women into these occupations, for example through targeted recruitment strategies and by tackling workplace cultures which may exclude young women or put them off.
3. There has been little or no recognition that societies require social infrastructure – that is, investment directly in people.
  - While there is some support for child care through tax exemptions, some ‘protection’ for expenditure on health and schools, and £3.8bn pooled budget for social care, this does not fully reflect rising costs associated with demographic change. Moreover, the £3.8bn is not new money and will be transferred from the NHS’s existing budget.
  - In the national accounts, expenditure on such social infrastructure counts as current rather than capital spending and is regarded as a cost to be avoided rather than as investment, recognised to be beneficial for the future. What the government fails to consider sufficiently is that time and resources spent in nurturing and educating people is investment, since it generates returns in the form of better educated, healthy and socially aware citizens for the future. In failing to recognise the importance of social infrastructure, the government therefore makes a fundamental mistake. Analysis from the US demonstrates that social infrastructure expenditure in the form of child and elderly care, compared to a similar amount of expenditure on physical

investment, leads to more employment, a higher percentage of jobs for women, and a higher impact on overall economic growth through the multiplier effect.<sup>63</sup> There is every reason to believe that such expenditure in the UK would have a similar impact. The failure to see such returns derives from a narrow view of the economy – specifically overlooking the contribution and role of the reproductive sector that the WBG has long highlighted.

*The Women's Budget Group is a network of over 250 academics and activists. For more information, please visit [www.wbq.org.uk](http://www.wbq.org.uk) or contact Amy Watson, WBG Coordinator: [admin@wbq.org.uk](mailto:admin@wbq.org.uk).*

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<sup>63</sup> Antonopoulos, R. & Kim, K. (2011) 'Public job creation programs: the economic benefits of investing in social care. Case studies in South Africa and the United States' (Working Paper No.671), New York: Levy Institute