

# To ensure economic recovery for women, we need Plan F

A briefing from the UK Women's Budget Group, an independent, voluntary organization made up of individuals from academia, NGOs and trade unions. See [www.wbg.org.uk](http://www.wbg.org.uk)

## Growth in national output, but not women's incomes and well-being

National output, as measured by GDP, may at long last be beginning to grow again. But women's real incomes are not growing nor is their well-being improving. Cuts in public services, public sector employment, and social security benefits are set to continue. On top of those already announced, the June 2013 Spending Round introduced new cuts to spending on services; and new obstacles to claiming working age social security benefits. This means yet more women will:

- be unable to access adequate care for their children and disabled or frail elderly relatives – and for themselves
- be denied adequate support when they experience domestic abuse
- lose good jobs in the public sector
- be unable to make ends meet while they wait longer to get social security benefits .

In England the cuts, 2010-15, are as follows:

- Social care 23.4%
- Transport 5.2%
- Social housing 33.8%
- Early years education and care 19.0%
- Schools 10.9%
- Higher, further and adult education 32.6%
- Other services 21.1%
- Health 1.1%

**These cuts reduce employment opportunities for women and make it harder to combine earning a living and taking care of families.**

There are also cuts in Scotland, Wales and Northern Ireland but we do not have the data to assess the impact of these on different types of family.

## Cumulative negative impact of austerity policies on different types of family in England

The Women's Budget Group, in cooperation with Landman Economics, has analyzed the cumulative impact of the measures introduced by the Coalition government since it came to power in May 2010. We have included cuts to social security benefits, changes in income tax and indirect taxes, such as VAT and alcohol, fuel and tobacco duties, and cuts to services directly used by families provided both by UK central and English local government.

We have included the measures already implemented and those due to come into force in the period up to financial year 2015/16, which begins in April 2015, just before the likely date of the next election.

Following the method used by the Treasury, we value public services that families do not pay for directly in terms of the money that government spends on them.

We ask: *what proportion of their disposable income do families gain/lose as a result of these measures ?*

Because of data limitations it is not possible to make these calculations for individuals, but we can get a good idea of the gendered impact by looking at the gains/losses of different types of families.

We found that the total losses for families in England are as follows:

- single parents lose 15.1%
- single pensioners lose 11.6%
- couples with children lose 9.7%,
- single adults with no children lose 9.7%
- couple pensioners lose 8.6%
- couples with no children lose 4.1%.

***The two groups in which women predominate, single parents and single pensioners, lose most.***

These cuts are taking place at a time when demand for services is increasing, as the numbers of both young children and frail elderly people are rising.

**The balance of spend and tax**

The plan to reduce the budget deficit is now based on 85% of the contribution coming from expenditure cuts and only 15 % from increases in tax revenue.

**Rise in income tax threshold**

The tax cut that is meant to help those on low incomes, the rise in the income tax threshold to £10,000 by 2014/15, in fact leaves out the poorest, those who have no or very low earnings.

The government’s own impact analysis shows that 57% of those gaining from this measure are men and only 43% are women.

Three quarters of the gain will go to the better-off half of all households. On average, households in the poorest 10% of the distribution gain just £6 a year. In contrast, the richest 10% of households gain an average of £87 a year. This policy costs more than £1 billion a year.

In contrast to reductions in income tax, which only benefit some, the rise in VAT introduced in January 2011, hit everyone. But it hit those on the lowest incomes most, in terms of the share of their income which they pay in VAT charges.

**A closer look at how austerity hits women**

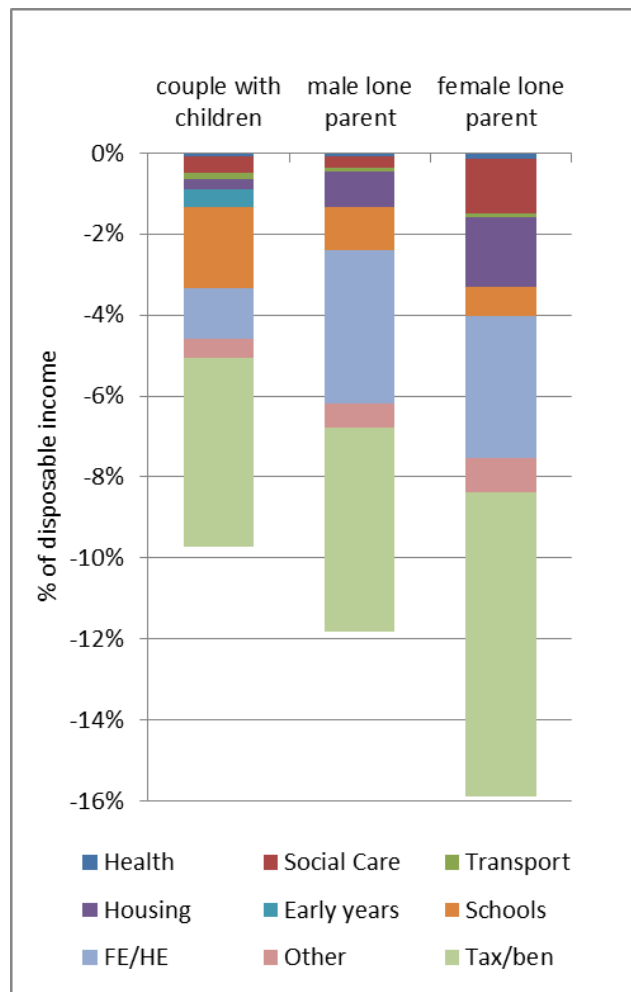
If we look in more detail at different types of families, the implications for women become clearer.

***Women’s economic autonomy is under attack.***

***Women living on their own lose most from the combined impact of changes to taxes and cuts to social security benefits and public services.***

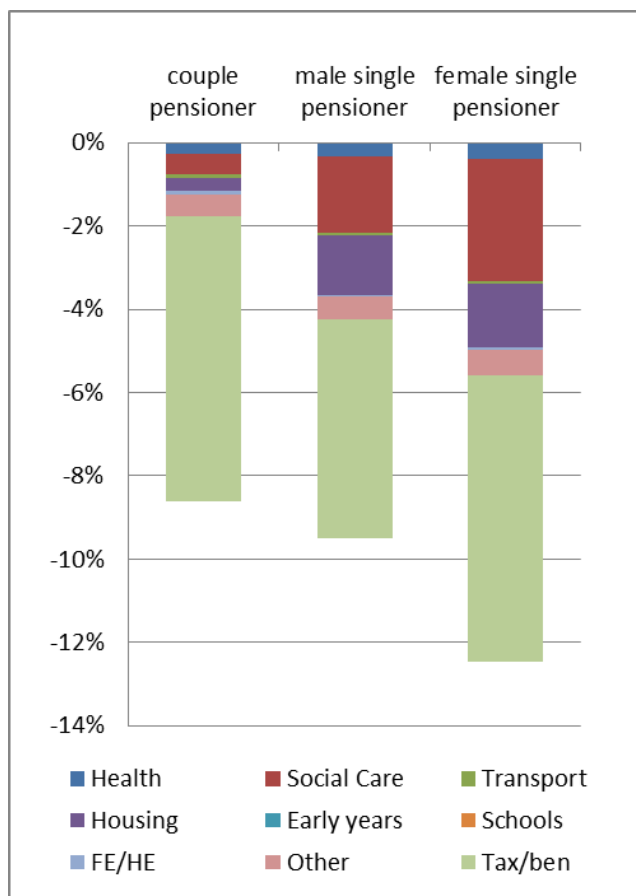
Among families with children, it is single mothers who lose the most: 15.6%, compared to single fathers who lose 11.7% and couples with children who lose 9.7%. The breakdown of different sources of loss is shown in figure 1. The greatest loss for single mothers is from tax and benefit changes, and then from cuts to further and higher education, housing and social care.

**Figure 1: Effects of spending cuts and changes in tax/benefits on families with children: as % of net disposable income, 2010-2015**

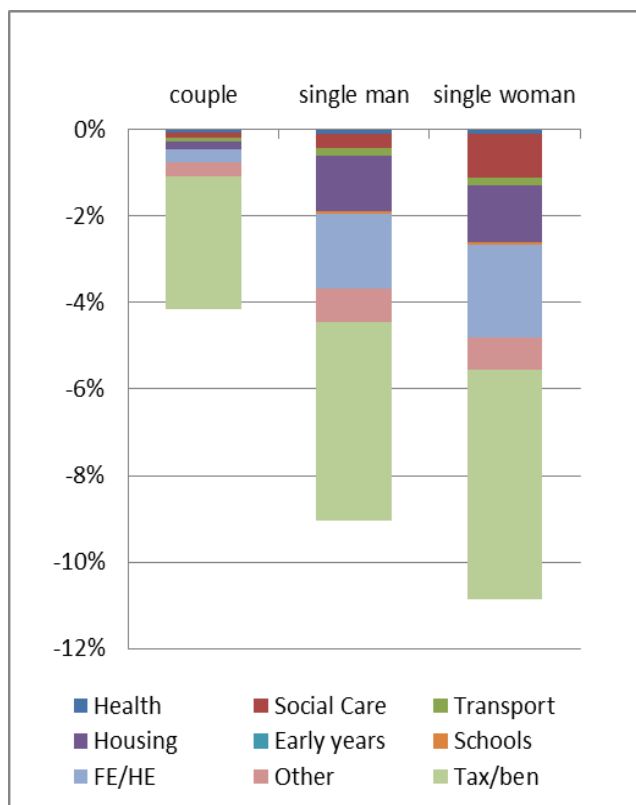


Similarly, among pensioners, it is single women pensioners who lose most: 12.5%, compared to single male pensioners who lose 9.5% and couple pensioners, who lose 8.6%. The breakdown of different sources of loss is shown in figure 2. The greatest loss for single women pensioners comes from changes to taxes and benefits, and then from cuts to social care, which single women pensioners use more than other pensioners, and then housing . Among working age families with no children, single women lose 10.9%, single men lose 9.0% and couples lose 4.1%. As shown in figure 3, the greatest loss for single women comes from changes in taxes and benefits, then from cuts to further and higher education, and then from housing.

**Figure 2: Effects of spending cuts and changes in tax/benefits on pensioner families: as % of net disposable income, 2010-15**



**Figure 3: Effects of spending cuts on working age families without children as % of disposable income, 2010-2015**



### Women are losing jobs in public sector in UK

The cuts mean that women are losing employment in the public sector; but they are not getting comparable jobs in the private sector. In the period 2009/10 to 2012/13 in the UK as a whole:

- the unemployment rate has fallen by 0.6 percentage points for men
- the unemployment rate has increased by 0.8 percentage points for women
- the number of women who are unemployed increased by nearly 15 per cent
- 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.
- temporary jobs in the private sector have risen by 23 per cent for women and 18 per cent for men

There is evidence that job loss is worse for women from Black, Asian and Minority Communities. A study of Coventry found that unemployment for these women rose by 74.4% between 2009 and 2012, compared to a 30.5% rise for white women.

In terms of pay, no one's pay has kept pace with price rises. Over the period March 2009 to March 2013, prices in UK rose 10.7%, while median hourly pay rose by 4.3%

### Gender pay gap in UK set to rise

In the public sector, women won some important equal pay cases in employment tribunals and progress was made in reducing the gender pay gap, albeit in a context in which real value of both men's and women's pay was falling. In the UK,

- Men's median hourly pay was 18.2 % more than that of women in 2009/10
- And 14.2% more than that of women in 2012/13

There was no comparable reduction in the pay gap in the private sector.

- Men's median hourly pay was 25.1% more than women's in 2009/10

- And 25.1% more than women's in 2012/13

The picture is even worse if we look at weekly pay, as the proportion of women working part-time is higher in the private sector.

### **Private sector jobs pay worse for women**

The gap between women's median weekly earnings in the private sector and public sector has increased between 2009/10 and 2012/13 from 28% to 31%. The gap for men has decreased from 17% to 14%.

### **New spending on infrastructure leaves women out**

In the June 2013 Spending Review, the Chancellor announced more spending on physical infrastructure, bringing the total announced since June 2010 to £300bn, for roads, rail, energy, broadband and housing. But this is not likely to create many jobs for women, given the current pattern of job segregation. To include women there needs to be complementary programmes to:

- train more women for jobs in construction
- make these jobs more family friendly
- overcome gender stereotyping

*An economic recovery for women will not be a reality until it creates better employment opportunities for women.*

### **Plan F: a feminist strategy for economic recovery**

To ensure a balance and sustainable economic recovery that includes women, enables them to be financially autonomous, and supports gender equality, we need policies to create a caring economy in which:

- paid care workers (who are mainly women) get better training, better pay, better employment rights, better job security
- unpaid carers looking after family and friends (who are mainly women) get better support from public services and social security benefits, enabling them to take paid employment, if they wish to do so
- both private sector and public sector employers recognize a duty of care for their

employees, paying them a living wage, and pro-actively reducing the gender wage gap, including reducing job segregation.

To help achieve this, government needs to:

- invest in the development of high quality care services
- stop the roll-out of cuts to public services- by end of 2013, Institute of Fiscal Studies estimates that only 31% of planned cuts will have been achieved
- reform Universal Credit to ensure that women with employed partners gain from earning - as it stands their family will lose payments at a very high rate if they start earning, leaving little gain
- raise the minimum wage to a living wage
- repeal social security measures that are destroying women's links with their families and communities, such as the bedroom tax and the benefits cap
- raise more tax revenue from wealthy people and companies
- support investment in social housing rather than subsidize lending for mortgages, which is creating a new house price bubble in London and Southeast.

### **Sources**

This briefing note is based on UK Women's Budget Group, The impact on women of the coalition government's Spending Round 2013. See [www.wbg.org.uk](http://www.wbg.org.uk)

For more information about the method of estimation of impact on different families, 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)

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