

## **Budget 2015 – Don't fix the roof while the foundations crumble**

*A briefing from the **UK Women's Budget Group** on the gender impact of measures announced in the 2015 Budget. For a full analysis please see our full budget 2015 report at [wbg.org.uk](http://wbg.org.uk)*

### **Key findings**

- ***Tax giveaways since 2010 such as successive rises in the personal tax allowance and cuts in duties together will cost nearly £20bn a year – the majority of which will go to men. Yet spending on welfare and public services, which benefit more women, would be further cut by about £21bn during the next parliament.***
- ***Sweeping reforms in pensions and savings do little to help women with low incomes and increase risks of poverty for many pensioners in the future, especially women on low annuities.***
- ***Further financial help to potential home buyers does little to address the low stock of affordable homes and may be absorbed by rising prices while no plan for substantial building of social housing was announced***
- ***The £7bn annual cuts in corporation tax were accompanied by rise in private sector employment but with stagnating wages, especially in the care occupations, and rising household debt, the economic recovery seems ever more fragile and imbalanced***
- ***Investment in infrastructure and regional development is skewed towards physical rather than social infrastructure, and will create fewer jobs for women.***

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.

### **Contacts**

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### **Women's Budget Group, April 2015.**

The UK Women's Budget Group is an independent, voluntary organization made up of over 250 individuals from academia, NGOs and trade unions. See [www.wbg.org.uk](http://www.wbg.org.uk)