Response to Budget 2015 – The WBG calls for rebuilding the foundations before fixing the roof

Contents

Executive Summary

After five years of public sector cuts and welfare reforms – which the Women's Budget Group has argued time and again have had a disproportionate impact on women, particularly low income women, single mothers, and single women pensioners – the final budget of the Coalition government offered little in the way of succour.

Once again the Budget has featured tax measures which predominantly benefit men alongside the threat of yet more spending cuts to come which will disproportionately disadvantage women.

Raising the Personal Tax Allowance – the Emperor's New Clothes.

The government promised that this Budget would contain "no giveaways, no gimmicks" yet one of the key measures boils down to little more than a gimmick – and one which benefits men more than women: raising the Personal Tax Allowance.

It comes as no surprise that the government has announced yet another increase in the personal tax allowance, rising to £10,600 from April 2015, £10,800 in 2016-17 and £11,000 in 2017-18. This poorly targeted measure will benefit only those who pay income tax (57% of whom are men). However, there are fewer benefits to lower earners, and the increase also fails to reach those whose income is already below the current income tax threshold, 66% of whom are women. As the Women's Budget Group has pointed out before, increasing the Personal Tax Allowance equates to more low-income employees (three quarters of whom are women) being excluded from the tax relief added to their contribution when automatically enrolled into a workplace pension scheme.

Savings and Pensions

The increase in the Personal Savings Allowance, the introduction of a new 'Help to Buy' ISA, and the increased threshold on ISAs are good news for those with higher levels of savings – but that means women are less likely to benefit.

Only about one third of those in retirement who have a defined contribution pension scheme are women, so women are less likely to benefit from new freedoms to sell their annuity. Furthermore, women in retirement are more likely than men to be receiving a low income from their annuities and be exposed to disproportionate fees as a result of selling them back.

Where are the well paid, quality jobs for women?

While the Chancellor boasted of record high employment rates, there was no acknowledgement of the labour market difficulties faced by many women, including underemployment, low-skilled, low-paid work, and increasing casualisation. While the budget saw further investment in a range of physical infrastructure and new technology projects, no consideration was given to investing in social infrastructure, such as high quality, free childcare, or decent pay, conditions, training and progression for care professionals. Earnings grew less than consumer prices since 2011 overall but worryingly, they stagnated in nominal terms for those employed in caring and personal service occupations.

Measures for home buyers and home owners while the crisis in social housing is ignored

In a budget where Osborne's boldest metaphor was that he was "fixing the roof" while the sun shone, the 2015 budget had relatively little to say on housing. While there were measures for first time home buyers and some limited support for the private rental sector, there was too little, too late in terms of building new homes, and no meaningful attempt to address the pressing issue of the lack of social housing. Helping buyers financially to afford homes while prices are going through the roof is unlikely to solve the housing problem, and may even fuel it further.

More cuts to come

In his speech, the Chancellor reiterated a threat (previously made in January 2014) to make a further £12 billion cuts in welfare spending over the next two years if re-elected; yet he made no indication of where, and to whom, these cuts would fall. He also confirmed a further £9 billion savings from unprotected government departments, with only £5 billion expected to be raised from tackling tax avoidance and evasion. Having already implemented a savage five year programme of cuts which have decimated women’s employment, services, and incomes, the threat of yet more to come spells bad news for women.

At the same time, the cumulative effect of raising the Personal Tax Allowance, introducing the transferable Married Couple's Tax Allowance, and cutting or freezing alcohol and fuel duties – all of which benefit men more than women – adds up to nearly £20bn a year in foregone revenue.

The Women's Budget Group alternative

With a General Election looming, the Women's Budget Group is calling for real political change – a shift away from the ideological pursuit of austerity and a focus on building a new economic strategy which benefits women as well as men. For a real economic recovery that benefits the majority of people in the UK and reverses the damage caused by the cuts to public services and social security introduced in successive budgets since 2010, we need a radically different economic strategy.

The UK Women's Budget Group, together with the Scottish Women's Budget Group, have set out plans for a Plan F, a long term feminist economic plan to invest in creating a caring and sustainable economy – and to fund it by measures such as cancelling plans for a new Trident submarine, ending tax giveaways that benefit better-off men much more than low income women, and cracking down on aggressive tax avoidance and evasion. A caring and sustainable economy is based on mutual support and respect for rights. It is oriented to the broad and inclusive aim of improving our well-being in ways that reduce inequalities, not only today, but also for future generations. It prioritises care for people and for the planet.

Introduction

Since 2010 the UK Women's Budget Group has been systematically tracking the impact that the Coalition's austerity policies have had on men and women in terms of income, jobs and services.

Our analysis has found that women - especially low income women, single mothers, and single women pensioners - have been hit hardest by this Government's austerity Budgets and tax giveaways and that women have benefited less from the UK's economic recovery.

The 2015 Budget was Chancellor Osborne's last chance to demonstrate that he genuinely cares about economic fairness. The 2015 Budget report claims that 'the government's long-term economic plan builds a stronger, more competitive economy, a fairer society, and secures a better future for Britain' (p. 17). It announced measures to further reduce the deficit, cut income tax, freeze fuel duty and invest in physical infrastructure. Chancellor Osborne promised 'no giveaways, no gimmicks' but measures like raising the tax allowance and freezing fuel duty certainly fit this bill. And as the WBG has shown before, these tax giveaways are measures that consistently benefit men more than women.

The UK economic recovery is reported to be stable and broad based across the main sectors of the economy. Our view is that Coalition government's policies have led to the weakest recovery in Britain's history. As of today, the level of output is almost 5 per cent lower than what the Office for Budget Responsibility had initially forecasted when the government first came to power in 2010. The economic recovery is inherently fragile and the government's final budget statement does nothing to address this. The WBG has found that any benefits of economic growth are not being felt equally by men and women. The WBG demands that the benefits of economic growth, which is secured by hard working women and men, are shared more equally across the whole society and are used to strengthen the social safety net and working conditions of people who create this wealth.

The WBG continues to be concerned about new employment opportunities needing to be shared more equally between men and women, as well as about the continuous decline in real wages which has been the most remarkable feature of the government's time in office. The recent rise in real wages in 2015 is only due to the exceptionally low inflation due to falling oil prices rather than a strong growth in wages. Tax revenues have also been lower than planned related to the stagnation in wages. Productivity levels remain well below their pre-crisis mark.

We are concerned that the government's budget 'giveaways' are merely attempts to keep the British economy afloat by further increases in household debt. The giveaways in terms of government subsidies to support the deposits of first time buyers (the 'Help to Buy ISA') will benefit only those who are lucky enough to secure some savings and in the meantime fuel the housing bubble further. A single mother or a young woman at the start of her working life is unlikely to be in a position to save at all, faced with the burden of student loans, high childcare costs, low wages and precarious work contracts, let alone afford the deposit for a house. Credit growth is once again substituting for real income growth to maintain consumption.

Employment

Underemployment is a significant problem for many women, and in particular young women. The 2015 Budget did little to change that. Instead, in his budget speech on 18 March, the Chancellor made much of the recent increase in employment and fall in unemployment:

> "Today's figures show that since 2010, 1000 more jobs have been created every single day. The evidence is plain to see – Britain is working. And Mr Deputy Speaker, what about those who say 'the jobs aren't real jobs; they're all part time; they're all in London.' Nonsense. How many of the jobs are full time? 80 per cent How many of the jobs are in skilled occupations? 80 per cent".

The Chancellor's figures have been queried by the Trades Union Congress, who suggest that the growth in full time employees is closer to 60 per cent and the growth in skilled occupations is 32 per cent, rather than 80 per cent[1]. Second, while it is true that employment has risen for women, it is also true that increasing numbers of women are employed in various forms of precarious or casualised work, including zero-hour contracts and agency work.

Underemployment, a growing reality for women

Since 2008, the number of women in work and who want to work more hours has risen from 1.10 million to 1.55 million, a rise of 41 per cent. In 2014, around one in five workers aged 16 to 24 said that they couldn't get enough hours in their current job, which was more

[1] TUC, March 2015, http://touchstoneblog.org.uk/2015/03/growth-of-good-jobs-good-luck/ TUC, March 2015

than double the percentage for any other age group. This age group has seen the biggest rise in underemployment since the recession[2].

In 2014, women accounted for 54 per cent of temporary workers and 55 per cent of zero hour contract workers, and just 47 per cent of all those in employment. In sectors such as retail, health and social care, hospitality and, further and higher education there are growing numbers of women with little employment security and few opportunities for progression[3].

More self-employed women on low income

Labour market data from the Office for National Statistics shows that in the year leading up to this budget, women comprised 70 per cent of those becoming self-employed in the UK. Moreover, since the first quarter of 2008 the number of self-employed women has increased by 38 per cent, compared with a rise in self-employed men of 9 per cent, reaching 3 million at the end of 2014. The three most common jobs for self-employed women in 2014 were cleaner, childminder and hairdresser.

By March 2015 self-employment constituted 15 per cent of the total labour force. The Bank of England recently concluded that the increase in self-employment cannot be dismissed as a short-term recessionary trend, but part of a fundamental shift in the structure of the UK employment market.

While the self-employed have accounted for a large proportion of UK employment growth since 2010 their incomes have fallen to a much lower rate than for employees. The gender pay gap is twice as wide for self-employed people as it is for employees[4]. The result is that the productivity rate of those new self-employed jobs has also sharply declined and is a key factor in the UK's overall weak rate of productivity growth. As the budget report points out, the country's weak productivity growth is a key factor in reduced living standards.

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[2] The Impact of Austerity and Recession on Women, TUC, March 2015
https://www.tuc.org.uk/sites/default/files/WomenRecession_1.pdf
[3] The Impact of Austerity and Recession on Women, TUC, March 2015
https://www.tuc.org.uk/sites/default/files/WomenRecession_1.pdf
[4] The Impact of Austerity and Recession on Women, TUC, March 2015
https://www.tuc.org.uk/sites/default/files/WomenRecession_1.pdf

A downward convergence in earnings between men and women

Much has been said about earnings picking up in the last year and for the first time, due to lower than expected inflation, real earnings have started to grow again. Women's weekly pay has increased faster than men (5.5 per cent versus 2.8 per cent), boosted with longer hours of work. This contributed to reducing the gender weekly wage gap from 36 per cent to 35 per cent (all employees). Even on an hourly basis, the gender wage gap was reduced from 20.7 per cent to 19.7 per cent (although hourly pay increased less than weekly pay for both men and women).

However, since the 'start' of the employment recovery in 2011[5], weekly earnings of all employees have only increased by 4.5 per cent in nominal terms, which is a 2.4 per cent decrease in real terms, using the CPI deflator. The same goes for hourly earnings, down 2.6 per cent in real terms. Therefore the general equalising process continues to be one of downward convergence between men and women. These results also show that poor deals on hourly pay have not been compensated enough by increased hours for weekly earnings to keep up with inflation.

This downward convergence is even more pronounced in personal services occupations of the group 'caring, leisure and other service activities', where median weekly earnings fell by 4.4 per cent in real terms and more so for men (-7 per cent), while real hourly pay fell by 5.2 per cent for women and 6.4 per cent for men.

[5] Also the earliest year for which the Annual survey of Hours and Earnings has comparable data.

Table 1 Median weekly earnings (all employees) by gender 2011-2014

	Median weekly wage (£) 2011	2014	Nominal change 2011-14	Real change 2011-14	Gender wage gap 2011	Gender wage gap 2014
All employees	400.0	417.9	4.5%	-2.4%		
All male employees	493.0	506.7	2.8%	-4.0%		
All female employees	313.2	330.3	5.5%	-1.5%	36%	35%
All - Caring, leisure and other service occupations	245.1	250.9	2.4%	-4.4%		
Men - Caring, leisure and other service occupations	312.2	310.7	-0.5%	-7.0%		
Women - Caring, leisure and other service occupations	233.7	240.4	2.9%	-3.9%	25%	23%

Source: ONS – Annual Survey of Hours and Earnings (2011 revised and 2014 provisional)

Table 2 Median hourly pay (all employees) by gender 2011-2014

	Median hourly wage (£) 2011	2014	Nominal change 2011-14	Real change 2011-14	Gender wage gap 2011	Gender wage gap 2014
All employees	11.14	11.61	4.2%	-2.6%		
All male employees	12.50	12.92	3.4%	-3.5%		
All female employees	9.91	10.37	4.6%	-2.3%	20.7%	19.7%
All - Caring, leisure and other service occupations	8.26	8.33	0.8%	-5.8%		
Men - Caring, leisure and other service occupations	8.75	8.77	0.2%	-6.4%		
Women - Caring, leisure and other service occupations	8.13	8.25	1.5%	-5.2%	7.1%	5.9%

Source: ONS – Annual Survey of Hours and Earnings (2011 revised and 2014 provisional)

Housing

George Osborne claims that he is 'fixing the roof while the sun is shining' and yet the 2015 Budget said little on housing, an urgent issue for people across Britain. The day before the Budget announcement, concerned citizens from a range of backgrounds marched to Westminster to call for an end to the housing crisis within a generation[6]. They were ignored.

Helping men to buy

What the Chancellor did offer was yet another scheme to help first-time buyers. The new 'Help to Buy' ISA is a financial product where people pay up to £200 per month into an ISA account and the government will make additional contributions of 25 per cent (i.e. a maximum of £50 per month). On maturity this can be cashed in on the purchase of your first property. With an initial deposit of up to £1,000 and the limits on monthly investments, it would take around four and a half years to get the maximum government contribution of £3,000.

Meanwhile, with little done to improve housing supply, housing costs will continue to rise, and the £3,000 saved will likely be eaten up by high private sector rents. Such a scheme might lead to further house price rises, which means the benefit is passed directly on to existing homeowners. It is a tokenistic measure that fails to address low interest rates and high deposits, two factors that make it difficult for people to buy their first home. The government estimates it will spend £2.1bn over 5 years on the Help to Buy ISA.

Women continue to be under-represented among homeowners - more men own their own homes than women - and policies which ignore the alternative tenures of private rented accommodation or the social housing sector favour men at the expense of women. The National Housing Federation estimates that the £2.1bn investment in the ISA scheme would build 69,000 affordable homes[7]. Instead, by continuing to try to appease homeowners and those aspiring to buy, this is another measure which will fail to benefit women and families.

[6] See http://homesforbritain.org.uk

[7] Figure calculated By the National Housing Federation. See http://www.housing.org.uk/media/press-releases/response-to-budget-2015/

More homes needed

Elsewhere, the Budget reports that 537,000 homes were built during the last five years[8]. This is half the number of new homes needed over that period in order to resolve the housing crisis. In 2014 alone, 145,174 new homes were registered[9] and, according to ONS estimates, 210,000 new households were formed[10]. Demand still exceeds supply, despite the government's claims.

The Chancellor also pledged funding to investigate brownfield land and announced plans for large developments, but such measures announced here are limited. What is needed is a co-ordinated national approach to understanding where developments could take place, as well as assurance that the housing built would be affordable and appropriate for those currently suffering most in a hostile housing market.

Private renting, homelessness and social housing

The government says it will investigate long-term investment in private rented accommodation for homeless families. This announcement comes without any meaningful promise to address the wider issues that create homelessness and the rising high cost and precariousness of private renting.

It is disingenuous to look to the private rented sector to resolve homelessness and at the same time enforce various caps on benefit support and welfare spending overall. The ONS Welfare Trend report highlights rising housing costs in the rented sector as a major threat to whether welfare spending can continue to fall within the overall pre-determined cap[11]. Relying heavily on the private rented sector would exacerbate this, which could in the long term mean governments looking to penalise other benefits or place more severe restrictions on housing benefit to comply with the welfare cap in future.

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[8] Budget 2015 Policy Costings, March 2015 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/413895/Policy_Costings_18_00.pdf

[9] National House Building Council. See http://www.nhbc.co.uk/NewsandComment/Name,58950,en.html

[10] Quoted by Carl Brown, Inside Housing, 19 March 2015. See http://www.insidehousing.co.uk/business/finance/funding/sector-dismay-as-budget-ignores-supply/7008860.article

[11] Welfare Trends Report, October 2014 http://budgetresponsibility.org.uk/wordpress/docs/Welfare_trends_report_2014_dn2B.pdf

As commented in previous responses, the Women's Budget Group argues for the removal of the welfare cap[12]. Placing a predetermined limit on the help available to the most vulnerable in society is unjust and unsustainable.

A sustainable housing plan, the WBG view

The WBG has long been concerned about the approach of the Coalition to tackling the housing crisis: the level of spending is too low and the spending priorities wrong. Issues of both supply and affordability merit more attention. The government's current approach will further entrench inequalities by targeting those with sufficient resources (or parental support) to buy while doing little to help those with the most immediate and pressing housing needs. Such an approach will perpetuate rather than redress inequities in the housing market.

Longer term, the aspiration should be to make private renting a more stable tenure for women and families. There should also be more focus on the capacity of local authorities or housing associations to build more housing, by increasing the grant funding to the Affordable Homes Programme (AHP) with provision for 'social rent' housing. Meaningful investment in social housing would help create a housing policy that supports women.

Savings

Personal Savings Allowance

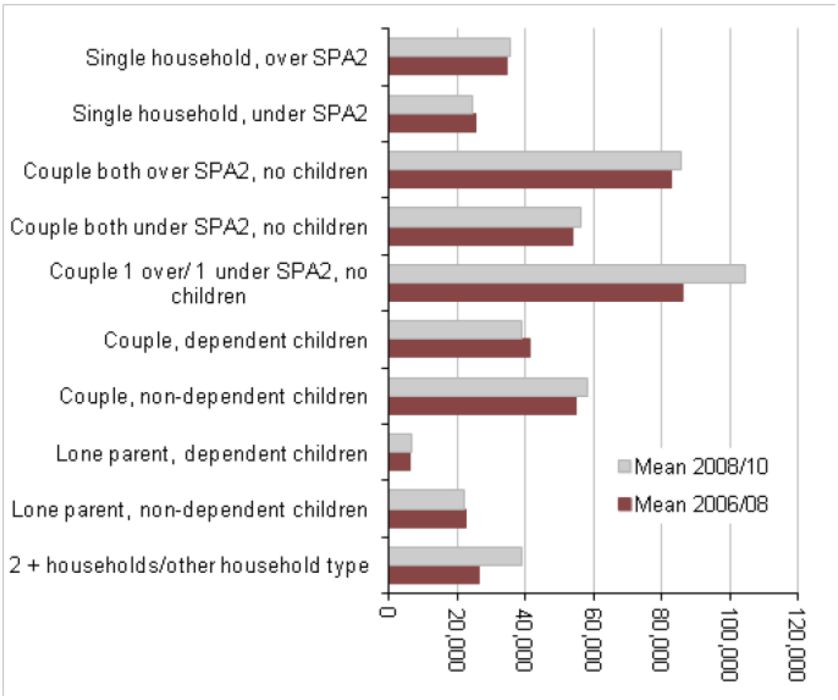
From 6 April 2016, a new Personal Savings Allowance will be introduced (which is separate and additional to the zero-per-cent £5,000 starting-rate band for savings announced in Budget 2014 and effective from 6 April 2015). Basic rate taxpayers will pay zero tax on the first £1,000 of interest received, and higher rate taxpayers pay nothing on the first £500. Tax will still be due on interest above those limits or if the saver is an additional rate taxpayer[13].

The government estimates that 95 per cent of savers will benefit from this measure[14]. This seems plausible since in the current low-interest-rate climate, even the best taxable savings

[12] See WBG analysis of the Autumn Financial Statement 2014 http://wbg.org.uk/wp-content/uploads/2015/01/WBG-AFS-final.pdf
[13] HM Treasury (2015a) Budget 2015 HC1093 [online] https://www.gov.uk/government/publications/budget-2015-documents (Accessed 18 March 2015), para 2.1
[14] Ibid., para 1.222

accounts offer less than 3 per cent per year[15]. At that rate of return, a saver would need to have savings of over £33,000 in order to receive £1,000 of gross interest a year. Moreover, low-income savers already benefit from the zero-per-cent starting-rate band which takes precedence in the application of tax allowances. This means that, the new Personal Savings Allowance is likely to benefit mainly those individuals and households with higher levels of savings. **This implies less benefit to women who make up a higher proportion of households with low levels of savings, such as lone-parent and single-pensioner households (Figure 1).**

Figure 1 Distribution of net financial wealth by household type



Source: ONS (2012), Figure 18

Deduction of tax at source

A consequence of the Personal Savings Allowance is a proposal that, from 2016, banks and building societies will no longer pay interest with tax already deducted[16]. This would give a welcome administrative saving to low-income households who, at present, must either

[15] Moneyfacts (2015) Best savings rates [online] http://moneyfacts.co.uk/savings/best-savings-rates/ (Accessed 27 March 2015)
[16] HM Treasury (2015a) Budget 2015 HC1093 [online] https://www.gov.uk/government/publications/budget-2015-documents (Accessed 18 March 2015), para 1.224

provide their bank or building society with an R85 certificate stating their eligibility to receive interest gross (without tax deducted) or claim tax back from HM Revenue & Customs.

Changes to Individual Savings Accounts

As announced in the 2014 Autumn Financial Statement, in 2015-16 the annual limit for saving through Individual Savings Accounts increases in line with inflation from £15,000 to £15,240. In addition, from autumn 2015, cash ISAs are to become more flexible with savers able to withdraw cash and replace it within the same tax year without any loss of ISA allowance.

These increased limits may benefit men slightly more than women, since they save marginally more than women through ISAs. In 2011-12, 11.7 million men and 11.4 million had individual savings accounts[17]. Of those that have accounts, the average value for men was £17,030 and the average for women was slightly less at £15,930.

A change that is expected to benefit more women than men, due to women's higher longevity and lower levels of wealth is the ability to inherit their deceased partner's ISA allowance. Where an ISA holder dies on or after 3 December 2014, their widowed husband, wife or civil partner (but not an unmarried partner) can 'inherit' the ISA wrapper. This measure is given as a one-off increase in the survivor's ISA allowance for the following tax year equal to the amount of any ISAs the deceased held. This increased allowance can be claimed even if the cash or investments left in the ISA were left to someone else. If the investments in a stocks-and-shares ISA have been left to the surviving spouse or civil partner, they can take over the existing ISA but have the right to transfer to a new provider if they prefer. Claims can be made from 6 April 2015 onwards.

The government has stated that 150,000 married ISA holders die each year and that 'the measure is expected to provide a greater benefit to older women who were married or in a civil partnership'[18].

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[17] HM Revenue & Customs (2014a) Market value of Individual Savings Accounts (ISA) funds by age and gender [online] https://www.gov.uk/government/statistics/market-value-of-individual-savings-accounts-isa-funds-by-age-and-gender (Accessed 27 March 2015)

[18] HM Revenue & Customs (2014b) Individual savings accounts. Transfer of benefits to surviving spouse or civil partner on death [online] https://www.gov.uk/government/publications/individual-savings-accounts-transfer-of-benefits-to-surviving-spouse-or-civil-partner-upon-death (Accessed 20 March 2015)

Pensions

What the changes mean for women with small pensions

The previous Budget in March 2014, announced far-reaching changes to pensions from 6 April 2015, now mostly enacted in the Taxation of Pensions Act 2014 and Pensions Schemes Act 2015, with a few remaining measures included in Finance Bill 2015.

The changes give anyone aged 55 and over the freedom to draw out their pension savings from a defined contribution scheme at any time as one or more lump sums, as income, or a combination of both. (A defined contribution scheme is one where the individual builds up their own individual pot of savings in contrast to a defined benefit scheme which promises a certain level of pension.) As the Women's Budget Group commented last year, these new freedoms are likely to have a mixed impact on women.

Those who lose their husbands or partners may find that survivor benefits are even more inadequate than at present, if the deceased has used the new freedoms and so run down the savings available for pensions and survivor benefits. On the other hand, the freedoms may benefit those women who have their own pension savings. Because of the way domestic and caring roles create reduced lifetime earnings, many women have smaller pension pots that tend to command particularly poor annuity rates[19]. Many of this group could already use the trivial commutation and small-pot rules to cash-in their savings, but the changes extend this right further.

Moreover use of the small-pot rules has increased since the Budget 2014[20] change in the maximum limits for trivial commutation (from £12,000 to £30,000 total value of pensions) and small pots (from £2,000 to £10,000 individual pot size). It may also be that the Budget 2014 changes have raised awareness of existing as well as new options. Many women may find their savings better used to raise cash now to relieve financial distress in the gap until they can claim a state pension rather than to provide dismally low pensions later on.

[19] Financial Conduct Authority (2014) Traded life policy investments [online] http://www.fca.org.uk/consumers/financial-services-products/investments/types-of-investment/traded-life-policy-investments (Accessed 27 March 2015)
[20] UK Annuities Market, Association of British Insurers, 2014 https://www.abi.org.uk/~/media/Files/Documents/Publications/Public/2014/Pensions/The%20UK%20Annuity%20market%20Facts%20and%20Figures.ashx

We commented last year that the freedoms did not help women who had already become locked into poorly-paying annuities[21]. On the face of it, Budget 2015 might address this oversight with its proposal that existing annuity holders should be allowed to sell their annuity income for a lump sum from 6 April 2016 onwards, which can be taken as cash or invested in an alternative way to provide a regular or flexible income[22]. The measure will operate by removing the current punitive tax charges (55 per cent and 70 per cent in some cases) where an annuity is assigned to a third party[23].

It is important to understand, that the seller will not be cancelling their annuity by selling it back to the provider. They will be selling the right to the income to a willing third-party buyer (most likely an insurance company or pension fund). The buyer will receive the income until the death of the annuitant when the income will stop, just as it would have done had the annuity not been sold.

Whether women really will benefit from the ability to sell their annuities depends on the way the market in second-hand annuities evolves and the safeguards put in place to protect sellers and their dependants. The consultation document published on Budget day correctly highlights that women could be unfairly affected.

Of those in retirement who have a defined contribution pension scheme, only 36 per cent are women and the proportion is likely to have been even lower in the past[24]. So women are likely to make up a smaller proportion than men of annuitants who have purchased their own annuity. Women are also more likely to be among the purchasers whose annuities cost less than £10,000, which has accounted for 52 per cent of all purchases in 2003 falling to 30 per cent of purchases by 2012. Therefore, women in retirement are more likely than men to be receiving a low income from their annuities.

Selling a low-value income makes it all the more important that a woman should get the best possible price and fair value for the sale. Putting a price on an annuity is the most difficult aspect of the proposals. From the buyer's perspective, an annuity is worth more the longer that the income can be expected to be paid out. In other words, a seller in good

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[21] WBG analysis of the Budget 2014 http://wbg.org.uk/wp-content/uploads/2014/03/FINAL-WBG-2014-budget-response.pdf

[22] HM Treasury (2015a) Budget 2015 HC1093 [online] https://www.gov.uk/government/publications/budget-2015-documents (Accessed 18 March 2015), para 1.230

[23] Finance Act 2004, s172 http://www.legislation.gov.uk/ukpga/2004/12/part/4

[24] GfK (2014) *At Retirement Consumer research – exploring changes in the retirement landscape* [online] https://www.fca.org.uk/your-fca/documents/at-retirement-consumer-research--exploring-changes-in-the-retirement-landscape (Accessed 27 March 2015).

health can expect a higher price to be paid for their annuity than someone in poor health. Similarly, a woman should on average receive a price that is 11 to 14 per cent higher than that for a comparable man's income, since women on average live longer than men[25]. Although, since 21 December 2012, the UK insurance industry has had to offer unisex annuity rates under the European Gender Directive, it should be borne in mind that the sale of an annuity to a third party is not an insurance contract and so would seem to be outside the scope of the Directive, meaning that a fair price should take account of this life expectancy differential.

Quite apart from recognition of the greater value of women's annuities due to their longer life expectancy, the calculation of a fair price will be complex. Similar principles are used in valuing so-called 'death bonds' which invest in second-hand life insurance policies.

When declaring these unsuitable for retail investors, the Financial Conduct Authority stated as one of the reasons: *"They use complex investment strategies based on calculations about how long people will live. With medical advancements and people living longer and longer all the time these calculations can easily be proven wrong, meaning that the strategy may not work as promised and returns may be lower than expected."*[26]

These same concerns apply to calculations of the fair price for a second-hand annuity with the risk that, in this case, the seller will lose out by cashing-in for a price that over time turns out to have been much too low.

The complexity of working out what might be a fair price suggests that it should be compulsory for would-be annuity sellers to receive professional financial advice before going through with any deal. Since annuitants will be making the decision about whether to sell, they will presumably have to bear the cost of this advice themselves.

The price of advice is likely to be similar to the cost for those in defined-benefit schemes considering transfers pre-retirement to access the Budget 2014 pension freedoms[27]. HM

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[25] Office for National Statistics (ONS) (2014a) 'A1.1 2012-based Expectation of Life, 1981-2062, Principal Projection' in Life tables, 1981-2062, United Kingdom, Revised.

[26] Financial Conduct Authority (2014b) http://www.fca.org.uk/consumers/financial-services-products/investments/types-of-investment/traded-life-policy-investments

[27] Budget 2014, HM Treasury (2014b) https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/293759/37630_Budget_2014_Web_Accessible.pdf

Treasury has estimated that cost at £1,170 per case[28]. **The problem for a woman with a low annuity income is that paying for such advice will be disproportionate given the small cash value of the annuity.** The government declared that the remit of the guarantee-guidance service, Pension Wise, should be extended to cover the sale of annuities. Certainly that would be desirable, but the generic advice it can offer will not help annuity sellers determine whether they are being offered a fair price and Pension Wise will most likely simply signpost the seller to authorised professional financial advice.

There is a pressing need for the government to resolve how those with low-value annuities and pension savings can access the professional advice they need at an affordable price if they are to benefit the pension freedoms and annuity-sale proposals.

The second concern about the sale of annuities is the treatment of dependants who more often than not will be women rather than men. The proportion of joint annuities purchased has been rising, accounting for 33 per cent of purchases by end 2013[29].

If a man sells his annuity income, the Women's Budget Group considers it essential that this should not automatically entail the sale of his wife's or partner's income as well. To do so risks leaving surviving female pensioners financially insecure when it is already well documented (see Table 3 below) that single female pensioners are more likely than men to be in the bottom quintile of pensioners and have lower average incomes: £301 a week for men but only £260 a week for women (mean net income before housing costs).

Table 3 Distribution of pensioner incomes by gender

	Quintile of the income distribution					
	Bottom fifth	Next fifth	Middle fifth	Next fifth	Top fifth	All
Single males	15%	21%	18%	21%	26%	100%
Single females	22%	20%	21%	20%	18%	100%

Source: Department for Work and Pensions (2014) The Pensioners' Incomes Series United Kingdom, 2012/13, Table 4.2

[28] Budget 2014 Policy Costings, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/295067/PU1638_policy_costings_bud_2014_with_correction_slip.pdf

[29] Association of British Insurers (ABI) (2014) *The UK annuity market: facts and figures* [online] https://www.abi.org.uk/~/media/Files/Documents/Publications/Public/2014/Pensions/The%20UK%20Annuity%20market%20Facts%20and%20Figures.ashx (Accessed 27 March 2015)

One option would be to require the partner to agree to the annuity sale before a survivor pension can be sold alongside the main pension from a joint-life-last-survivor annuity. However, we are concerned that women might be directly pressurised into, or indirectly compliant in agreeing to do this. Research shows that intra-household decisions about financial planning tend to be dominated by men[30]. On balance, we consider that it would be safer to ban the sale of the survivor pension altogether.

Lifetime allowance restriction

Budget 2015 also proposed that the lifetime allowance, which caps the total value of pension savings and rights that can qualify for tax relief, be reduced from £1.25m to £1m from 6 April 2016 and that, from 2018, the lifetime allowance will increase annually in line with inflation. A £1m lifetime allowance is equivalent to £50,000 a year pension from a defined benefit scheme and around £45,000 a year pension from a defined contribution scheme. Since these are well above the pensions that most women are able to build up, we expect this measure to have very limited impact on them.

State pensions for self-employed

The Chancellor has announced the abolition in the next Parliament of Class 2 national Insurance paid by the self-employed, together with a review of Class 4 national insurance to create a new contributory tax.

At present, the self-employed build up entitlement to the basic state pension by paying Class 2 national insurance. Class 4 contributions carry no benefit entitlement at all and the self-employed do not qualify for the additional state pension. The new flat-rate state pension from April 2016 is good for the self-employed because their state pension entitlement will increase to the same level as employees, despite currently paying lower national insurance contributions. It seems likely that this reform will result in a rise in Class 4 contributions (or whatever new contributions replace them).

Current Class 2 contributions are £2.80 a week, a flat rate unrelated to the level of earnings. By contrast, employees pay 12 per cent of earnings above a set limit (called the primary

[30] Phipps, S. and Woolley, F. (2008). "Control over money and the savings decisions of Canadian households," The Journal of Socio-Economics, Vol. 37, p. 592–611

threshold) but build up entitlement to state pension provided earnings meet a lower threshold (called the lower earnings limit).

The impact of the reform of national insurance on low-paid self-employed women will depend on the structure of the new contributions, including if applicable where any thresholds for paying contributions and building up entitlement are set.

Personal Taxation give-aways

Personal Tax Allowance

By far the biggest tax giveaway continues to be the above-inflation rise in the personal tax allowance due to increase to £10,600 from April 2015, £10,800 in 2016-17 and £11,000 in 2017-18, with corresponding increase in the higher rate tax threshold. As in previous Budget responses, the Women's Budget Group believes this measure is poorly targeted, a drain on public finances and delivers relatively smaller benefit to women compared to men.

In an answer to a written parliamentary question from the Women's Budget Group member Baroness Lister about the proportion of women who would not benefit from the further increases, Lord Deighton said: *"In the income tax years 2016-17 and 2017-18, it is estimated that, for individuals aged over 16, whose income would be below the Personal Allowance before the Budget announced increases, 66 per cent are female and 41 per cent of those individuals have dependent children."*[31]

The Budget impact notes state that of the 29 million individuals who will benefit for the measure in 2016-17, 57.5 per cent are men. Also, as previously noted by WBG, one of the drawbacks of being taken out of tax is that employees who are automatically enrolled in a workplace pension (or NEST) can no longer take advantage of the extra contribution by the state which is equivalent to the basic rate of tax.

This measure was evaluated by the IFS to cost about £12bn a year in foregone revenue when compared to plans prior to the June 2010 emergency Budget. This is a significant

[31] Question QWA HL5926 received on 23 March 2015 and answered on 26 March (http://www.parliament.uk/writtenanswers). These estimates are derived from the results of the 2012-13 Family Resources Survey (FRS) projected forward to 2016-17 and 2017-18 using economic assumptions consistent with the Office for Budget Responsibility's March 2015 economic and fiscal outlook'.

amount that could have been used for retaining vital public services and reducing welfare spending cuts.

Transferable tax allowance for married couples

The Chancellor has announced a further increase in the transferable tax allowance (TTA) for married couples and civil partners in line with the personal allowance, i.e. by more than inflation. The cost of the TTA rises from £495m in 2015-16 to £770m in 2018-19, falling back to £730m in 2019-20. However, no indication is given of the cost of increasing it by more than inflation.

The introduction of the TTA in April 2015 was confirmed in the Autumn Statement 2013. The aim is to 'recognise marriage in the tax system'[32]. In particular, the Chancellor's statement in 2013 that the TTA would help more than 4 million couples implicitly assumes that the direct gain to men in most couples will be passed on to women. Evidence regarding the distribution of income within families suggests this assumption is problematic. In addition, this is not money directed to women in their own right, it is directed at couples where the man is the main wage-earner.

The House of Commons Library analysis, *Gender impact analysis of selected welfare and direct tax measures* undertaken for the Labour Party after the 2014 Autumn Statement finds that only 17 per cent of the gains from the TTA and its indexation to the personal allowance accrue to women.[33]

The Women's Budget Group thinks that the foregone revenue spent on TTA should be used to restore some of the lost value of child benefit or at the very least to rescind the decision to freeze child benefit for the first two years of the next government.

Moreover, as child benefit is typically still paid to mothers as the caring parent, cuts in the real value of child benefit increase the strain on mothers. A new report from Women's Aid and the TUC, which reports on exploratory research with women experiencing financial abuse, found that abusive partners often expected mothers to provide for all their children's

[32] House of Commons Hansard, oral answers, 10 March 2015, col 149. For full details of context see WBG briefing *Recognising marriage in the tax system will not benefit women* http://wbg.org.uk/wp-content/uploads/2013/10/WBG-briefing-on-TTAs-final.pdf (WBG 2013)
[33] See WBG response to Autumn financial Statement 2014: http://wbg.org.uk/wp-content/uploads/2015/01/WBG-AFS-final.pdf

needs out of child benefit[34]. This research also raised serious implications for the likely impact of universal credit in couples where the woman is subject to financial abuse.

Indirect taxation

Budget 2015 announced further cuts in duties on beer, cider and spirits and a freeze in wine duties. The Chancellor has also cancelled the RPI inflation Fuel Duty increase of 0.54 pence per litre scheduled for 1st September 2015. Once again as previously noted, these measures are giveaways mainly to men as they are more likely to drive and to drink beer (see equalities impact assessment below).

The total costing of these measures estimated for 2016-17 is £415m in foregone revenue. Since the June 2010 emergency budget up to and including Budget 2015, the total annual amount in foregone revenue from freezing and cutting fuel and alcohol duties is estimated at £6.9bn[35]. This is equivalent to three times the amount currently spent on 15 hours of free early education and care for all 3 to 4-year-olds and disadvantaged 2-year-olds (£2.2bn in 2014).

Social security

No new changes to social security were announced in the Budget (see WBG's response to Autumn Statement 2014 for changes already announced). However, the Chancellor did say: *"In order to deliver that falling debt share we need to achieve £30 billion further savings that are necessary by 2017-18. I am exactly clear how that £30 billion can be achieved: £13 billion from Government Departments; £12 billion from welfare savings; and £5 billion from tax avoidance, evasion and aggressive tax planning."*

The government has refused to clarify how these savings will be made until after the General Election. The only assurances given so far are that pensioner benefits will be protected. We know that most working-age benefits will be frozen for two years, which, according to the IFS, will save only about £2bn. Conservative ministers have floated ideas

[34] *Unequal, Trapped & Controlled. Women's experiences of financial abuse and potential implications for universal credit*, M Howard and A Skipp, Women's Aid/TUC, 2015 https://www.tuc.org.uk/sites/default/files/UnequalTrappedControlled.pdf

[35] OBR policy measures database

around excluding young people from housing allowances and capping child benefit for larger families. Even adding these measures together does not give a total even approaching the £12bn referred to in the Chancellor's Budget speech.

The Women's Budget Group has shown in its previous responses to Budget and Autumn Financial Statements how changes to social security benefits have had a greater impact on women and low-income people than on higher-income men. There is no reason to think that the further £12bn cuts would impact less on women, given their greater reliance on such working-age benefits.

Public services

Spending cuts

The Women's Budget Group deplores the absence of a specific coherent statement about the future of the public sector or its component parts in the Budget statement. Instead there is an emphasis on making further efficiency savings. This indicates that the Government intends to continue on its path of replacing democratically accountable services with privatised and out-sourced provision. Apart from a very few small items on free school meals which constitute social infrastructure (see below), the Budget's overall tone continues to depict public services as a cost that must be saved rather than an investment that will enable the whole economy to prosper. The emphasis on the adoption of a "commercially-driven approach" to public resources continues to miss the point. The WBG has previously demonstrated how this path, through closing down options for good employment, training and career development in local communities and removing easily accessible local services which support family health and care, decreases opportunities for women to prosper.

The further proposed reduction in public expenditure will take the UK along this route to the point of no return. Local government leaders from all parties have outlined the dangers of cutting local services beyond the bone[36]. Lower funding for benefits will add to the stresses on women seeking to balance work and family responsibilities. The connection between investment in public services and women's prosperity has been demonstrated over many

[36] Council Leaders Plead No More Cuts, The Guardian (October 2014) http://www.theguardian.com/theobserver/2014/nov/30/letters-council-leaders-across-spectrum-plead-no-more-cuts

years by the Women's Budget Group and by wider research[37]. The Government continues to show a lack of regard to its duty to examine the equality impacts of its decisions.

The Women's Budget Group welcomes the Chancellor's announcement to provide *"£10 million to support the provision of universal infant free school meals, free school meals in small schools, and a further £10 million capital funding to help schools improve kitchen facilities."*

Investment in nutrition for children supports family welfare and educational attainment. The government should build on these schemes for small schools and recognise the benefits that free school meals could bring if introduced on a wider basis.

Asset sales

The Budget report 2015 outlined plans to complete the state's exit from ownership of banks. The Women's Budget Group believes such a measure is a quick fix without much consideration of the long term implications. Given that the banks are turning profits and Lloyds' announced on 27 February 2015 a dividend payment of at least £100m to the Exchequer, there is no good economic reason to sell, as this is a money earning asset.
If the sale does goes ahead, the income should be put to much better use than paying back the national debts now: growth is expected to be stronger (so debt to GDP ratio likely to decrease). An efficient use of the money would be to replace one public asset with another by investing in social infrastructure.

The further privatisation of national assets could have negative gender implications. First, the measure impacts on employment conditions of employees: public sector employment tends to be more 'woman-friendly'. There high numbers of women employed in public sector jobs and on average the working conditions in terms of hours and pay are comparably better than in the private sector. Privatisation of national assets could further exacerbate labour market gender gaps. The gender pay gap is significantly higher in the private sector, compared to the public sector.

[37] In particular 'Counting the Cost', Unison (2014) https://www.unison.org.uk/upload/sharepoint/On%20line%20Catalogue/22422.pdf, 'The Impact of Austerity and Recession on Women', TUC (March 2015) https://www.tuc.org.uk/sites/default/files/WomenRecession_1.pdf and 'The Impact of Austerity on Women', Fawcett Society (2012) http://www.fawcettsociety.org.uk/wp-content/uploads/2013/02/The-Impact-of-Austerity-on-Women-19th-March-2012.pdf

A recent New Economics Foundation report for the TUC highlights the negative impact on pay and conditions when public sector jobs were outsourced into the private sector[38]. The public sector accounts for about 20 per cent of employment and the private for 80 per cent.

As Women's Budget Group analysis shows, in the years 2007-09 public sector employment increased and private sector employment declined, while in 2010-12 this trend was reversed, and the private sector job growth created more jobs for men[39]. Furthermore in the public sector the gender pay gap narrowed, while in the private sector there was no parallel reduction, at least until last year. It is thus reasonable to expect that a change of ownership from public to private will not be gender neutral, but will likely exacerbate labour market inequalities to the detriment of women.

Another issue is access to sustainable financing options for low-income people, among which women are over-represented. Given the intensification of financialisation and insufficient measures to secure economic autonomy of people on low or no income, a publically owned bank could play a role as a socially useful institution (in distinction from private banks which are purely profit driven). In the UK context, where by the end of 2013 of almost 9 million people who were over-indebted, 64 per cent of them women[40], an ethically responsible lending institution would prevent having to resort to 'pay day' lending at extortionate interest rates.

A third, and more indirect, problem is the focus on debt repayment rather than investment, the latter which may have positive multiplier effects, especially given the return to profitability of banks (national income). It is more likely that publicly-owned banks can share their profits more equally across society, in contrast to private ownership (with men on average having more wealth than women).

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[38] Outsourcing the Public Sector,The New Economics Foundation and the TUC, (2015) https://www.tuc.org.uk/sites/default/files/TUC%20and%20NEF%20Outsourcing%20Public%20Services.pdf

[39] WBG 2013 'To ensure economic recovery for women we need Plan F', http://wbg.org.uk/pdfs/WBG-briefing_Sept-2013_final.pdf

[40] The Money Advice Service (2013) 'Indebted lives: the complexities of life in debt', available at: https://www.moneyadviceservice.org.uk/en/static/indebted-lives-the-complexities-of-life-in-debt

Businesses and supply-side

Physical and knowledge infrastructure

In the 2015 Budget the Chancellor made a series of announcements relating to physical infrastructure investment, in particular road and railway projects in different parts of the country, for example the extension of High Speed 2 as well as investment in road and rail for the South West following the chaos of recent floods.

Investment by the state is a classic Keynesian response to boost the economy when growth and demand are low. However, the sums of money involved in the Chancellor's investment plans are low relative to the local government spending cuts. The North of England is an example. Some of the investment projects announced are designed to boost the region, yet this isn't enough to redress the damage caused by swingeing local authority cuts. In the North particularly, the public sector forms an important part of the local economy providing a higher share of jobs, and women's jobs in particular.

In addition, the Chancellor's focus is too much on physical infrastructure and on private sector science, technology and digital industries, which will create jobs largely for men. Women are underrepresented in STEM sectors and are less likely to benefit from job creation in new STEM projects. New growth sectors such as green jobs in renewable energy present an opportunity for training and employment of women in STEM sector jobs, yet women make up just 20 per cent of the renewable energy workforce[41]. Excluding health-related occupations, the percentage of women in STEM occupations is less than 10 per cent[42].

The Women's Budget Group would like to see greater government investment in initiatives to increase the number of women in STEM sector careers, such as initiatives aimed at school children to challenge gender stereotypes and the use of public procurement to ensure that contractors employ and train women apprentices.

Addressing the north/south divide will take a lot more than the announcements made in Budget 2015. At root, it requires the long-promised rebalancing of the UK economy away from (male dominated) finance in the South East Powerhouse and towards a more broadly balanced economy concerned with provisioning people's needs locally. Investment in social

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[41] Renewable UK Working for a Green Britain & Northern Ireland 2013-23

[42] WISE UK Statistics 2014

infrastructure and in the care economy has to be the key to developing an inclusive regional policy that works for women and low income people.

Self-employment

The Budget did announce some help for self-employed women, reflected in the £1.1m extension of the Government Equalities Office IT challenge fund that supports women to take their business online and take advantage of superfast broadband. In addition the broader investment of £600m in ultra-fast broadband to improve mobile data coverage and capacity will help the growing number of women running home based businesses, particularly in rural areas.

Whilst the Women's Budget Group recognises the potential of investment in the "northern powerhouse", we were disappointed that the Chancellor did not put forward any specific measures which would support women's local enterprises. Nor do we expect the measure allowing farmers to average income tax assessment over five years will be taken up by many women. It would seem that farmers' wives enterprises, which have been part of agricultural livelihoods diversification in recent years, are excluded from this measure.

Taxation of businesses

Since 2010 the government has reduced corporation tax from 28 per cent to 21 per cent, with a further decrease announced in the Budget to 20 per cent in April 2015. The Budget increased the Bank Levy from 0.156 per cent to 0.210 per cent from 1 April 2015.

The priority of the Budget is to tackle UK's economic problem of low growth through a competitive business tax system. The Budget Report 2015 shows the UK in the company of Russia, Saudi Arabia, and Turkey with lowest corporation tax rates (20 per cent), while other economies have higher tax rates – e.g. China (25 per cent), Germany (30 per cent), or the US (40 per cent). The government argues that reducing the corporate tax rate is necessary to increase Britain's global competitiveness and thus foster economic growth. Yet, the US with much higher tax rates is forecasted to continue to grow more strongly at 3.6 per cent in 2015 (p15).

The bank levy, first introduced in 2011, is welcome, though insufficient, as the banks are still paying out substantial bonuses and so are in the position to share their profits more widely, and thus should meet their obligation to society whose taxes bailed them out.

These reforms could facilitate the creation of new jobs, and as such widen the tax base. However, as they are applied to existing unequal conditions and accompanied by the squeeze on wages, they are likely to have negative implications in at least two ways:

- The challenge is to create good and secure jobs, not just any jobs, for all. We have a labour market where flexible working is not underpinned by strong safety nets, the poor working conditions of those in insecure, part-time, temporary and low-paid employment – often women, youth, or migrant and ethnic minorities – are likely to be made worse and spread to wider segments of the population.

- The second related problem lies in the extent to which such jobs can contribute to the social security system at the individual and aggregate levels, especially following the National Insurance and Personal Income Tax changes. These measures might further exacerbate the trend of individualising socio-economic risks (making work pay in a punitive, compulsory manner feeding into the problem of working poor), without providing sufficient opportunities for all to benefit from the projected growth (making work pay in a supportive manner, where working raises economic security and autonomy).

In sum, low tax rates for businesses may thus undermine the goal of attaining 'fairness' at individual and society-wide levels – individuals will find it difficult to attain socio-economic security on their own and the safety net of the 'modern reformed state' is increasingly insufficient. The result will be that socio-economic inequality worsens. These processes are gendered as they occur without the concomitant individualisation of people's life-courses (e.g. given the gender division of paid and unpaid labour), and they are raced and classed, and in other ways unequal. The proposed tax cuts may thus be 'paid for' by labour market outsiders, people in precarious positions, and people whose currently secure working conditions are threatened due to the Chancellor's economic strategy.

More importantly, the successive cuts in the main rate of corporation tax could be seen as a tax give-away to shareholders, a majority of whom are men, a measure which is estimated to cost about £7bn in 2015-16.

The increase in the bank levy goes some way to mitigate against these cuts (estimated to contribute to a cumulative £5.3bn in 2015-16)[43], but given other giveaways - e.g. the

[43] OBR policy measures database – WBG calculations taking the cumulative annual effect for 2015-16 of successive rises in the Bank levy since introduction in 2011 (first announced in the June Budget 2010).

personal tax allowance and fuel duties – it hardly addresses the problem. Nevertheless, the argument for increasing the bank levy is strong, and emerging evidence from Germany shows that a) bank levies are not unique, and b) depending on their design their distortive impact may be minimal (because of low tax rates and high thresholds for tax exemptions) and may be borne mainly by large commercial banks and the head institutes of savings banks and credit unions. The anti-competitive arguments may thus be premature.

Skills and training

The budget saw the announcement of a new Apprenticeship Voucher, which will mean that government funding for apprenticeships will be routed directly to the employer rather than via the colleges which provide the training. The Association of Colleges has raised concerns about the impact that this measure may have on the quality and delivery of apprenticeships and on the ability of the Skills Funding Agency to monitor quality[44].

This measure may also make it harder to monitor gender imbalances across different sectors, apprenticeship frameworks and apprenticeship levels. Occupational segregation in the apprenticeship system has long been a cause of concern for the Women's Budget Group, with young women over-represented in the lowest paid apprenticeships with the fewest opportunities for career progression such as hairdressing and childcare. Whereas young men are still overrepresented in well paid apprenticeships such as engineering. The Women's Budget Group would like consideration given to linking the new vouchers to equality targets to redress the balance in those sectors where young women are particularly underrepresented.

The Women's Budget Group welcomes the announcement that the apprentice rate will increase by 57p an hour to £3.30 in October 2015, and notes that this will mean that an apprentice working a 34 hour week will no longer be disadvantaged by earning such low rates of pay that they fall short of the Lower Earnings Limit for National Insurance Contributions and, as such, being ineligible for Statutory Maternity Pay. However, the Women's Budget Group believes that the rate is still too low and fails to recognise the reality of living costs, particularly for the many apprentices who do not live with their parents.

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[44] http://www.aoc.co.uk/news/will-apprenticeship-vouchers-work

Equalities impact assessment

Again the government has failed to provide a detailed gender impact analysis of the Budget measures and of the overall budget report, despite the requirement of the public sector equality duty. Of the main Tax Information and Impact Notes (TIINs) provided on the HMRC website, two measures were analysed in this response. No note was made available for the Fuel Duty rise cancellation.

Alcohol duties

The impact note states that "Due to differences in alcohol consumption, any change to alcohol duties will have an equalities impact that reflects consumption trends across the adult population."

This does not give any assessment of differential consumption patterns between men and women, which could be derived from analysis of the living cost survey by differentiating households by their gender composition (especially for single households). For more details on such a method, see previous Women's Budget Group analysis (eg Budget 2014 response) and in particular our report on the gender impact of indirect taxation[45]. Incidentally, Budget 2014 impact notes at least recognised that men were more likely to drink beer and women to drink wine. As beer duty was cut while wine duty was only frozen in Budget 2015, the Treasury could have at least used last year's note to point to the fact that women would benefit less this time round. But even so a more thorough gender analysis of consumption patterns should be expected.

Personal tax allowance

Again the Budget impact note gives a breakdown by sex of who benefits and who is taken out of tax altogether but it fails to make the point that those who are 'taken out' of tax do not benefit from further increases in the PTA as the Women's Budget Group has repeatedly commented on in previous responses.

Fuel duties

The absence of equalities impact assessment for the Fuel Duty cancellation is even more striking. Simple statistics available from the National Travel Survey would show that men travel longer distances as car/van drivers than women. And although women travel longer distances than men as passengers, they are likely to be driven by men. Data for England in 2013 show that the average mileage for men driving was 4209, compared to 2294 for

[45] http://wbg.org.uk/pdfs/Indirect_tax_Budget_2011_final_report_June_20.pdf

women[46]. Cutting or cancelling rises in fuel duty is thus more likely to advantage men, assuming that the cost of the drive is mostly borne by the driver.

WBG calls once again for a thorough equalities impact assessment that takes account of the differences in consumption, behaviour, roles and constraints of protected groups to encompass indirect impacts as well as direct impacts. It also calls for the government to reconsider its priorities in terms of giveaways paid for by cuts in vital services and social infrastructure. The main tax giveaways to men analysed in this response – above-inflation rises in the PTA, the introduction of the TTA and cuts in alcohol and fuel duties – together amount to about £20bn in foregone revenue in 2015-16 since the first changes announced in the June 2010 Budget[47].

Conclusion: Plan F for a sustainable and equitable economy

The Chancellor's last budget for this Parliament hasn't offered much hope for women who have paid a hefty price in welfare and service spending cuts since 2010. As the economic and employment recovery is praised by many observers, the Women's Budget Group warns of the little progress made in issues that are crucial to achieving a more caring and gender equitable economy. Five years of austerity, and more to come, which disproportionately hit women and all those on low incomes, have also seen vast amount of tax revenue being given away in poorly targeted measures, mostly benefiting higher income men. Moreover, the significant changes to savings have limited scope to help women, many of whom are already struggling to save anything, while those on limited pensions are faced with increasing risks associated with the new pension 'freedoms'.

The cuts have shaken the social foundations on which the economy relies, the social infrastructure of child and adult care, health care, education, community services and social housing. Although the government recognised the importance of investing in infrastructure, albeit modestly, it failed to include significant direct spending on social infrastructure. Even inflation-adjusted spending on the NHS fails to address the growing needs of an ageing population, including long-term care needs. Perhaps the most important lesson from this

[46] Department for Transport, National Travel Survey, Table nts0605, available at https://www.gov.uk/government/statistical-data-sets/nts06-age-gender-and-modal-breakdown (accessed 1/04/2015)

[47] Own calculations using data from the OBR policy measures database (http://budgetresponsibility.org.uk/policy-measures-database/).

Budget was the absence of any mention of the care crisis and the need to address it, both in childcare and social care, despite previous measures to help with the cost of childcare and the new Care Act that came into force on 1 April. We addressed the problems associated with these changes in the Women's Budget Group's previous responses to the AFS 2014 and to Budget 2014.

As a result, the UK Women's Budget Group, together with the Scottish Women's Budget Group, call once again for an alternative to the Coalition austerity Plan A. A strategy for a caring economy, a Feminist Plan F, is needed. Promoting a caring economy is not just about investing in social infrastructure; it is also about transforming gender relations in paid and unpaid work and the priorities of economic and social policies to foster equality and sustainability.

As the Women's Budget Group's recent Plan F[48] briefing argues, a caring and sustainable economy is based on mutual support and respect for rights. It is oriented to the broad and inclusive aim of improving our well-being in ways that reduce inequalities, not only today, but also for future generations. It prioritises care for people and for the planet.

The briefing outlines the main policies required for achieving this:

- *Reverse cuts to public services and social security that have had particularly adverse impacts on women, such as cuts to Sure Start Children's Centres, and reduction of care for the frail elderly, and the introduction of the bedroom tax and the benefits cap.*
- *Reform plans for Universal Credit to ensure that women with employed partners gain from earning – as it stands the payments made will be reduced at a higher rate than under tax credits if they start earning. The arrangements for payment should be changed so that not all the money goes to one person in a household – something that may hinder women from leaving an abusive relationship.*
- *Invest in social infrastructure – care, health, education and training services, social security and housing, complemented by investment in renewable energy and environmentally friendly public transport. This would improve both well-being and productivity benefiting people not only today but in years to come.*
- *Improve the terms and conditions of work for the paid workforce who staff social infrastructure (among whom women are the majority), both those directly employed*

[48] http://wbg.org.uk/economic-social-policy/plan-f/

in the public sector and the increasing numbers employed by subcontractors in the private sector. This would lead to better quality care.

- *Strengthen worker's rights throughout the economy. A large proportion of new jobs are part-time or zero-hour which means people are earning so little that they cannot meet their living costs. This contributes to a rise of in-work poverty, a rise in the cost of in-work benefits, and a loss of dignity and security. All workers, regardless of type of contract should enjoy basic rights, including collective bargaining rights. The minimum wage must be raised to a level that ensures a decent living.*
- *Ensure access to affordable care, best achieved through care that is both publically funded and provided – for children, for people with illnesses and disabilities, as well as for frail elderly people.*
- *Improve support for people – mainly women – who provide unpaid care in families and communities. Men should also be supported to contribute more to unpaid care, for instance through well-funded care leave schemes and a reduction in full-time working hours.*
- *Create a social security system that aims at fairer sharing of caring and the costs of caring – both between women and men and between families and the wider community; and provides adequate independent income for all over the life course.*
- *Increase investment in social housing and in insulating homes. An affordable and good quality home for all is central to a caring economy. However, support for access to housing has been concentrated on subsidies to enable people to buy a house and payment of housing benefit which simply ends up in the hands of private landlords.*

Funding these policies should come from measures such as cancelling plans for a new Trident submarine (costing £100bn over the next 30 years), ending tax giveaways that benefit better-off men much more than low income women, and cracking down on aggressive tax avoidance and evasion. The latter is estimated to cost the Exchequer up to £120bn a year, the equivalent of the annual welfare spending cap and more than the NHS budget.

Without a plan F to rebuild the social foundation of the House of Britain, there is not much point in fixing its roof.

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