Response to the Autumn Financial Statement 2014

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Executive Summary

Each year the Women's Budget Group analyse the financial statements announced by the government. Over the last four years we have warned against austerity and its impact on gender equality and this year is no different.

The message from the Chancellor in his Autumn Statement 2014 was that austerity is working and although the economy growing again, we need to continue to tighten our belts. What has concerned the WBG is that whilst the Chancellor may be focussed on eliminating the fiscal deficit, he has failed to see the real problems of the care deficit, the deficit in affordable housing and the deficit in high quality paid work, all of which impact particularly on women.

In order to tighten our belts, the Chancellor has proposed yet more cuts to public spending, cuts that will last throughout the next parliament and result in total government spending as a proportion of national income being reduced to a ratio not seen since the 1930s. Yet successive rises in the personal allowance have undermined the government's ability to raise revenues to pay for vital public services which women (and men) need.

Consistently social security has been framed as a "burden" or a "cost", yet there are positive arguments for social security provision - spending on the security of society - not least in terms of supporting caring and helping with the costs of caring, that are particularly relevant to women.

Again, the Women's Budget Group are disappointed to see that the Autumn Financial Statement comes with little or no assessment on the impact on gender (or any other) equality. The purpose of this document is then to provide a gendered perspective on the announcements made on 3rd December 2014 and to make recommendations about how the government could use financial statements to improve women's economic equality.

Of the announcements made in the Autumn Financial Statement 2014, **the Women's Budget Group are particularly concerned that:**

- *The new test to show people are involved in 'genuine and effective' self-employment to claim working tax credits will discriminate against women and others with caring responsibilities.*
- *Although welcome, the increased eligibility for tax and National Insurance exemptions for care workers and their employers is insufficient to deal with the care deficit. Women are the majority of paid and unpaid care workers and are also the majority of its recipients.*
- *Raising of the personal tax allowance will mainly benefit men (57 per cent)*
- *The rise in personal tax allowance comes at the same time as working-age social security benefits and tax credits are being uprated by only 1 per cent, a fall in real terms.*
- *Because the higher earnings tax threshold was raised by slightly more than the personal allowance, higher income taxpayers (except for those with incomes of £121,200 or above), disproportionately men, will gain more than basic rate taxpayers.*
- *Those on means-tested benefits and tax credits will have most of any gain from the raising of the personal allowance clawed back in reduced benefits. Among those gaining anything, women will be disproportionately represented among this group.*

- *The money the government has "saved" from cutting vital public services has not gone to reducing the deficit but instead has been given away to income tax payers in the form of higher allowances which has clear gender effects.*

- *The reform to the Stamp Duty Land Tax will only benefit people who can afford to buy houses and flats, and not to those who rent. Women are under-represented among buyers and over-represented among renters, as compared to men. Lone parents (mainly women) in particular are the category least likely to be owner-occupiers and most likely to rent.*

- *As the cost of living continues to increase, the benefits level become increasingly inadequate. The cost of items which make up the bulk of purchases by low income groups are rising faster than many others.*

- *The welfare cap announced in 2013 will continues to hit women harder than men. The WBG believes that social security spending should not be singled out for an arbitrary cap, which is a crude mechanism that fails to differentiate between varying reasons for additional spending, and which frames increases in benefit spending as negative or a sign of failure.*

- *The abolition of employer National Insurance contributions for apprentices will does not help tackle the gender segregation in apprenticeships which keep women out of the full range of higher skilled occupations, including traditionally male- dominated ones.*

- *Restricting the above measure to apprentices under the age of 25 discriminates against women, who are more likely to take up apprenticeships later in life.*

- *Putting more money into academy chains, who are not bound to follow the national pay and conditions framework, risks encouraging lower pay, including inferior maternity pay, poor working practices and increased instances of discrimination among teachers, the majority of women are women.*

- *The rise in the personal tax allowance is misguided because it is resulting in a loss to government revenue (more than £12 billion per year compared with 2010), it reduces the impact of increased employment levels on the deficit and it is badly targeted to the poorest (those earning below the threshold) gain nothing.*

The Women's Budget Group recommends:

- *That all new measures from the Treasury are fully and robustly assessed for their impact on gender equality*

- *New funding is needed for social care, not just spreading supposedly ring-fenced NHS budgets. Of particular concern is the chronic underfunding of community health services, which are frequently the necessarily link between front line and domiciliary care services.*

- *That self-employed women and women business owners should be supported, specifically:*
    - *Reforming the apprenticeship system which continues to be the most gender segregated of all educational provision should be a priority.*
    - *The rules for VAT exemption should be extended to micro-businesses selling digital products, which are predominantly led by women.*
    - *The part-time self-employed should be included in active labour market and business support strategies rather than penalised.*

- *The New Enterprise Allowance start-up period should be extended. The current requirement that participants replace benefits with self-employed earnings within three to six months discriminates against women who may take longer to establish their business if they are have caring responsibilities.*

- *The gender impact of the government's business finance investment programme should be assessed to ensure that women's businesses benefit from a fair share of government supported business investment.*

- *Regional policy should be aimed at rebalancing of the UK economy in the long-term away from (male dominated) finance and towards investment in social infrastructure. Investing in social infrastructure has to be key to developing an inclusive regional policy that works for women.*

- *A full and transparent gender audit is needed to assess how much of the UK's reported ODA expenditure is actually working towards securing gender equality and poverty reduction amongst the world's most impoverished people. Both using Overseas Development Aid for the promotion of gender equity and spending 0.7 per cent of GDP on it are commitments enshrined in law.*

Plan F

Plan F uses feminist economic policy to put care and quality at the heart of the regeneration of the UK economy. It requires tackling the deficit by:

- preventing the UK becoming a low-wage, low-productivity economy by labour market policies that ensure that real wages and productivity grow in line with each other. It is only in such circumstances that we can get upward convergence in men's and women's wages .

- providing good public services and investment in social infrastructure financed by progressive taxation, rather than cuts in public spending and tax give-aways. Investing in social infrastructure, including child and adult care, would create jobs , fill a growing social need and increase productivity.

Introduction

The Autumn Statement paints a rosy picture of Britain as the economy with the strongest growth in the developed world. What the Chancellor fails to mention is that this growth is once again built on the shaky ground of consumer debt (the Office for Budget Responsibility expects the household sector to run a financial deficit of more than 3 per cent of GDP by 2020). The most important risks to the British economy are home-made rather than external. George Osborne celebrates the Office for Budget Responsibility (OBR) forecast that real earnings will grow for the next five years, saying: "Lower food and fuel prices are good news for households, reducing the cost of living and helping to make families feel more financially secure." (HM Treasury, Autumn Financial Statement 2014. p. 6). But he makes no mention of the rise in housing costs, nor of OBR forecasts that real earnings won't return to pre-crisis levels over next 5 years real earnings will fall short of pre-crisis levels for the next five years. Moreover, any increase in real earnings is unlikely to be equally distributed, so low earners will have to wait even longer.

Low earnings are the key reason why tax revenues have not grown as expected, and why public borrowing has increased despite draconian public spending cuts. The OBR estimates that £8 billion has been lost this year as a result of "subdued earnings" leading to a shortfall in income tax and national insurance contributions. This figure is predicted to rise to £15.2 billion by 2018/19.

Osborne refers to the decline in the gender pay gap in his statement, saying that it has reached its lowest level since 1997: a 9.4 per cent gap in median earnings of male and female full-time workers. However, what he fails to add is that this is due to a downward convergence between male and female pay. The median earnings of both men and women have declined since 2008, and the earnings of men have declined more than the wages of women. Real median gross annual earnings (after controlling for inflation in RPI) of men who work full-time have declined by 10.1 per cent as of 2014 compared to 2008, whereas real median gross annual earnings of women who work full-time have declined by 6.6 per cent for women (own calculations based on ONS Annual Survey of Hours and Earnings, 2014). This is partly due to men losing jobs in well-paying industries and then being only able to find jobs in lower paid industries, while many women have always earned little more than the minimum wage so their wages could fall less. Effectively the pay and conditions that many women have experienced for years, now apply to increasing numbers of men. This does nothing to improve job market conditions for women. The Women's Budget Group wants to see the gender pay gap reduced through a levelling up of women's wages, not through a levelling down of men's.

The gender pay gap in Britain is still one of the highest in the developed world, measured in terms of mean full-time equivalent monthly wages[1]. According to a recent ILO Global Wage Report (2014:49) covering 39 developed and emerging economies, the mean gender wage gap in Britain is surpassed only by the USA and Russia[2]. Moreover, only 38.9 per cent of the gender wage gap in the UK can be explained by observable characteristics such as education, experience, economic activity, location, work intensity and occupation. Compare this to Germany where 80.4 per cent can be explained by such factors (ILO, 2014:49).[3] There is a substantially higher unexplained gender pay gap in Britain.

The most important feature of the Autumn Statement was not highlighted in the Chancellor's speech. It is the proposals for "spending cuts on a colossal scale" that will last throughout the next parliament and reduce total government spending as proportion of national income to a ratio not seen since the 1930s, according to Paul Johnson of the Institute for Fiscal Studies (IFS)[4]. Current and promised tax cuts, which mainly benefit those with higher incomes, are expected to make future expenditure cuts even more severe. Osborne has yet to detail these cuts and thus an unspecified threat looms which could transform the role of the state in Britain. The IFS estimates that "just to keep the pace of departmental spending cuts over the next parliament to that which has been achieved over this parliament - that is cutting at just over 2 per cent a year – would require welfare cuts and or tax rises of about £21 billion a year by 2019-20." Such cuts to public services and social security benefits will worsen income inequality in general. They will also worsen inequalities between women and men, since benefits are a larger proportion of women's incomes and women are more dependent on public services in order to balance employment with caring responsibilities.

The coalition government has failed to meet its budget deficit reduction target, despite spending cuts. The deficit it will be £90 billion in 2014, more than twice its target level of less than £40 billion. This is largely because the squeeze in earnings has hit state revenues. But it has also been

[1] This measure includes part-time workers, scaling up their hours of work, as well as full time workers.

[2] ILO (2014:49) presents the level of the average gender wage gap at the national level. Available at http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_324678.pdf

[3] We calculated the ratio of the explained wage gap to the actual wage gap using the ILO estimations reported in Figure 37 on p.49; data accessible at: www.ilo.org/gwr-figures.

exacerbated by earlier tax giveaways, raising the personal allowance in successive stages so that many of the lower paid no longer pay income tax, undermining the government's ability to raise revenues to pay for vital public services, without borrowing.

But there is no problem in financing the deficit by borrowing since interest rates are so low. Indeed, the cost of government borrowing is lower than expected. The OBR forecasts that spending on debt interest will be about £16 billion lower in 2017-18 than it expected at the time of the March 2014 budget. However, the Chancellor plans to not only eliminate the deficit through massive expenditure cuts, but also to achieve a budget surplus of £23 billion by 2019-20.

The Women's Budget Group believes that eliminating the budget deficit is the wrong policy target. To achieve a sustainable and equitable recovery in living standards, a different public policy mix is required. First, a massive programme of public investment on social infrastructure is needed; this covers child care, elderly care, health, and education as well as the more widely recognised physical infrastructure of housing, public transport and affordable renewable energy. Second, we need labour market policies to ensure that real wages and productivity grow in line with each other enabling upwards convergence in men's and women's wages, so that the UK does not become a low wage, low productivity economy. We need a reversal of the past decades' fall in labour's share in national income. If the recovery is equality-led rather than household debt-led, the budget deficit will take care of itself, as tax revenues rise.

Gender Impact Assessment

The Treasury continues to provide inadequate gender impact assessments, despite the requirements of the public sector equality duty. Whereas the Treasury always provides a comprehensive analysis of the impact of measures on household incomes, by income quintile, it does not provide a comprehensive analysis of the impact of measures on the incomes of the different protected groups.

The Women's Budget Group has consistently called for gender equality impact assessments for all policies and a cumulative assessment carried out on the total impact of budget measures. It was left to researchers at the House of Commons library to provide an assessment of the overall impact of direct tax and benefit measures on the incomes of women and men. They show that, taking account of measures announced in the Autumn Statement, £22 billion of the £26 billion 'savings' that the Treasury has made since June 2010 have come from women – 85 per cent of the total, with only 15 per cent coming from men[4].

The paucity of gender equality impact assessments in some Treasury documents is noticeable. In some cases a claim of no equality impact is made without any attempt to produce evidence. Absence of evidence is not evidence of absence. In other cases the government has relevant data but does not use it. The gender impact assessment of tax measures in the TIINs (Tax Information and Impact Notes) which accompany draft legislation, for example, are wholly inadequate.

In a large number of assessments, the government states that the equality impact of a particular measure is not of consequence because it reflects the composition of the people paying (or being exempted from) the tax. This is to misunderstand the whole point of equality impact assessment, which is to investigate the differential impact of policy across protected characteristics for the population as a whole.

[4] http://www.thetimes.co.uk/tto/news/politics/article4303623.ece

Looking at the rise in personal tax allowance as an example, the government gives no gender disaggregated data on who will benefit nor how it will benefit those with lower incomes (disproportionately women) and those on higher incomes (disproportionately men).

The “welfare” cap is likely to affect women more than men because a higher percentage of women’s individual income is made up of benefits. But there was no gender impact assessment following the announcement of the cap in 2013, despite analysis carried out for the Equality and Human Rights Commission showing that women lose more than men from the direct tax and welfare changes up to 2015.

Elsewhere, the gender impact of the government’s business finance investment programme should be assessed to ensure that women’s businesses benefit from a fair share of government supported business investment.

The Women’s Budget Group welcomes the extension of the employment allowance for National Insurance contributions to personal carers and the attention that has been paid to considering the gender equality impact of this measure. However we would urge the same care is taken for *all* policy areas and not just measures that can be shown to benefit women.

Tax and the social security system

Tax

In the Autumn Statement, the Chancellor announced yet another rise in the personal allowance, this time by £100, and a rise in the threshold for paying higher rate tax. As the Women’s Budget Group has pointed out in responses to previous rises in the personal allowance, such measures:

- result in large losses in revenue, by now more than £12 billion per year compared with 2010;
- reduce the ability of any recovery in employment levels to generate government revenue and impact on the deficit;
- are badly targeted, so that the poorest who earn below the existing threshold (predominantly women) gain nothing, while those who earn between the old and the new threshold gain less than other taxpayers because they do not get the full benefit of the new personal allowance.

This time because the higher earnings threshold was raised by slightly more than the personal allowance, higher income taxpayers (except for those with incomes of £121,200 or above) will actually gain more than basic rate taxpayers.

This one of the few measures for which a gender breakdown of its impact is given by HMRC[5]. It says:

“*In 2015-16, women are projected to account for 42 per cent of all taxpayers and men 58 per cent. From the additional £100 increase, the estimated impacts for 2015-16 are:*

- *122,000 individuals will be taken out of tax altogether, of which 44,000 (36 per cent) are men and 79,000 (64 per cent) are women….*
- *27 million individuals gain an average of £22, of which 15.7 million (58 per cent) are men and 11.4 million (42 per cent) are women….. Average gains do not differ significantly by gender…..*

[5] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/385092/TIIN_2142.pdf

- *442,000 individuals lose an average of £9, of which 374,000 (85 per cent) are men and 68,000 (15 per cent) are women under 68 years old….. Average losses do not differ significantly by gender….."*[6]

The figures are presented to give the impression that women gain from constituting the majority who are taken out of tax, rather than that they gain less than those who can make full use of the increased personal allowance. The government has identified that more women than men will be taken out of tax altogether, and that the majority of the highly paid who will lose an average of £9 a year are men. But, yet again, they fail to identify the numbers of women and men who will gain nothing because their incomes are too low. Nor do they provide an assessment of the distribution of gains between those with lower incomes (disproportionately women) and those with higher incomes (disproportionately men). As with other measures, the Treasury implies that there is no problem with its gender equality impact because: "*Equalities impacts will reflect the composition of the income tax-paying population*". The wider impact of this measure is considered in the **Benefit cuts** section of this response.

The Chancellor also introduced a reform of the structure, rates and threshold of Stamp Duty Land Tax, which will reduce tax on purchases of properties below £500k and raise them on higher value properties. Here the equalities impact statement notes that: *"The impact of these changes will reflect the demographic composition of buyers across the spectrum of property values. This measure is not expected to have an impact on any of the other legally protected equality groups.*[7]

Any benefits of this measure will accrue disproportionately to people who can afford to buy houses and flats, and not to those who rent. Women are likely to be under-represented among buyers and over-represented among renters. Assuming that "*any of the other legally protected equality groups"* means those defined by non-demographic protected characteristics, it seems likely that this measure would have a differential impact with respect to the "other" protected characteristics of pregnancy and maternity, given that many people move house in anticipation of a new addition to their family. The wider impact of this measure is considered in a later section of this response under **Housing**.

A more considered gender impact assessment was undertaken for the Treasury's decision to extend employment allowance for National Insurance contributions to personal carers. This was correctly deemed to benefit more women than men. It said: *" Women are more likely to be primary carers, and as a result prevented from working themselves. In 2011, 57.7 per cent of unpaid carers were female and 42.3 per cent were male in England and Wales (Office of National Statistics, 2013). By relieving the cost of employing a care and support worker this measure could decrease the demands made on unpaid carers. For demographic and social reasons, women are also more likely than men to employ carers for themselves, and so accordingly will benefit more from this measure*."[8]

The Women's Budget Group welcomes the attention paid to considering the gender equality impact of this measure, though wonders why only on a measure shown to benefit women such care is taken. Our comments on the wider impact of this measure as a way of helping unpaid

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[6] http://www.ifs.org.uk/uploads/publications/budgets/as2014/as2014_johnson.pdf

[7] Though note the strange language here; it is not impact on any legally protected equality group that should be the issue, but differential impact between those with and those without the various protected characteristics.

[8] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/385219/TIIN_2410.pdf

carers or care recipients are included in a later section of this response on **Social Care and the NHS**.

Benefit cuts alongside tax give-aways

In 2015-16 most working age social security benefits and tax credits will increase by 1 per cent, a fall in real terms. This less than inflation increase was set for the three years from April 2013 by the Welfare Benefits Uprating Act 2013. (Benefits for disabled people and carers, or elements of other benefits relating to these situations are exempt, though even these go up by only the CPI, 1.2 per cent, itself lower than the RPI by which many benefits were previously uprated.) Child benefit also rises only by 1 per cent, in this case after being frozen for three consecutive years since 2010. The combined impact of these decisions means that £2 billion of the £2.5 billion to be spent on uprating in 2015-16 will be spent on 'over-indexed'[9] state pensions, which will rise again in April by 2.5 per cent as a result of the 'triple lock'. WBG welcomes state pensions being somewhat better protected from rising living costs, though not at the expense of the recipients of working-age benefits, among whom women and children number disproportionately (as women also do among those dependent on the state pension).

The money allocated since 2010 to raising the personal allowance is, with the additional rise announced in this Autumn Financial Statement, now rather more than the annual £12 billion additional cuts in social security spending planned to be introduced over the first two years of the next parliament. A new research report entitled "*Were we really all in it together?"* analysing the impact of benefit and direct tax changes since the election shows that on average the poorest income groups have lost the biggest share of income, while all groups in the bottom half of incomes lost overall. Those in the top half gained from direct tax cuts, with the exception of most of the top 5 per cent (though in this group those at the very top gained, because of the cut in the top income tax rate). It also finds that the changes have not contributed to cutting the deficit because, as noted above, the savings from reducing benefits and tax credits have been spent on raising the tax-free income tax allowance.[10]

These findings differ from the government's cumulative analyses, which show a greater impact on higher income households. This is because the government's figures use January 2010 as their starting point, whereas this report starts from May 2010, meaning that the impact is limited to coalition government measures.[11] As a result the cumulative distributional analysis by the Treasury takes credit for the distributional impact of the previous government's introduction of the additional tax band, or at least for the 45 per cent rate that it left in place: without that its claim that "we are all in it together" looks even more tenuous.

But even the distributional analysis accompanying the Autumn Statement acknowledges (in para. 2.11) that when tax and 'welfare' (benefits/tax credits) measures are considered together, the average benefit to households is close to zero.[12] In other words, the "savings in welfare spending" have been given away to income tax payers in the form of higher allowances (and a reduction of the highest rate of income tax from 50 to 45 per cent). Since women are more concentrated in

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[9] Statement by Steve Webb MP, Minister for Pensions: House of Commons *Hansard*, 4 December 2014, cols. 443-449.

[10] De Agostini, P., Hills, J. and Sutherland, H. (2014) *Were we really all in it together? The distributional effects of the UK Coalition government's tax-benefit policy changes*, Working Paper

[11] 'Social Policy in a Cold Climate', London: Centre for Analysis of Social Exclusion. (Note that this excludes changes in indirect taxation.)

[12] Analyses from the Institute for Fiscal Studies follow the Treasury in starting from January 2010 when it does so.

households with low incomes, and are more likely to be in receipt of benefits and to earn under the ever-rising threshold for paying income tax[13], this has also been a shift from the disposable incomes of women to those of men.

The House of Commons library calculates that £22 billion from the £26 billion raised from tax and benefit changes since 2010 come from women[14]; of this figure the cuts which have the most impact on are tax credits, housing benefit and child benefit. Over the course of this parliament, the Child Poverty Action Group calculates that child benefit has lost 15 per cent of its value because of uprating decisions; this is equivalent to a loss of £543(£512) of support over this time for a one child family, and £900(£848) for a 2-child family.[15] The children's element of child tax credit has lost 8.5 per cent of its value compared to what it would be worth if the government had uprated it by CPI, as originally promised in the 2010 budget. This is equivalent to a loss of £1,140 over the course of the parliament for a one-child family, and £2,104 for a two-child family. As CPAG notes, references to child poverty are now absent from the Budget and Autumn Statement speeches, and this at a time when child poverty is increasing. Given the links between women's and children's poverty, as the WBG has shown,[16] this is likely to have detrimental effects on women too.

Raising personal tax allowance: benefit or hindrance?

Real increases in the personal tax allowance have longer-term effects on benefits. This is because they preclude those on low incomes 'taken out of tax' from participating in auto enrolment, which was intended precisely to help low-paid workers save towards a pension. The removal of any earnings related element of the state pension in the new single tier pension proposed for 2016 onwards makes this even more significant.

In addition, the future of the national insurance (NI) system looks increasingly uncertain. There had been some recent debate about aligning NI contributions and income tax more closely. However, the continued real increases in the personal tax allowance create a growing gap between the point at which NI contributions and income tax start to be paid. Research shows that 1.6 million people will pay employee NICs but not income tax in 2015/16.[17] They will be disproportionately women, given the concentration of women among low-paid and part-time employees, and higher numbers of women below the lower earnings limit. The lower threshold for NI contributions may lead to some resentment in future, especially now that no additional pension can be earned via NICs. NI benefits are based on the individual rather than the family, and so can

[13] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/382310/AS2014_distributional_analysis_final.pdf

[14] *The Independent*, 6 December 2014. There is a greater likelihood that women live on low incomes; and the differential impact is also caused by women being more likely to get benefits for others (especially children)

[15] The first figure given is the RPI comparison and the second the CPI comparison in each case. Figures taken from Child Poverty Action Group policy note published December 2014. http://www.cpag.org.uk/sites/default/files/CPAG-Uprating-childrens-benefits-policy-note-Dec-14.pdf

[16] Women's Budget Group (2006), *Women's and Children's Poverty: Making the links.*

[17] David Phillips, IFS, post Budget presentation, 20 March 2014. The Resolution Foundation (press release, 1 December 2014) estimates a current number of 1.2 million but 1.6 million in the next parliament if proposed increases in the personal tax allowance are pursued.

give women some economic independence.[18] At a time of renewed interest in the 'contributory principle' - which, as the WBG has argued, could recognise better the contribution made by unpaid caring work - governments need to think harder about how to retain confidence in the NI system and how it could be redesigned to be more adapted to today's situation.

Social security spending cap and cuts

The proposed cap on spending on social security and tax credits (the so-called 'welfare cap') was announced in 2013, and in Budget 2014 the Chancellor confirmed the arrangements and amount. The only benefits excluded from the cap will be the basic and additional pension, and for working age people some cyclical benefits - Jobseeker's allowance (and similar elements of universal credit) and associated housing benefit. There will be a margin of 2 per cent for forecasting divergences. The cap makes no allowance for new decisions on policy priorities, additional needs, population increases or other circumstances resulting in additional expenditure. Increases in social security/tax credit spending will have to be financed from the same budget.

The context of the cap is the coalition government's prioritising of spending cuts over tax increases in its austerity programme. The government says that it is cutting the benefits budget to prevent higher cuts in other departments. However, the resources expended on increasing the personal tax allowance in real terms, together with the refusal to countenance progressive tax rises, belie the argument that massive cuts in benefits and services are inevitable; political choices are being made.

The other important element of this broader context is the growing evidence of the inadequacy of benefit levels in relation to the cost of living (with the costs of items on which low-income groups spend a high proportion of their incomes rising faster than many others); and of the detrimental impact of sanctions and benefit delays on many claimants. Together, these developments have been significant causes of the growing use of foodbanks, as recent reports have demonstrated.[19]

The report by Perry et al. (2014), for example, argues that while ill health, bereavement, caring responsibilities or relationship breakdown had brought users to the edge, it was gaps in the social safety net which forced them to turn to foodbanks for help. Sanctions, delays in decisions on payments and, for people on employment and support allowance, being declared 'fit for work' were all common reasons for referral.[20] The evidence shows that budgeting on a day to day basis for families on low incomes is more likely to be carried out by women, and they are therefore more likely to bear the burden of trying to make the money stretch in the face of these circumstances.[21]

[18] Bennett, F. and Sutherland, H. (2011) *The Importance of Independent Income: Understanding the role of non-means-tested earnings replacement benefits*, Institute for Social and Economic Research Working Paper Series 2001-09, Colchester: University of Essex
http://www.iser.essex.ac.uk/publications/working-papers/iser/2011-09

[19] All Party Parliamentary Inquiry into Hunger in the United Kingdom (2014) *Feeding Britain: a Strategy for zero hunger in England, Wales, Scotland and Northern Ireland, Report and Evidence Review*: http://foodpovertyinquiry.org/

[20] Perry, J., Williams, M., Sefton, T. and Haddad, M. (2014) *Emergency Use Only: Understanding and reducing the use of food banks in the UK,*London: Child Poverty Action Group, Church of England, Oxfam GB and The Trussell Trust.

[21] See, for example, WBG (2006) *Women's and Children's Poverty: Making the links.*

The cap is likely to affect women more than men because a higher percentage of women's individual income is made up of benefits (see above).[22] Analysis carried out for the Equality and Human Rights Commission[23] found that women lost and will continue to lose more than men from the direct tax and welfare changes already carried out or planned between 2010 and 2015. But the announcement of the cap in 2013 was accompanied by no gender impact assessment. In addition, given the point above about women being the main weekly budgeters in low-income families (often sacrificing their own needs), they will be likely to be acting as the shock absorbers of the cuts, whoever is affected by these in the family.

The WBG believes that social security spending should not be singled out for an arbitrary cap, and that there should be reasoned debate about the desirability or otherwise of increases. There are positive arguments for social security provision, not least in terms of supporting caring and helping with the costs of caring, that are particularly relevant to women. A cap on spending is a crude mechanism, which fails to differentiate between varying reasons for additional spending, and which frames increases in benefit spending as negative or a sign of failure.

The Office for Budget Responsibility's first report on benefit spending trends was published recently.[24] These reports could form the basis of a more nuanced debate about the reasons behind any increases in social security spending. The main pressures for additional social security spending come from the ageing population (as the OBR has noted, in its careful positioning of the cap in a broader context), as well as market-led price rises (e.g. increased housing costs). Rising social spending should be expected in a civilised, caring society that decides to provide for its vulnerable members. Nevertheless, the OBR notes that as a share of national income there has been no clear trend in social security spending over the past 30 years, with a smaller cyclical increase recently than after the 1990s recession.[25] Social security spending is expected to fall between 2014-15 and 2019-20. This does not sound like a budget 'out of control'.

Any discretionary increases made as a result of policy initiatives should not automatically be paid for out of a fixed social security budget - as is being done with the proposed 'tax exempt' child care and the increased help with childcare costs in universal credit - but could be financed from other departments and/or increases in tax. Social security expenditure represents exactly that - spending on the security of society - rather than the 'bills of failure'. Where social security benefits have to compensate for policy failures in other areas, it is these root causes that need to be tackled.

The Chancellor confirmed that working age benefits would be frozen for two years following the next general election. This announcement was followed by his statement that 'decisions to control

[22] See, for example, Browne J. (2011) *The Impact of Tax and Benefit Reforms by Sex: Some simple analysis*, BN118, published by the Institute for Fiscal Studies.

[23] Reed, H. and Portes, J. (2014) *Cumulative Impact Assessment: A Research Report by Landman Economics and the National Institute of Economic and Social Research (NIESR) for the Equality and Human Rights Commission,* Research Report 94, London: EHRC.

[24] Office for Budget Responsibility (2014) *Welfare Trends Report - October 2014*, London: OBR; see also statement by Secretary of State for Work and Pensions, House of Commons *Hansard*, Written Statements, 3 December 2014, cols. 15WS-16WS.

[25] This and other points here come from a presentation given by Andy King of the OBR at the TUC on 8 December 2014.

public spending are never easy'.[26] But, as noted above, cuts to benefits are not the only 'decisions' that can be made in order to reduce the deficit, even if it is thought that it should be reduced at the pace that the coalition government has decreed.

And in any case, as noted above, savings on cuts to benefits have been matched to date by spending on tax changes, thus failing to contribute to deficit reduction. In the meantime, the impact on women in particular has been serious. And as a Conservative minister, the Chancellor has also announced that following the general election if in power the Conservatives would continue to spend money on real increases in personal tax allowances - thus continuing the transfer of resources to date analysed above.[27]

Universal credit

Universal credit (UC), which amalgamates six means-tested benefits into one payment, is being gradually introduced, with full implementation now postponed well into the next parliament. The WBG has been involved in briefing government and others about the gender implications of UC throughout the period of parliamentary debates and beyond (see www.wbg.org.uk).

The most important new announcement about universal credit (UC) is that the work allowances will be frozen for an additional (third) year, up to April 2018. This is the amount of money that can be earned before the marginal rate of withdrawal of UC (65 per cent of net income) is imposed on each pound. This will save £145million in 2019-20; this amounts now to a 6 per cent real terms cut, according to the Institute for Fiscal Studies analysis.

In addition to the general blunting of incentives caused by this move - which contradicts a primary aim of UC - this has particular implications for 'second earners'. Already, many would have found their incentives to work and to earn more reduced under UC compared with tax credits, as the government has admitted in previous impact assessments. Freezing work allowances again will result in even fewer 'second earners' finding it worthwhile to earn or to earn more, thus reducing their access to independent income.

The delay in UC implementation will save some expenditure in 2017-18 (£915m), but in 2019-20 UC will cost some £395m, according to the IFS analysis. The IFS also notes that, as already announced, the childcare element of UC will rise from 70 to 85 per cent from April 2016 (having been reduced from 80 to 70 per cent in the previous working tax credit by the coalition government); this costs £310m in 2019-20.

The distributional impact of UC is not always included in the Treasury's analyses of the cumulative impact of changes to tax, benefits and services following the Autumn Statement. This also means that the effects of freezing the work allowance again are not immediately apparent.

[26] House of Commons *Hansard*, 3 December 2014, col. 310.

[27] The Autumn Statement also included announcements that tax credits would be cut when overpayments are uncertain and that benefits for unemployed migrants 'with no prospect of work' would be ended. We do not analyse the impact of these announcements here.

Savings and pensions

State pension and related benefits

From April 2015, the state basic pension for a single person increases by 2.5 per cent under the 'triple lock' (i.e. higher than CPI inflation or earnings inflation) to £115.95 a week (from £113.10). The same cash increase (£2.85) will apply to the guarantee credit part of pension credit which will therefore increase to £151.20 from 148.35 for a single person, though the cost of this increase will be partially offset by a 5.1 per cent rise in the savings credit threshold (in other words, the limit above which savings credit becomes payable).

The increase in state pension and pension credit guarantee credit are welcome, if small, measures that particularly help women, who are more likely than men to heavily rely on the state pension and claim pension credit.

Figure 1 below shows that single female pensioners have persistently lower retirement incomes (mean income after housing costs) than single male pensioners: £223 a week for women compared with £262 for men. This is despite measures since 1978 to protect the state pension of people (mainly women) caring for children and frail adults.

Figure 1: Net income after housing costs of single pensioners by gender 1979 to 2012/13[27]

Note: 2002/03 to 2009/10 based on a previous Family Resources Survey (FRS) grossing regime and should be treated with caution.

Table 1 gives a breakdown of gross income by source for single pensioners. Male single pensioners receive on average over £50 a week more than single pensioner women. The data underline how caring responsibilities and low-paid work damage women's ability to build up adequate private pensions. As a result they are more heavily dependent in retirement on a state pension and other state benefits (62 per cent of income) than men (51 per cent of income). Of 2.3 million pension credit claimants in May 2014, 61 per cent were women.

Table 1 Sources of gross income of single pensioners by gender in 2012/13[28]

Gross income and sources	Women		Men	
	£/week at 2012/13 prices	As a % of gross income	£/week at 2012/13 prices	As a % of gross income
Benefit income	£186	62%	£180	51%
Occupational pension	£69	23%	£105	30%
Personal pension income	£4	1%	£15	4%
Investment income	£14	5%	£22	6%
Earnings	£21	7%	£25	7%
Other income	£3	1%	£3	1%
TOTAL GROSS INCOME	£298	100%	£350	100%

The state pension rise also determines the current value of the flat-rate state pension being introduced from April 2016. It will be at least £151.25 a week. The updated amount payable from April 2016 will be announced in the 2015 Autumn Statement. As previously commented by the Women's Budget Group,[29] in principle, the flat-rate pension is a welcome development for women, but on its own does not support an adequate standard of living. This is particularly important for women given the lack of carer protection in the private pension system.

A related announcement in the Autumn Statement is that Bereavement Support Payment, which replaces the current bereavement benefits for deaths on or after 6 April 2017 (Pensions Act 2014), will be exempt from income tax and will also be disregarded for the purpose of Universal Credit claims. These are welcome changes that simplify the bereavement benefit system. The cost of the measure is relatively low at £55m in 2017-18, plus a further £40m for the Universal Credit disregard.[30]

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[28] *Ibid*

[29] Ginn, J (2013) *Gender Effects of the Single Tier Pension and Associated Reforms* [online] http://wbg.org.uk/pdfs/The-Single-Tier-Pension---comments-feb-11-2013.pdf (Accessed 8 December 2014).

[30] Therefore, it is all the more regrettable that the government has not extended bereavement support to the 3 million unmarried couple households. Since men of working age are more likely to die than women of working age (see Figure 2), this gap in survivor benefits is of particular concern to women.

Figure 2 Annual risk of death by age and gender, ages 16 to 65[31]

Workplace pensions & auto-enrolment

Those who earn below the personal income tax threshold are precluded from auto enrolment into a workplace pension by their employer and do not receive contributions from their employer towards such a pension. The raising yet again of this threshold increases the numbers who will not be enrolled in a scheme designed precisely to help low-paid workers save towards a pension.

The HMRC's equality impact assessment of the raising of the personal allowance shows 79,000 women (64 per cent of the total) and 44,000 men will be "taken out of tax" and thus out of auto-enrolment. The removal of any earnings related element of the state pension in the new single tier pension proposed for 2016 onwards makes this even more significant.[32]

Private pensions

In Budget 2014 major changes were announced to the way in which income can be drawn from defined contribution pension schemes. From April 2015 all restrictions on accessing defined-contribution pension savings will be removed once the saver has reached age 55.

[31] Chart created using Office for National Statistics (ONS) (2014a) *Life tables, 1981-2062, United Kingdom, Revised, Standard qx* [online] http://www.ons.gov.uk/ons/datasets-and-tables/index.html?pageSize=50&sortBy=none&sortDirection=none&newquery=life+tables&content-type=Reference+table&content-type=Dataset (Accessed 9 May 2014).

[32] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/385092/TIIN_2142.pdf

We commented on these changes in our Budget 2014 response,[33] noting that reducing the age of access to trivial pension pots and the increased flexibility for pension pots generally would help women (who tend to have smaller pension savings than men – see Table 2) particularly in the gap before their state pension starts. However there is an increased risk of poverty for women in later retirement.

Table 2 Size of defined contribution pension pot by gender, 2008/10[34]

Type of pension scheme	**Women**	**Men**
Occupational defined contribution scheme		
Mean	£19,300	£32,100
Median	£7,800	£12,000
% with this type of wealth	6%	10%
Personal pension		
Mean	£26,800	£46,900
Median	£12,500	£20,000
% with this type of wealth	8%	18%

Mean and median amounts exclude those who had zero pension wealth

The package of measures in Budget 2014 was supplemented in late September by announcements of changes to the taxation of pension pots left on death. The aim of these is to extend the flexibility to choose between lump sums and income to people who inherit defined-contribution pension pots, and also to remove high levels of tax when pension pots are passed on.

An important aspect of the changes is a widening of the scope of people to whom pension pots can be left. Where the deceased had already started to draw from their pension pot, under current rules any remaining pot can be left only to people who were dependent on, or

[33] Women's Budget Group (2014) *The impact on women of Budget 2014. No recovery for women* [online] http://www.wbg.org.uk/wp-content/uploads/2014/03/FINAL-WBG-2014-budget-response.pdf (Accessed 8 December 2014).

[34] Office for National Statistics (2012a) 'Chapter 4: Pension Wealth 2008/10' in *Wealth and Assets Survey* [online] http://www.ons.gov.uk/ons/rel/was/wealth-in-great-britain-wave-3/2010-2012/index.html (Accessed 20 June 2014).

co-dependent with, the deceased. Under the new rules, the pot can be left to anyone and the requirement for dependency is abolished.

The high tax charges and restricting benefits to survivors had originally been introduced to prevent pension schemes being used as a tax-efficient way to pass on money avoiding inheritance tax. So this package of measures seems to be actively encouraging inheritance tax planning using pension schemes. The aim may be to make pension saving more attractive, but there can be little doubt that the measures will appeal to wealthier voters concerned about inheritance.

The government announced the death measures in piecemeal fashion over two days in September 2014 and then revealed further changes in the Autumn Financial Statement. The first announcement applied only to people inheriting pension pots through arrangements called 'income drawdown', which tend to suit only wealthier pensioners. Income drawdown is a pure investment product where income and lump sums are provided by cashing in part of the pension pot which remains invested typically in shares. The Financial Conduct Authority has suggested that, under the new flexible rules, current income drawdown products are unlikely to be suitable for pots under £50,000.[35]

Subsequent changes have corrected this skew and created a more level playing field for people inheriting pension pots, or receiving death benefits, from pension arrangements based on annuities – typically much smaller than income drawdown. An annuity is a product that mixes investment and insurance: the pension pot is given up and in exchange an income is paid out for life, however long that life happens to be. The income from a single-life annuity dies with the annuity purchaser, but the income from a joint-life last-survivor annuity carried on until the death of a second person, who under current rules is usually a husband, wife or other partner.

This inclusion of annuities in the new rules is important for women. While annuity rates – like the rates on all low-risk savings products – have suffered as a result of monetary policy since the 2007 global financial crisis – they remain, at present, the only product that provides defined-contribution pensioners with protection against longevity risk. Debates about annuities often crudely focus on return as if they were purely savings products and fail to cost in the value of this longevity insurance. Interestingly, just as the UK is introducing greater pension flexibility, other countries, such as Australia, New Zealand and the USA, that have long had such flexibility, are increasingly concerned that their pensioners either run out of money part way through retirement or eke out a living on unnecessarily low incomes for fear of running out of savings.[36] Women, with longer average life expectancy than men and pension pots that are often too small to make income drawdown viable, have a particular need for products that pool longevity risk.

A welcome aspect of the changes is the abolition of the current requirement that survivor benefits (other than lump sums from pots where the deceased dies before age 75 and had not started drawing benefits) must be left to dependants. This opens the way to leave survivor benefits to, for example, carers and adult children. This will particularly benefit women who more often take on caring roles than men. However, it is impossible to say, at this stage, whether this

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[35] Public Bill Committee (2014) *Taxation of Pensions* [online] http://www.publications.parliament.uk/pa/cm201415/cmpublic/taxationofpensions/141111/am/141111s01.htm (Accessed 9 December 2014).

[36] Financial System Inquiry (2014) *Final Report* [online] http://fsi.gov.au/publications/final-report/ (Accessed 7 December 2014); Commission for Financial Literacy and Retirement Income (2014) *Focusing on the Future. Report to Government* [online] http://www.cflri.org.nz/sites/default/files/docs/RI-Review-Report-to-Govt-Dec-2013.pdf (Accessed 30 July 2014); John, D. C. (2014) Presentation by Senior Strategic Policy Adviser at AARP to Age UK, 10 September [unpublished].

will mean some surviving spouses and partners being bypassed and left financially insecure after the death of a partner.

The new death rules described above have not been extended to survivor pensions paid from defined-benefit schemes and do not include defined-contribution survivor benefits already in payment before 6 April 2015. This means that survivor pensions paid from these schemes will continue to be taxed at the survivor's normal tax rates, whereas the same benefits from a defined contribution pot drawn on or after 6 April 2015 will be tax free if the deceased was under age 75 at the age of death. Similarly, survivor benefits from a defined benefit schemes and from annuities already purchased will still be restricted to dependants. It seems invidious that the changes should discriminate between different cohorts of the bereaved.

Further, the long-term impact of all these changes on the well-being of the retired is uncertain. Increased flexibility may promote lump sum withdrawals from pension pots that are then spent in early retirement, leaving insufficient income for later on. On the other hand, experience in other countries suggests that many older people, nervous of running out of money, eke out a living on incomes that are much lower than they need to be. Moreover, the changed death benefit rules make defined-contribution pension schemes a tax-efficient vehicle for inheritance planning, a goal that may conflict with the original aim of retirement-income provision. Private pensions – being accessible only to those who can afford them – have always been a regressive way to address retirement income provision. Whether taxpayers should be expected to fund tax reliefs originally designed to promote saving for a retirement income, but looking increasingly like a tax perk for inheritance planning, is debatable.

Savings and investments

In 2015-16, the ISA limit is increased in line with inflation to £15,240 (currently £15,000). As we have noted previously,[37] the ISA arrangement, and thus any extension of its limit, tends to favour men rather than women given that women tend to have lower incomes and levels of saving. For example, Figure 3 shows that the level of wealth tends to be low in lone-parent households and single pensioner households where women are over-represented.

[37] Women's Budget Group (2014) *The impact on women of Budget 2014. No recovery for women* [online] http://www.wbg.org.uk/wp-content/uploads/2014/03/FINAL-WBG-2014-budget-response.pdf (Accessed 8 December 2014).

Figure 3 Financial wealth by household type[38]

Another change focusing on inheritance will allow widowed husbands, wives and civil partners to have a one-off increase in their ISA allowance equal to the amount of any ISAs their deceased partner held at the time of death. This will enable the surviving partner to reinvest money they inherit into the tax-free shelter of an ISA if they wish to do so. This change will benefit women more than men as they are more likely to be the surviving partner in a marriage, but only those in wealthier households. However, this change will not benefit women in unmarried relationships.

Employment and Business

Some of the measures in the Chancellor's announcement had clear gender implications particularly related to apprenticeships, employment conditions in schools, self-employment, small business and access to finance.

Apprenticeships

Following on from the £85 million investment in Apprenticeship grants for 16-24 year olds that was made in the 2014 Budget, the Chancellor has announced the abolition of employer National Insurance contributions for apprentices under the age of 25. Both measures are designed to

[38] Office for National Statistics (2012b) 'Chapter 3: Financial Wealth 2008/10' in *Wealth and Assets Survey* [online] http://www.ons.gov.uk/ons/rel/was/wealth-in-great-britain-wave-3/2010-2012/index.html (Accessed 20 June 2014).

improve youth training and employment, as well as increase the supply of skilled workers to a variety of industries. However because employees under the age of 21 are already exempt from employer NICs from April 2015, the Policy Costings that support the Autumn Financial statement show this measure will have no financial impact until 2016/17.[39]

Employers of older apprentices will not benefit from this measure. But, as noted in the WBG response to the 2014 Budget, the growth in the take-up of apprentices has been in post-25 year olds, with women more likely than men to be entering apprenticeships later.[40]

Women's apprenticeships are highly skewed in traditionally female dominated areas. Women make up a very small percentage of apprentices in the manufacturing and construction sectors, with the majority being in the service sectors. The Women in Science and Engineering Campaign reports that in 2012/13, 58,600 women took up apprenticeships in health and social care, 36,990 in customer services and 24,050 in children's care.[41] This compares with numbers in the low hundreds for areas such as construction (230) and engineering (400). Changing the gender balance of the apprenticeship system which continues to be the most gender segregated of all educational provision is therefore a priority which a new measure focused only on younger apprentices in unlikely to address.

The government should be focused on the education, training and career development of women at all ages. More needs to be done to restructure the long established apprenticeship system to encourage women to train for the full range of higher skilled occupations. The difficulty of increasing the willingness of employers to take on young people in apprenticeships remains, as does the undesirability of apprenticeships in low paid, low status occupations to talented young people. This measure is insufficient to address this, while consolidating a bias against older apprentices and therefore women.

Employment conditions in schools

Government policies continue to reduce public sector employment. As WBG and the Fawcett Society have noted, private sector jobs that replace lost public sector jobs tend to be of worse quality, especially for women.[42] In some areas, shifts within the public sector, akin to privatisation, have resulted in a similar deterioration of working conditions and pay.

The Chancellor announced a further £10m funding to support academy chains in the north to expand and to sponsor more local schools. Because academies and free schools are are unaccountable to local authorities and do not have to follow the national pay and conditions framework, increasing their proliferation may have negative consequences on the pay and conditions of teachers. Policies which have a negative impact on the pay or terms and conditions of teachers have a clear gender impact by widening existing gender inequalities as 73.3 per cent of (full and part-time) teachers are women.[43]

Academy schools enjoy certain freedoms in terms of setting terms and conditions and pay of teachers. No academy school has yet committed to implement the national pay and conditions framework indefinitely. This is a risk to an equal and fair pay system that is essential for gender pay equality. In addition, maternity pay is less in some academies than in neighbouring local

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[39] Treasury, H.M. 2014. Autumn Statement 2014 policy costings. edited by Treasury. London: H. M. Treasury.
[40] WBG, Women's Budget Group. 2014. The impact on women of Budget 2014 http://wbg.org.uk/wp-content/uploads/2014/03/FINAL-WBG-2014-budget-response.pdf.
[41] WISE, Women in to Science and Engineering. 2014. *Apprenticeships*. WISE 2014 [cited 11.12.2014 2014]. Available from http://www.wisecampaign.org.uk/education/colleges/apprenti.
[42] http://www.fawcettsociety.org.uk/wp-content/uploads/2014/08/The-Changing-Labour-Market-2.pdf
[43] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/193090/SFR_15_2013.pdf

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.

Such autonomy without the support of Local Authority structures has the potential to lead to increased incidents of discrimination. Changes to employment terms and conditions may also have a disproportionate effect on women teachers, for example, in some existing academies there is Saturday working, others have longer schools days and longer school years. Such conditions of employment may prevent women with caring responsibilities from working in these schools.

Self-employment

While the Autumn Statement offered some support for businesses, there was little for the self-employed who have been at the sharp end of the cost of living crisis. Furthermore, some of the measures announced reduce entitlements and support for the self-employed; a sector which is increasingly dominated by women.

The Autumn Statement announced changes that will tighten the eligibility conditions for low-earning, self-employed people claiming tax credits. From April 2015, those earning less than the equivalent of the minimum wage for a 24 hour working week (£156) will be subject to a new test to show they are involved in 'genuine and effective' self-employment. The Chancellor estimates that such changes will reduce the Tax Credits bill by £45 million per year. DWP's research suggests that most of those "savings" will come from women.

While women comprise around one-third of the self-employed claiming tax credits, a DWP survey weighted to include more low earners, revealed a sample which was two-thirds female.[44] The new proposed threshold of 24 hours work per week will discriminate against self-employed workers with childcare and caring responsibilities, predominantly women, and disabled people. Those groups can access Working Tax Credits (WTC) if they are workers, employed a minimum of 16 hours per week. If they are self-employed, however, from April 2015 they will have to stretch their income by another 50 per cent and jump through an additional set of hurdles.

The Women's Budget Group calls for the WTC working hours' threshold for self-employed people to match that for employees, thus enabling a level playing-field for people with caring responsibilities and health conditions, for whom self-employment is often the only option. We further support the Low Income Tax Reform Group's[45] view that legislation already requires all self-employed claimants to be working 'for payment or in expectation of payment' and that this should be enough to enable HMRC to stop fraudulent claims.[46]

WBG believes that rather than penalise those who are self-employed but earn little, government should ensure that they are included in active labour market and business support strategies which help them to create a more secure livelihood which fits around those complex needs.

Small businesses

The Chancellor announced that: the government is also providing more support for unemployed people to start their own business by extending the New Enterprise Allowance scheme from January 2015. In addition a pilot, to be funded by a budget allocation of £5million, will allow the

[44] Sainsbury, R & Corden, A. Self-employment Tax Credits and the Move to Universal Credit. DWP 2013

[45] http://www.litrg.org.uk/

[46] http://www.litrg.org.uk/tax-guides/disabled-people-carers/help-for-employees

use of children's centres to reach out to parents and provide them with the skills and employment support they need .

The New Enterprise Allowance is also being expanded to include dependent partners in a couple's JSA or ESA claim. This addresses an anomaly which has seen many women excluded from the NEA scheme. Since it started in 2011, women, despite being around half of the new self-employed during this period, currently comprise just 30 per cent of those benefiting from NEA. For the first year of the scheme women comprised just 17 per cent of total beneficiaries.[47]

However, WBG is concerned that the NEA still does not take into account significant gender differences in the pace of business start-up. It is well documented that women tend to start their businesses at a more gradual initial pace. This differential pace has no impact on ultimate business success, but differential access to start-up capital and support does. The NEA scheme requires participants to replace benefits with self-employed earnings within three to six months and after this period which prevents women from accessing the funding and support which the scheme delivers. WBG calls on the government to extend the NEA start-up period so that it does not unfairly discriminate against women.

Other small business measures announced include the extension of business rate relief for small businesses until April 2016. Since the economic downturn started, the High Street has become increasing female-dominated, with women leading 47 per cent of new retail businesses, according to FSB data.[48] There will also be £20 million to provide support first time exporters through UKTI. WBG welcomes the work that UKTI is already doing to promote its services to female business owners.

WBG had hoped the Autumn Statement would include a small business exemption for new EU VAT legislation being introduced on 1 January 2015, which requires all small businesses to apply VAT on sales of digital products in the country where products are bought, as opposed to the country where they are sold. While businesses with revenues of less than £81,000 of sales are currently exempt from registering from VAT in the UK, those selling digital products will not be exempt from the EU VAT rule. Techcrunch, the leading online news digest, has suggested these new rules "are especially onerous for women entrepreneurs," who often start their businesses from home, after starting a family or during maternity leave.[49] WBG adds its voice to the campaign to have these rules changed so that small micro-businesses, predominantly led by women, are not unfairly discriminated against.

Access to Finance

One of the largest elements of business support announced by the Chancellor - a pledged £400 million to support Venture Capital in Britain - almost entirely excludes women-owned businesses. Venture Capital (VC) is high-risk capital, supporting a tiny minority of firms, with a very low success rates. Less than 3 per cent of VC businesses supported are estimated to have female directors[50]. The WBG therefore calls on government to assess the gender impact of its business finance investment programme and to ensure that women's businesses benefit from a fair share of government supported business investment.

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[47] http://www.prowess.org.uk/new-enterprise-allowance.htm
[48] http://www.bbc.co.uk/news/uk-26171982
[49] http://techcrunch.com/2014/11/25/eus-new-vatmoss-rules-could-create-a-vatmess-for-startups/
[50] http://blogs.ft.com/women-at-the-top/2011/04/01/gender-in-the-world-of-venture-capital/#axzz3LyB8DbZV

Social Care and the National Health Service

There is surprisingly little mention of social care in the 2014 Autumn Financial Statement. The silence around social care funding seems to imply that services will be affected by the £10 billion efficiency savings proposed for 2016/17.[51] In a sector which has already been blighted by a funding gap, caught between rising needs and constrained spending, further cuts in public spending on social care can only be expected to have *adverse* effects on individuals with disabilities, the elderly and other social care service users, and could result in essential community services disappearing.

Women form the majority of all social care users, and an even larger proportion of those dependent on state support for their care.

Three measures that the Chancellor announced were directly targeted at paid and unpaid social care workers:

1. Extending the £2000 annual National Insurance Contributions Employment Allowance for those households which employ a care and support workers.

2. Raising the earnings limit for Carer's Allowance from £102 to £110 per week in April 2015.

3. Exempting care workers from the impacts of removing the £8,500 threshold below which employees do not pay Income Tax on benefits in kind.

These marginal changes will no doubt have positive effects for those employing carers in their home as well as unpaid family carers, but the impact will be very limited in terms of the real lives of the paid and unpaid care workforce, the majority of whom are also women.

Employing a Carer

The extension of national insurance contributions for households employing a carer may be good news for those with extra support needs who are using a direct payment or private finance to organise their own care. This change reflects a general trend in social care towards personalisation, whereby service users and carers are encouraged to take a leading role in organising care for themselves or their family members.

The extended employer allowance means that a care worker can be paid up to £22,500 before their employer has to pay National Insurance contributions. This will somewhat help families struggling financially to cover the cost of care. Taken together with the higher carers allowance threshold it will provide some support for unpaid carers, the majority of whom are women[52]. The government is attempting to encourage more carers to balance their responsibilities with paid work. The new threshold will allow carers to work more hours in a week and still claim carers allowance.

Care workers and care quality

The potentially positive effects of the changes to national insurance contributions need to be tempered by consideration of how the changes might affect workers. The social care workforce is

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[51] HM Treasury (19 March 2014) *Budget 2014*. [online] p. 28 Available: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/382327/44695_Accessible.pdf

[52] Office National Statistics (2013) *Full story: The gender gap in unpaid care provision: is there an impact on health and economic position?* [online] Available: http://www.ons.gov.uk/ons/rel/census/2011-census/detailed-characteristics-for-local-authorities-in-england-and-wales/rpt---unpaid-care.html

a predominantly female one and the sector has been blighted by poor pay and conditions. The new threshold for national insurance contributions will tend to keep earnings below that level.

There is also a lack of detail about how workers' rights may be protected when they are working in a domestic environment. Individuals hiring a carer for the first time may not understand their responsibilities as an employer, and workers may not be aware of their entitlements to paid leave, paid breaks and health assessments.[53] The WBG shares concern that the ongoing personalisation of social care services may be finding efficiency savings at the expense of acceptable pay and working conditions for care workers.

More than 300,000 workers in the care sector are employed on zero-hours contracts, including 60 per cent of domiciliary care workers. Together with the growth in 15-minute visits, lack of payment for travel time, the dominance of zero-hours contracts suggests that social care is being delivered by an insecure workforce that has neither have the time nor resources to provide high quality care.[54]

In short, the WBG is concerned by the limited nature of proposed changes to funding and the lack of detail about how they will affect social care provided by paid and unpaid care workers in people's homes at a time when social care provision is under severe strain. The adequacy of funding for social care has major implications for women who provide the majority of paid and unpaid care and are also the majority of its recipients.

Cuts in real levels of funding of social care services.

The AFS revealed a funding boost for the NHS but no additional investment in social care services. Without investment, the social care funding gap will continue to grow and this may result in more reliance on NHS services from people who may otherwise be supported by community based services.

The 2014 budget signalled the inclusion of the £200 million transformation fund for the 'Five Year Forward View'[55] project. This project aims to adapt NHS services to meet the needs of a changing demographic of patients, which includes a commitment to integrate health and social care services, bringing together NHS and community services and offering more support to carers.[56] Whilst a more integrated approach to health and social care is welcome, without serious investment in social care, community services will not be able to provide the counterpart to the work of hospitals and GPs that is envisaged. Poor funding to social care has a knock-on effect on the strength of the NHS. It is disingenuous to claim that the NHS budget is to be boosted or protected in real terms, if it also has to cover an increasing proportion of expenditure on social care.

Further, the AFS does nothing to address the existing crisis in social care for older or disabled people, with nearly one quarter of a million fewer people receiving publicly funded care services in 2012/13 than in 2009/10, a reduction of 26 per cent.[57] This has resulted from cuts in the funding provided to local authorities, which local authorities have found impossible to replace through

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[53] http://www.acas.org.uk/index.aspx?articleid=3303
[54] http://www.theguardian.com/society/2014/mar/25/social-care-ditch-zero-hours-contracts
[55] HM Treasury (19 March 2014) *Budget 2014*. p. 30. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/382327/44695_Accessible.pdf
[56] NHS England (October 2014) *Five Year Forward View*. [online] p. 3 Available: http://www.england.nhs.uk/wp-content/uploads/2014/10/5yfv-web.pdf
[57] Ismail, S., Thorlby, R. and Holder, H. (2014) Focus On: Social care for older people: Reductions in adult social services for older people in England, QualityWatch, http://www.qualitywatch.org.uk/focus-on/social-care-older-people

savings elsewhere. In 2013, the Audit Commission found the reductions made to adult social care budgets accounted for over 52 per cent of the total reductions in local government spending[58] with councils facing an average cut of 1.8 per cent in their overall spending power in 2015-16[59] but the cut in direct government grants amounts to an average of 8.8 per cent in 2015-16, which, according to the Local Government Association, gives a more accurate sense of the pressure faced by councils[60].

The National Health Service

According to the Kings Fund, around a quarter of NHS providers ended last year in deficit, with the sector as whole overspending by £107 million.[61] During the first half of the current financial year, there was an overall deficit of £254 million among foundation trusts, with 81 trusts reporting deficits, double the number at the end of 2013/14.[62] The NHS Trust Development Authority has reported an aggregate deficit of £376 million among NHS trusts, with more than a quarter forecasting end-of-year deficits.[63] Some 60 per cent of hospitals in the acute sector are experiencing financial distress, meaning that problems are endemic across the system.

In this context the additional £2 billion of additional funding for frontline NHS services in England in 2015-16 is welcome, as is the multi-year £3.1 billion UK-wide investment in the NHS, including £1 billion to fund advanced care in GP practices over four years in England.

There is concern however that accumulated deficits plus growing legal pay-outs could swallow up most of this new money, which in any case will not keep pace with growing demand caused by the changing demographics of the UK population.

Of particular concern to WBG is the absence of any recognition of the chronic underfunding of community health services, which are often the necessarily link between front line and domiciliary care services. The encouragement of Competitive Tendering through the Any Qualified Services has resulted in a third of NHS contracts being awarded to private sector funding, and this is widespread in non-acute services such as physiotherapy scans and other diagnostic testing. This policy leads to a geographical scattering of such services away from recognised hospitals and health centre premises, making access by public or other transport a real hazard for older, disabled and low income patients. This also adds to the burden of family and community carers who now need to track and locate the services, and organise transport and frequently spend additional time accompanying patents – a burden which largely falls on the unpaid shoulders of women.

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[58] Audit Commission (2013) Tough Times 2013: Councils' responses to financial challenges from2010/11 to 2013/14. http://www.audit-commission.gov.uk/wp-content/uploads/2013/11/Tough-Times-

[59] https://www.gov.uk/government/publications/change-in-spending-power-provisional-local-government-finance-settlement-2015-to-2016

[60] http://www.theguardian.com/news/datablog/2014/dec/18/local-council-cuts-spending-power-by-authority

[61] The Kings Fund (2014) *The Autumn Statement: NHS Funding*. [online] Available: http://www.kingsfund.org.uk/sites/files/kf/field/field_publication_file/autumn-statement-briefing-2014.pdf

[62] Monitor (2014). *Performance of the foundation trust sector: 6 months ended 30 September 2014*. [online] Available: www.gov.uk/government/uploads/system/uploads/attachment_data/file/378092/Q2_Paper.pdf

[63] NHS Trust Development Authority (2014). *NHS trust service and financial performance report for the six month period ending 30 September 2014*. Board meeting, 20 November, Paper D. [online] Available: http://www.ntda.nhs.uk/wpcontent/uploads/2014/10/Paper-D-Service-and-Financial-Performance-Report-forSeptember-2014.pdf

The lack of attention to community health services is alarming. It is already well documented that such services are now so squeezed that they can barely cope with crisis situations and have no time or resources to deal with preventative or long term supportive therapy.[64] The focus on finding "efficiencies" within acute and general health services hides the deterioration in community level support which is crucial for successful health care for an ageing population and for the integration of health and social services on the ground.

Housing

The Government have committed to building around 10,000 homes in Northstowe and 13,000 in Bicester in a bid to meet the growing demand for housing. However these measures fall way short of the government's own estimates that the UK needs 300,000 new homes a year to keep up with rising demand.

Homelessness in the UK has grown over the past three years with an estimated 90,569 families now homeless across England, Scotland and Wales[65]. Women make up around a quarter of homeless people across the UK, and 43 per cent of single parents (mostly women) are social housing tenants (compared to 12 per cent of couples) with 71 per cent of all single parent renters receiving housing benefit (compared to 25 per cent of all couple renters)[66].

The reduction in stamp duty announced in this year's statement will do little to help the most vulnerable in our society for whom buying a property is out of reach and is likely to benefit men more as they are more likely to be or become homeowners. In particular, lone parents, predominantly women, are the category least likely to be owner occupiers (only 29 per cent compared to an average of 65.3 per cent) and over represented among social renters (41 per cent compared to an average of 17.3 per cent).

Lone parents also highly likely to rent privately - 30.1 per cent compared to 17.4 per cent over all household types[67]; and private renting is an increasingly tenuous tenure, as shown by the high proportion of private renters having lived in their property for less than one year. There is particular concern about demand for social housing being met, through lack of supply, by the private rented sector where tenancies are often insecure. The biggest cause of homelessness is the end of a private rental tenancy[68]. This is particularly problematic for all those with care responsibilities, not only lone parents, but others including women looking after older or younger generations, whose provision of care is reliant on nearby services and networks.

The government should take greater note of the equalities impact of different forms of housing support. Policies that support home ownership alone do not help many women. Instead of reducing costs for homeowners, funding should be directed to protect those on low incomes requiring social housing, many of whom are women, as well improving the extent, quality and availability of the social housing stock. In addition, policies to regulate the private rental market

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[64] Blane, D. and Watt, G. (March 2012) GP experience of the impact of austerity on patients and general practices in very deprived areas. [online] Available: http://www.gla.ac.uk/media/media_232766_en.pdf21

[65] BBC, November 2014, http://www.bbc.co.uk/news/education-29851119

[66] *English Housing Survey, Household Report 2009 – 10, Table 3.6. Department for Communities and Local Government, 2011,*

[67] English Housing Survey, Headline Report 2012-3, pp.54-55, available online at https://www.gov.uk/government/collections/english-housing-survey#reports

[68] ONS, Statutory homelessness in England: April to June 2014, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/358184/201406_Statutory_Homelessness.pdf

are important both in increasing security of tenure and in reducing the resources spent on public support that simply supports private landlords.

Infrastructure

The Chancellor announced new investment spending in physical infrastructure, predominantly roads (£15 billion), rail and flood defences (£2.3 billion) brought together under the National Infrastructure Plan. In particular the North of England will benefit from large scale investment in physical infrastructure (an extra £7 billion for the 'Northern Powerhouse').[69]

Whilst public expenditure that will create jobs is to be warmly welcomed, the Women's Budget Group is concerned that women are unlikely to benefit equally from jobs created in this sector, because of their under representation within industries using science, technology, engineering and maths (STEM). Women are only 15.5 per cent of employees in STEM industries that make up 46 per cent of all employment in the UK.[70]

The UK is currently facing a shortfall of around 40,000 STEM graduates[71], a problem that will not be addressed until more is done to encourage women to take up (and stay in) these professions. The problem is much the same as that in apprenticeships where men dominate apprenticeships in constructions, plumbing and engineering[72] (see earlier in this response under Employment and Business).

Investment in roads also favour men as users, who are more likely to drive than women[73]. Women are also more reliant on public transport; research by Unison earlier this year found that nearly 40 per cent of women travelled by bus to go shopping or use other public services. Public transport remains a lifeline for women in low paid jobs who can't afford other modes of transport. 82 per cent of eligible older women have a concessionary bus pass, compared to 74 per cent of men[74]. Investment in public transport as well as roads is vital to ensuring that women can benefit from these investments equally.

Investment in rail infrastructure is also badly needed. But the investments announced in the AFS will do little to curb the escalating price rises which makes rail travel so inaccessible to those with low and middle incomes. As a result, rail services are currently used more by those in the upper-middle income bracket and by men of all ages more than women.

As always, the WBG calls on the Chancellor to invest more in social infrastructure that would not only create jobs but also fill a growing social need. While the government overlooks such

[69] HM Treasury, December 2014, https://www.gov.uk/government/news/autumn-statement-2014-16-things-you-should-know
[70] Government Equalities Office, August 2013 https://www.gov.uk/government/news/government-and-industry-join-forces-to-help-get-more-women-and-girls-in-stem
[71] Women's Business Council, One Year On, June 2014, https://www.gov.uk/government/news/womens-business-council-publishes-one-year-on-report
[72] TUC, The Gender Job Split 2013, http://www.theworkfoundation.com/DownloadPublication/Report/342_The_Gender_Jobs_Split_Touchstone_Extra_2013_FINAL.pdf
[73] ONS, Social Trends, Transport, 2011 www.ons.gov.uk/ons/rel/social-trends-rd/social.../transport-chapter.pdf
[74] Unison, Counting the Cost: How the Cuts are Shrinking Women's Lives, 2014 https://www.unison.org.uk/upload/sharepoint/On%20line%20Catalogue/22422.pdf

expenditure and considers it a “cost”, feminist research[75] demonstrates that investment in social care would have a higher multiplier effect than investment in physical infrastructure – that is, it would generates more jobs and ones that are more likely to be stable over the long term – promote greater gender equality as well as respond to a clear and expanding social need.

Further, investment in childcare and all forms of education, would also contribute to a more highly skilled and productive workforce, improving productivity. Lack of such investment means that the UK is trapped in a low skill, low productivity, low wage economy which austerity only exacerbates.

Regional Investment

A number of announcements were made in the AFS with the intention of addressing the north/south divide including: investment in railways, the establishment of a Sovereign Wealth Fund for the north to keep the financial benefits of fracking within the region and other investments in Newcastle and Manchester.

We welcome moves to address regional inequality in the UK however the amount of money invested is paltry in relation to need. We are also concerned about the implications of fracking on the affected communities and do not feel that the Sovereign Wealth Fund goes any way to address environmental concerns.

Further, this modest attention to the north is heavily skewed in terms of gender, with most of the money going to sectors that overwhelmingly employ men. It is vital that job creation happens in the north as well as the south, but we must also ensure that women and men can benefit equally.

Areas of the north have had a particular dependence on job creation by the public sector, especially local government. The drastic cuts to local authorities have impacted heavily on employment in northern regions with women - who are the majority of public sector employees - being hit particularly hard. New jobs in the private sector that replace jobs lost in the public sector tend to shift the balance of job opportunities from women to men. As the Fawcett Society outlined earlier this year, women fare worse in private sector employment where the gender pay gap is higher and employment conditions are poorer[76].

Addressing the north/south divide will take a lot more than the announcements made in the AFS. At root, it requires the long-promised rebalancing of the UK economy away from (male dominated) finance and towards investment in social infrastructure. For reasons given earlier under Infrastructure, investing in social infrastructure has to be key to developing an inclusive regional policy that works for women.

Overseas Development Assistance

In the Autumn Financial Statement the Chancellor committed to keeping the UK Official Development Assistance (ODA) at 0.7 per cent of Gross National Income, in keeping with the International Development (Official Development Assistance Target) Act that will make this a legal requirement in 2015. However there was no mention of “The International Development (Gender

[75] Analysis from the United States and South Africa based on input output models and micro stimulation shows that investment in social care generates more jobs – over twice as many as the same amount in construction. 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

[76] The Changing Labour Market 2, The Fawcett Society, August 2014 http://www.fawcettsociety.org.uk/wp-content/uploads/2014/08/The-Changing-Labour-Market-2.pdf

Equality) Act 2014" which enshrined in law the requirement for the UK government to promote gender equality through ODA and humanitarian assistance.

Unfortunately the data published by the Department for International Development (DFID) does not permit adequate public scrutiny of how ODA money is spent, let alone whether it promotes gender equality.[77] Some money that is spent by departments other than DFID is posted as ODA. Not all of this appears as self-disinterested as might be expected for ODA and some smacks of double accounting. For example in the most recent data from 2013[78], many non DFID agencies posted some of their expenditure as ODA included the Home Office, the Foreign and Commonwealth Office, the Department for Business, Investment and Skills, other agencies include the Department of Health, Scottish Government, Department of Work and Pensions, Department for Culture, Media and Sports and the Welsh Government.

The largest share of the total non-DFID expenditure (£1,399 million) of ODA for 2013 came from the Department of Energy and Climate Change (£412 million), part of the 2011-15 DECC, DFID and DEFRA, £2.9 billion scheme to encourage private sector investment into lower income countries' low carbon development (DFID, 2014b).[79] It would seem that the UK Government's 2014 pledge of £720 million to the Green Climate Fund is to be taken out of the 0.7 per cent ODA despite the government's commitment in 2010 to provide new money, rather than diverting funds already earmarked for ODA.[80] This practice of using the 0.7 per cent ODA to pay for pledges arising from the UK's other international policy and institutional commitments is also reflected in the UK's £124 million contribution to the Economic Commission's External Assistance fund, as well as the £33 million spent by the Home Office on the costs of assistance to refugees for the first 12 months in the UK and on the costs associated with repatriation.

The £2 million spent on the pensions of retired colonial officers would not strike many people as obviously falling into the ODA category but is included as is the £30 million savings on commercial debts negotiated by the Export Credits Guarantee Department, despite not delivering any new money for development. Finally £100 million is listed against the deeply controversial UK government-owned CDC Group plc that builds luxury gated communities, hotels and shopping malls in some of the world's most unequal societies.[81]

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[77] See Department for International Development: Statistics on International Development 2013, https://www.gov.uk/government/statistics/statistics-on-international-development-2013 and Statistics on International Development 2014, https://www.gov.uk/government/statistics/statistics-on-international-development-2014

[78] Statistics on International Development 2014, https://www.gov.uk/government/statistics/statistics-on-international-development-2014

[79] See Pereira, Orenstein, Chan (2013) Pro-poor Climate Finance: Is there a Role for Private Finance in the Green Climate Fund? Friends of the Earth, US, and Pan African Climate Justice Alliance, http://libcloud.s3.amazonaws.com/93/7b/5/2931/5-13_Pro-poor_Clim_Fin_-_Role_4_Priv_Fin_in_GCF.pdf on the needs of local people in confronting climate change and the suitability of private finance as compared to direct public support.

[80] In 2010 the parties to the United Nations Framework Convention on Climate Change set up the Green Climate Fund to raise 'new and additional' funding to respond to the climate change in the poorest and most vulnerable countries. Framework Convention on Climate Change (2011) Report of the Conference of the Parties on its sixteenth session, held in Cancun from the 29 November to 10 December 2010, Addendum, Part Two: Action taken by the Conference of the Parties taken at its sixteenth session. FCCC/CP/2010/7/Add.1, http://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf.

[81] The CDC Group was originally the Colonial Development Corporation, then the Commonwealth Development Corporation and in 1999 became a public limited company. Provost, C (2014) CDC development fund insists projects will create jobs in poor countries but NGOs accuse government of helping big business, The Guardian, 2 May 2014,

The WBG ask how much of the 0.7 per cent ODA is new money and where do the aims of promoting gender equality and poverty reduction fit in the apparent fudging, obscuring, and non-publication of data on how the 0.7 per cent ODA is made up? Now that the promotion of gender equity as well as the 0.7 per cent commitment are enshrined in law, nothing short of a full and transparent gender audit will provide the information necessary to assess how much of the UK's reported ODA expenditure resources are actually working towards securing gender equality and poverty reduction amongst the world's most impoverished people.

Conclusion – the need for a Plan F

While the Chancellor may be celebrating the return of economic growth, the Women's Budget Group remain deeply concerned about the economic state of the country and impact of government austerity policies on gender equality.

Of particular concern are the cuts to public spending which have only increased the burden of care on women and disproportionately impacted women who make up the bulk of public sector workers. Cuts in local government spending are also worrying with many local councils having sent out clear distress signals since the AFS announcement[82]. Local government services such as Sure Start Centres and local transport remain a lifeline for many women across the country yet local leaders across the country have sent out serious warning signals about the solvency of their authority in this landscape of cuts.

A failure to address gender job segregation which means women are poorly represented in science, technology, engineering and maths occupations also means that women are unlikely to benefit from employment in any of the areas where the government is investing.

Changes to social security, tax and other benefits also continue to exacerbate gender inequality and although the gender pay gap narrowed recently, that it still stands at 17.6 per cent is very worrying.

In response to the Coalition government's economic plan, the Women's Budget Group has called for **Plan F - a plan for a feminist economy**.

We believe that the focus on eliminating the budget deficit is the wrong policy target. Instead we need an equality-led recovery delivered by sustained investment in social infrastructure and labour market policies that ensure that real wages and productivity grow in line with each other, reversing the past decades' fall in labour's share in national income.

Only by ensuring that the UK does not become a low-wage, low-productivity economy can upwards convergence in men's and women's wages be enabled. Equality led investment will also ensure the budget deficit takes care of itself, as tax revenues rise.

In claiming that eliminating the fiscal deficit would create a secure economy, the Chancellor ignores the care deficit, the deficit in affordable housing and the deficit in high quality paid work, all of which impact particularly on women. Women know that to tackle these deficits we need

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http://www.theguardian.com/global-development/2014/may/02/british-aid-money-gated-communities-shopping-centres-cdc-poverty

[82] http://www.theguardian.com/society/2014/dec/18/local-government-financial-settlement-councils-breaking-point-cuts-spending
and http://www.theguardian.com/society/2014/dec/22/labour-critiicises-council-streetlighting-cuts-england

good public services and investment in social infrastructure financed by progressive taxation. Tax breaks and reductions in taxes on the wealthy will not achieve this.

Nor will a £15 million investment in physical infrastructure alone address these issues, since it ignores the investment in physical social infrastructure needed to construct a gender equitable and caring economy that works for everyone.

Plan F

As the WBG has argued in previous responses and briefings[83] to ensure a balance and sustainable economic recovery that includes women, enables them to be financially autonomous, and supports gender equality, we need a Plan F, a set of feminist policies to create a caring economy in which:

- government economic policies are fully and robustly assessed for their impact on gender and other equalities in advance of their announcement.
- paid care workers (who are mainly women) receive better training, better pay, better employment rights, better job security;
- unpaid carers looking after family and friends (who are mainly women) receive more 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 to invest in the development of high quality care services;
- Universal Credit is reformed to ensure that women with employed partners gain from earning - as it stands, many families in this situation will lose payments at a higher rate than in the current situation if they start earning;
- the building of new housing addresses the growing need for social housing. Funding should be directed to protect those on low incomes requiring social housing, many of whom are women, as well improving the extent, quality and availability of the social housing stock.
- the national minimum wage would be raised to a higher proportion of median wages;
- social security measures that are destroying women's links with their families and communities, such as the bedroom tax and the benefits cap, would be repealed;
- investment in social as well as physical infrastructure would occur ensuring sustained investment in good quality care for children, older people and those with disabilities.
- more tax revenue would be raised from wealthy people and companies;
- ensure investment in transport infrastructure equally develops public as well as private transport
- and investment in social housing would be supported, rather than subsidizing lending for mortgages that does not address the slow pace of building and the consequent housing price hike
- we would have a long term plan to create greater diversity in our economy, rebalancing it away from (male dominated) finance and towards investment in social infrastructure

That is the heart of Plan F – to use feminist economic policy to put care and quality at the heart of the regeneration of this battered UK economy.

[83] WBG (2013) To ensure recovery we need Feminist F Plan. Available at: http://www.wbg.org.uk/wpcontent/uploads/2013/10/Plan-F_WBG-Parties-briefing_Sept-2013_final.pdf35

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