A chancellor tinkering at the margins

Women’s Budget Group response to Autumn Budget 2017

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Executive Summary

The Chancellor, Phillip Hammond, started his speech introducing the Autumn Budget 2017 with a vision of “a future that will be full of change; full of new challenges and above all full of new opportunities” and a promise to meet the challenges ahead.¹ But this was a Budget which did nothing ambitious or significant to address many of the urgent challenges facing the UK, including the crisis in social care, falling real wages, a social security system that is leaving 4 million children in poverty and widespread violence against women and girls.

The Chancellor’s positive message that the economy “continues to grow, continues to create more jobs than ever before and continues to confound those who seek to talk it down” was swiftly overshadowed by the projections on growth and productivity from the Office for Budget Responsibility (OBR), which predicted that GDP would grow by only 1.4% annually over the next five years and would be 2% lower by 2022 than previously estimated. Actual growth may be lower still; the OBR was clear that it was unable to model the potential impacts of the different forms that Brexit might take. A poor deal with the EU, or a failure to reach a deal at all is likely to have a significant negative impact on economic performance for many years to come.²

In response to this low growth, rising inflation and stalling household incomes the Government should increase public investment. So, we welcome the additional infrastructure spending announced in this Budget, including the spending on housing. However, the economy (and society) relies on social infrastructure (health, education, social care and so on) as much as physical infrastructure. While there was some welcome additional investment in the NHS, and some new money for maths and computer science in schools, this was not enough to reverse long-term under-funding. Years of cuts to public services have undermined our social infrastructure and the Budget missed an opportunity to address this.

The Key findings of our analysis are:

Equality impact assessment (EIA)

As in previous years the Treasury has failed to carry out a meaningful equality impact assessment of its policies. A limited impact assessment of some changes to tax policy was provided in the Tax Information and Impact Notes but these did not include the freeze in fuel duties and alcohol tax rates, both of which have a gender impact. In the absence of any published EIA the Treasury is unable to demonstrate whether it has complied with its obligations under the Public Sector Equality Duty to have due regard to equality.

Employment and pay

The Budget failed to address the on-going problem of stagnation in wages with no additional money for public sector wages and a National Living Wage that would still remain well below an actual living wage.

Tax

Freezes in alcohol and fuel duties will cost more than £1bn a year between them and mainly benefit men who drink more and who drive more than women.

However, the WBG welcomes the decision not to increase personal tax allowances by more than inflation. Previous above inflation increases have not benefited those with the lowest or no earnings, the majority of whom are women³ and cost money that could be better spent on public services.

Social security

The additional £1.5 billion funding over five years announced in response to widespread concerns about the impact on new Universal Credit (UC) claimants of the long wait for payment (6 weeks for many, often longer) was welcome. However, there was no action to address the underlying flaws in the system or the impact of the freeze on benefit levels, the two-child cap and other changes to social security that have disproportionately affected women and BME women in particular.⁴

Pensions

There was no mention of pensioners in the Budget speech. The Basic State Pension, Pension Credit and new State Pension will increase in April 2018 by 3% in line with inflation, the largest element in the triple lock. Nothing was done to protect pensioners from the fuel poverty risks of inflation or to help those older women pushed into poverty through the raising of the State Pension Age.

Social care

The Budget contained no announcements on social care, despite general recognition that the system is in crisis. Continued reduction to local government budgets despite rising demand has left 1.8 million people over 50 with unmet care needs. Women are disproportionately affected because they are the majority of those needing care and the majority of those providing it, both paid and unpaid. Significant public investment is urgently needed. The Government announced a consultation on social care in the Spring Budget, which was then postponed until 2018. This further postpones the implementation of solutions proposed in two major reports over the past 11 years.

Health

The additional £6.3bn announced for NHS funding over the parliament is welcome. However, the £1.96bn in additional revenue funding for 2018/19 is less than half the £4bn that the King’s Fund, Nuffield Trust and Health Foundation have estimated is needed to meet demands on the NHS next year.⁵ The pressures on the NHS are exacerbated by the crisis in social care.

Childcare

There was no mention of childcare in the Budget despite significant and severe underfunding in the sector. Lack of access to good quality affordable childcare still acts as a barrier to many women in the workplace.

Education

The Budget included additional funding to support the teaching of maths and computer science, to pay for teacher training and to encourage more girls to study STEM subjects. This is welcome but such additional funding does not address the sustained under-funding of the education sector over many years. Schools are facing the largest cut in per pupil funding over a four-year period since at least the early 1980s. Considering the low productivity forecast from the OBR, the failure to invest more in education is a serious omission.

Housing

The Government’s pledge to invest £44bn is a significant amount for increasing house building. However this will not automatically translate into more affordable homes, which are best provided through more social housing and benefit women more. The largest single housing measure in the Budget was a £3.2bn cut to stamp duty for first-time buyers. The OBR forecasts that this policy will lead to an increase in house prices for first-time buyers and will only lead to an additional 3,500 first-time buyers over the period.

Transport

The Budget included a welcome £1.7bn for the Transforming Cities Fund, ring-fenced funding for local authorities to invest in local transport links. However, much will depend on how and in which modes of transportation this money will be invested. Women are more likely to depend on bus services than other forms of public transport. Spending on buses fell by £98.5 million from 2010 to 2016/17. It is therefore important that this investment in public transport is used to address recent cuts in local bus provision and meet the transport needs of women.

Regional investment

There were welcome announcements on infrastructure investment, but the focus is still on physical infrastructure with no mention of the social infrastructure that is equally vital to the economy. WBG analysis for the ITUC shows clearly that investment of 2% of GDP in care services would create a greater number of jobs overall and many more jobs for women than a similar size investment in construction. While investment in physical infrastructure tends to widen the gender employment gaps, investment in social infrastructure would reduce it.

Violence Against Women and Girls

There was no additional funding for VAWG services in the Budget. Increased funding from central government announced in previous budgets has not compensated for the cuts to funding from local authority budgets. Changes to the rules on Housing Benefit announced in October, which would mean women in refuges would no longer be able to claim Housing Benefit, have worrying implications for the sector. There is no guarantee that new funding for local authorities to make up for the loss of Housing Benefit will be used to fund specialist women’s services.

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6 WBG (2017) Housing and Gender (http://bit.ly/2zOq5OF)
This report provides a comprehensive gender analysis of the measures announced in the Autumn Budget 2017 in the context of ongoing changes to public spending and taxation, and the worsening economic forecast.
Introduction

This analysis focusses on the measures announced in or around the Autumn Budget 2017.

The first section gives an overview of the fiscal and economic situation and the context in which policy changes are being developed. This is followed by a critical review of the Treasury’s impact assessment.

The remainder of the report provides a gender assessment of the changes announced in the Budget, and highlights important areas where no action was taken.

Prior to the Budget, the WBG published a series of briefings to provide background information on a range of topics. Briefings on Brexit, childcare, education, employment and pay, health, housing, pensions, savings, social security, social care, tax and violence against women and girls are available on the Women’s Budget Group website.9

Economic and fiscal outlook

Faced with gloomier forecasts, the Chancellor is missing a crucial opportunity to create more fiscal space by investing in public services and boosting the economy.

The most important announcement in this Budget was not any particular policy measure but the OBR revised forecast of productivity growth. After 16 fiscal events since June 2010 where the OBR predicted that productivity growth would return to its pre-crisis trend of 2%, the OBR has now forecast much slower growth for the foreseeable future.10 Yet as the IFS has pointed out,11 the forecast of 1% annual growth in five-years-time still looks quite optimistic compared to the actual trend in annual productivity growth observed over the last ten years of 0.2%. Predicted cumulative GDP growth for the period 2017/18-2021/22 was downgraded from 7.5% (their estimate in March) to 5.7%. These forecasts do not take into account the impact of any specific Brexit deal as the Government could not provide the OBR with enough information as to what it would look like. As a series of expert impact analyses unanimously showed, forecasts for the economy of post-Brexit Britain are all negative.12 So, if anything these productivity and growth downgrades are still quite optimistic.

As far as the fiscal outlook is concerned, even the extra headroom the Chancellor allowed himself in the Autumn Statement – not to be constrained by the previous Chancellor’s self-imposed target of reaching a budget surplus by 2020 – seems to have been wasted as the tax revenue forecasts were revised down. The IFS estimates any return to surplus will have to be pushed back till the 2030s, instead of the mid-2020s as this Chancellor originally planned. The WBG has long argued, along with other experts, that a target of reaching a fiscal surplus had no economic sense per se and should depend on the state of the economy, in particular that the Government should take into account both the level of aggregate demand and its duty to address social needs. With rising inflation and the uncertainties brought about by Brexit that has stalled real household incomes and private

investment while unmet needs are rising, the Government should step in to boost the economy, employment and wages and address those social needs through public services.

The Chancellor’s plan to target high-tech sectors, physical infrastructure and math skills is welcome as investment spending. However, when public services are suffering from chronic under investment, establishing a virtuous circle to help the economy in the long term requires more than this. Public services such as health, education and care are crucial in maintaining the social infrastructure without which no economy (and indeed no society) can function. Public investment should include investment in these social infrastructure services alongside investment in physical infrastructure. Despite relaxing the previous government’s self-imposed fiscal rules – its grounds for the imposition of austerity – this Budget does not show any sign of an end to austerity with more cuts to public services and social security spending still to bite.

These cuts will hit women particularly. However, total gender blindness in designing macroeconomic and fiscal policies continues to be demonstrated by the lack of adequate equality impact assessment and audit of the measures announced in this Budget.

**Gender Equality impact assessments**

*Yet again HM Treasury has failed to publish a robust assessment of the potential equality impacts of its Budget decisions.*

Under the Public Sector Equality Duty all public bodies, including the Treasury, are obliged to have ‘due regard’ to the impact of their policies on equality. The main way public bodies do this is through carrying out Equality Impact Assessments.

As in previous years the Treasury has failed to carry out a full equality impact assessment of Budget policies. The only impact assessment in the Budget documents are the Tax Information and Impact Notes (TIINS) for some measures that in each case include a sentence or two on ‘Equalities impacts’ – usually to deny that there is any impact on those with protected characteristics. However, there are no TIINS for two major give-aways, the freezes in fuel and alcohol excise duty rates, both of which primarily benefit men, who drive more and drink more than women. This is despite their costs to the Treasury being recorded as substantive. We can only assume that this is because freezes are not considered to be changes that have an impact. However, compared to previous plans, such freezes cost the Treasury revenue that will save drivers and drinkers money, so their equality impact should be assessed. Indeed, the Treasury claims that, as part of its measures “to reduce costs of living” the freezing of fuel duty will save “the average driver £160 a year” but gives us no equality impact assessment of who that driver is likely to be.

Of the tax measures that do get an equality impact assessment, the only ones where a gender impact has been identified are ones where the negative impact is disproportionately on men:

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• Changes in tobacco products duty rates where it is correctly noted that “Due to differences in tobacco consumption, any change to tobacco duties will have an equalities impact. Men are slightly more likely to smoke than women”.  

• And for the introduction of a supplementary charge for diesel cars in both Vehicle Excise Duty and when counted as a benefit in kind for income tax purposes, it notes that both car buyers and company car drivers are more likely to be male than female.  

Given that last point, it is strange that the equality impact of the much more costly measure of freezing fuel duty that favours men is not noted.

There are no other equality impact assessments published with the Budget papers. It is expected that individual departments will carry out impact analysis for the measures that fall within their remits as they are implemented. However, none of the HM Treasury Budget documents mention equality analysis or make it clear when and how equality audit will take place, nor where the results will be available.

Delegating impact assessments for Budget measures to individual departments and public bodies is inadequate for a number of reasons:

• Equality audits should be carried out at the development stage of any policy or measure to examine the potential differential impacts and design in any mitigating measures necessary. To carry out the assessment after the measure has been decided will be unlikely to result in its being modified to address any difficulties identified. If departments do indeed carry out equality impact assessments on proposals before they are included in the Budget, then that should be stated and the assessment made available.

• Only HM Treasury itself has the information and resources to assess what impact the total package of proposals will have on people with protected characteristics. Impact analysis by individual departments cannot bring together the necessary data and understanding to determine overall gains and losses.

• The impact assessments that have been presented are very cursory and do not set out what criteria have been adopted and how the level of impact has been judged.

The Treasury itself has not reported on equality impacts, either for the individual measures included in this Budget, except for a limited number of measures through the HMRC, or for its overall impact on people with protected characteristics under the 2010 Equality Act. Only a very few data sources listed in the supporting documents relate to gender data. It would therefore seem that meaningful equality audit has not in fact been carried out for most of the measures announced.

**WBG recommends** that HM Treasury takes a pro-active role in directing and reporting on gender equality impacts of financial and policy measures included in future Budget statements.

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15 HMRC, Overview of Tax Legislation and Rates, 22 November 2017, p. 151
16 Ibid, pp 86 and 145
Employment and Pay

The Budget failed to address the on-going problem of stagnation in wages with no additional money for public sector wages and a National Living Wage that is not enough to live on.

Real wages are stagnating, and for many falling. While in every previous forecast the OBR expected real wages to regain their 2007 levels before the end of the parliament, it has now downgraded its forecast for average wages in 2020/21 by £800 per year. That’s 14 years of lost real wage growth, with no end in sight. Moreover, women’s employment rates continue to lag behind those of men and women remain overrepresented in low-paid, part-time and insecure forms of employment.

It was a surprise that, with the exception of those in the NHS, public sector workers weren’t even mentioned in the Chancellor’s speech. Public servants have been waiting seven years for the end of the cuts in their real wages that have resulted from a freeze followed by a pay cap of 1% maximum uprating. As around two-thirds of those working in the public sector are female, these cuts in their real wages have disproportionately hit women.

The 1% pay cap has, rightfully, now been ended. However, aside from for those in the NHS, no new money has been promised to pay for this. The likelihood is that any rises, if they’re given, will need to come from already overstretched budgets.

The National Living Wage (NLW) remains unworthy of the name. The rise to £7.83 will keep it on pace to hit the Government’s target of 60% of median earnings by 2020. However, by current plans, the OBR forecasts that the NLW won’t hit the £9 an hour that was promised by 2020 and in any case would still be a long way off the actual living wage calculated by the Living Wage Commission.

These developments are unlikely to redress the many gender inequalities and worsening employment conditions identified in the pre-Budget briefing on employment.

Taxation

The rise in personal tax allowances was no more than inflation this year, a welcome decision since these tax giveaways do nothing for those on low or no earnings, the majority of whom are women. However, other tax give-aways on alcohol and fuel duty, favouring men, continue.

Tax is a gendered issue. It is the main way we pay for public services and social security, which women rely on more than men, largely because women are more likely to look after others, often at the expense of their own incomes in the short and longer term.

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18 See http://on.ft.com/2uUu31n
The Chancellor announced that in 2018-19 the personal allowance would be increased to £11,850 and the higher rate threshold to £46,350. He pointed out that this means that in 2018-19 a typical taxpayer will pay at least £1,075 less tax than in 2010-11, as though the latest rise, like previous ones, was a move for which the Government could claim credit. However, the latest rises in both thresholds are just in line with inflation, the default uprating that has been in place since long before 2010 (and allowed for in the Treasury’s existing accounts, so that the latest rises cost the Exchequer nothing).

In practice, this means that the Government has been able to imply that it is boosting the net incomes of taxpayers, when in real terms those net incomes are falling exactly in line with gross incomes (because of the higher inflation caused by the result of the Brexit referendum). The WBG hopes that this new form of obfuscation does not become a habit for the Government.

The WBG welcomes the decision not to raise tax thresholds in real terms. Rises in tax thresholds do not reach those with the lowest or no earnings, the majority of whom are women. Further, rises in those thresholds give away more to the better-off and cost a great deal that could be much better spent on public services.

The Chancellor also announced two tax measures, freezes in fuel and alcohol duties, that will between them cost the Exchequer more than £1 billion per year, and predominantly benefit men who drive and drink more than women.

The WBG pre-Budget briefing on taxation gives more details on gender issues in taxation.

**Social Security**

£1.5bn funding over five years to reduce the waiting time for Universal Credit does nothing to address failures in the design of UC or the impact of the benefit freeze and other cuts that affect women disproportionately.

Cuts to social security benefits affect women more than men because women are more likely to be in receipt of benefits as a result of their generally lower income, longer lives and greater willingness to take on caring responsibilities.

Additional funding worth £1.5 billion over five years was announced in response to widespread concerns about the impact on new Universal Credit (UC) claimants of the long wait for payment (6 weeks for many, often longer). The measures are welcome in themselves. But they do not address problems in the design of UC, particularly from a gender perspective, highlighted by the WBG. And they do not make up for significant cuts announced in 2015, which have particularly affected women, who are more likely to be in receipt of UC or other benefits.

The measures announced include:

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24 Statement to House of Commons by Secretary of State for Work and Pensions, 23 November 2017
- from January 2018, the possibility of receiving up to 100% as an advance of UC (rather than the current 50%), to be repaid over 12 months, rather than 6;
- from “Spring”, the possibility of applying for an advance online;
- from February, the abolition of the 7-day waiting period (which currently applies to most new claimants except those coming off legacy benefits);
- from April, a 2-week non-repayable run-on of housing benefit for those already on it;
- from December, making it easier for private sector tenants to have the housing element of UC paid direct to their landlord (as 30% already do with housing benefit);
- from April, a short-term change in how claimants in temporary accommodation get support for their housing costs, with longer-term solutions to be considered;
- £8 million, to experiment with different approaches to help those on UC to earn more.

UC credit roll-out will also be slowed down, but with the final full roll-out date unaffected.

The measures to reduce the wait for UC will clearly help. The run-on of Housing Benefit is particularly welcome. It will help 2.3 million with an average of £233 each, at a cost of £550 million.

But the implementation of most of these concessions is delayed, and will not give meaningful help to those claiming before Christmas. The Government has not taken up the more radical suggestions of, for example, Policy in Practice, to backdate the start of the assessment.25

The Budget did not address the more substantive issues in the design of UC, worsened by cuts in 2015, which undermine the stated aim of making work pay, particularly for second earners. Nor did the chancellor do anything to help those hit by the benefit freeze, two-child cap and other cuts and changes to benefits and tax credits. These changes disproportionately affect women, and BME women in particular.26

In fact, Child Benefit has been the only money many families have received reliably and regularly during the wait for UC and beyond. But the failure to lift the 4-year benefit freeze means its value will continue to be eroded. This is only one of a number of benefits whose freezing is causing hardship to many. Again what was not done in the Budget was thus even more important.

Two briefings by the WBG give more details on the problems inherent in Universal Credit and the impact of social security changes on women.27

## Savings

*Two small but welcome moves: a reduction in tax breaks that do little to help women and the removal of a discriminatory rule in a saving scheme for employees.*

Women, once they have children, are more likely than men to have little or nothing in the way of savings and investments as a result of their lower income and greater responsibilities for care.28

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Budget had little to say about savings, though, with previously announced measures, the main thrust is a reduction in tax incentives (including freezing the adult ISA allowance, the ending of CGT indexation for companies with a consequent increase in taxation of investment-type life insurance funds and a reduction in Dividend Tax Allowance to £2,000 from April 2018). WBG has long argued that such incentives are not the best use of tax revenues and do little to help women who tend to have lower levels of savings and investments than men.

However, there was one small measure that will benefit some female savers. This is the extension of the pause allowed in making contributions to company Sharesave schemes (Save-As-You-Earn) from 6 to 12 months for parents taking maternity or parental leave.\(^{29}\) Previously although women could take up to a year’s maternity leave they could only take a six-month break in their contributions to Sharesave, a tax-incentivised scheme for buying shares in their employer’s company. While a welcome removal of a restriction that indirectly discriminated against women, the numbers affected are tiny, with just 1% of women belonging to any type of company share scheme, compared with twice the proportion of men.\(^{30}\)

The WBG briefing on savings give more details on gender issues relating to savings.\(^{31}\)

### Pensions

*Nothing was done to protect pensioners from fuel poverty or to help those older women pushed into poverty through the raising of the State Pension Age.*

The majority of pensioner are women, but state and private pensions were designed around a ‘masculine’ life course and women are the majority of the poorest pensioners.\(^{32}\)

The Chancellor did not mention pensioners at all in his Budget speech. However, the Budget documents confirmed that through the triple lock the Basic State Pension would rise by 3% (in line with inflation), a cash increase of £3.65 per week. Pension Credit will also increase by the same amount in cash terms. The full new State Pension will increase by £4.80 a week. The Chancellor has left the Winter Fuel Payment frozen, while the price of gas and electricity for domestic heating continues to increase faster than state pensions, putting 1.4 million older people in fuel poverty. Excess winter deaths for all ages were 34,300 in total in 2016-2017, 58% of them women. These preventable deaths are more common among the oldest age groups and among women in each age group.\(^{33}\)

The Chancellor announced that the Pensions Regulator will advise Pension Fund Trustees on how they can invest in helping innovative companies grow. However, there was no mention of consulting members of pension schemes as to their preferences, despite a growing campaign for divestment


\(^{33}\) The Excess Winter Mortality (EWM) index is defined as winter deaths minus average non-winter deaths as a percentage of average non-winter deaths. The figures for men and women are 12% and 10% (under age 64) 11% and 15% (65-74) 18% and 20% (75-84) 27% and 31% (85+). Source: ONS (2017) Excess Winter Mortality in England and Wales 2016-2017 (http://bit.ly/2zHiRX9)
from harmful industries such as weapons, fossil fuels and tobacco, or of investing in improved social infrastructure, that might help pensioners in particular.

There was also nothing to ease the increasing poverty among older women as the state pension age for women continues to rise to catch up with the age for men by 2018, a change that has left many older women unable to get work, including many with caring responsibilities, in poverty.\(^\text{34}\) In this area, like so many others, it is what was not done in the Budget that was more important to women than what was in it.

For more information on pensions see the WBG pensions briefing.\(^\text{35}\)

**Social Care**

*The Budget contained nothing on social care, despite nearly two million older people having unmet care needs and a looming shortage of care workers that Brexit can only worsen.*

Women are the majority of those needing care, and the majority of those providing it both paid and unpaid.\(^\text{36}\)

The Government told the Communities and Local Government Select Committee in October this year that: “adult social care is a key priority for this government.” But in the Chancellor’s Budget social care is not mentioned, not even as a temporary sticking plaster for the current crisis while a new settlement is found. Inevitably no extra money will mean further cuts to services, deepening that crisis. Already 1.8 million aged over 50 have unmet care needs.\(^\text{37}\) Women are disproportionately affected because they are the majority of those needing care, of those providing unpaid care and of the paid care workforce.\(^\text{38}\)

The Women’s Budget Group has long advocated for increased investment in developing the skills of care workers not only to halt worsening conditions in social care but also to improve the quality of care.\(^\text{39}\) This will become even more urgent if the outcome of Brexit reduces the availability of care workers from the EU and elsewhere.\(^\text{40}\) The Women’s Budget Group calls for a new settlement for social care that provides a stable and sustainable funding base to ensure that rising care needs are met now and into the future. Unfortunately, this Budget, by failing to recognise the need to invest this vital part of our social infrastructure, takes us no closer to achieving this.

The WBG social care briefing gives more details on the crisis in social care.\(^\text{41}\)

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\(^\text{34}\) WASPI – Women Against State Pension Inequality (http://bit.ly/2kdI5d9)


\(^\text{37}\) Ibid, p.2

\(^\text{38}\) Ibid, p.6

\(^\text{39}\) Ibid, p.4


Health

The additional £6.3bn announced for NHS funding over the parliament is welcome but still falls far short of the sums needed to address pressures on the NHS.

Women bear the brunt of cuts to health services as they account for the majority of patients and staff in the NHS and the majority of unpaid carers.\footnote{WBG (2017) Health and gender (http://bit.ly/2AMUTOw)}

The Chancellor announced an additional £2.8bn in revenue funding, (for day to day services) and £3.5bn in capital funding (for buildings and equipment) over the lifetime of the Parliament. The funding announced covers the period up to the end of 2018/19 (£335 million this year to address winter pressures, £1.96bn in 2018/19 and £900 million in 2019/20). The capital funding announcements take the total amount of capital funding announced this year to £3.925bn.

This additional money is to be welcomed. However, the £1.96bn in additional revenue funding for 2018/19 is less than half the £4bn that the King’s Fund, Nuffield Trust and Health Foundation have estimated is needed to meet demands on the NHS next year. These three organisations estimate that there will still be a £20bn funding gap by 2022/23.\footnote{Nuffield Trust, Health Foundation and King’s Fund (2017) The Autumn Budget: Joint statement on health and social care (https://bitly.im/8TJWQ)} Commitments on capital funding fall short of the £10bn additional capital investment promised by the Prime Minister following the Naylor review.\footnote{Department of Health (2017) NHS property and estates: Naylor review (http://bit.ly/2s4i16x)} The Government’s expectation is that the NHS will be able to raise at least £3.3bn through the sale of land and buildings,\footnote{HM Treasury (2017) Autumn Budget 2017 (https://bitly.im/JhCxO)} a figure the King’s Fund describes as “questionable”.\footnote{Nuffield Trust, Health Foundation and King’s Fund (2017) The Autumn Budget: Joint statement on health and social care (https://bitly.im/8TJWQ)}

The crisis in social care (see above) has created on-going pressures on the NHS, which this Budget has done nothing to address. The on-going under-funding of the NHS has led to increased waiting times, rationing of services, staff cuts and increased demands on remaining staff.\footnote{WBG (2017) Health and gender (http://bit.ly/2AMUTOw)}

The WBG health briefing gives more details on the unresolved issues plaguing the healthcare system.\footnote{WBG (2017) Health and gender (http://bit.ly/2AMUTOw)}

Childcare

There was no mention of childcare in the Budget despite significant and severe shortcomings in the sector.

Lack of access to good quality affordable childcare still acts as a barrier to many women in the workplace, as well as meaning that many children are not receiving childcare from which they would benefit.
The lack of any mention of childcare in the Budget is concerning. Childcare is unaffordable for many families, and costs continue to increase far above inflation or wages. This leaves many families paying a high proportion of their income on childcare, and many other parents locked out of the labour market entirely, as they are unable to afford childcare.\(^49\) There are also issues of equity, with significant socio-economic gradients in access to high-quality education and care. Recent government reforms are likely to exacerbate these inequalities despite their claim of providing additional funding.

Recent reforms are also running into trouble:

- Tax-free childcare is suffering from low take-up.
- The incoming Universal Credit system will short-change second earners, and under-funding of the free entitlement (exacerbated by its recent extension to 30 hours for 3- and 4-year-olds with working parents) is likely to result in closures and a drop in quality of care.
- In addition, cuts to local authority budgets have and will continue to result in the closure of Sure Start children’s centres, an essential resource for many families, particularly those on lower incomes.

Urgent action is required to overhaul the childcare system. This requires adequate funding for providers, as well as better training for the workforce and increased support for second earners. The WBG childcare briefing gives more details on the unresolved funding issues in childcare.\(^50\)

**Education**

*The Budget included additional funding to support the teaching of maths and computer science and for teacher training, but this will do little to reverse the dramatic fall in spending on education since 2010.*

Educational opportunities have a life-long impact on the life chances of girls and women.

- The Budget included additional funding for the teaching of maths in schools: £27 million to expand the successful Teaching for the Mastery maths programme into a further 3,000 schools;
- £600 for every extra pupil who decides to take Maths or Further Maths A-levels or Core Maths – with over £80 million available initially, and no cap on numbers;
- £18 million to fund an annual £350,000 for every school under the specialist maths school model which includes outreach work;
- £8.5 million pilot to test innovative approaches to improve GCSE Maths resit outcomes;
- £40 million to establish Further Education Centres of Excellence across the country to train maths teachers and spread best practice.

There were also announcements on additional funding for computer science:

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\(^50\) Ibid.
• £84 million to upskill 8,000 computer science teachers to ensure every secondary school has a fully qualified computer science GCSE teacher and bringing total of trained teachers up to 12,000.
• The Government will also work with industry to set up a new National Centre for Computing to produce training material and support schools.
• Up to £20 million to help FE colleges prepare for T-levels announced in Spring Budget 2017 and due to be implemented in 2020.

This additional funding is welcome. However, as only 20% of girls did Further Maths at A-level last year and only 10% chose computer science, according to the Joint Council for Qualifications, there will still be gender inequality. Initiatives are needed at Primary School level to involve girls early in the curriculum including more women computer science teachers as role models and making these subjects more accessible and appealing to girls. The Chancellor referred to the gender disparity in the numbers of girls choosing to study STEM subjects at A-level and progressing into higher education and careers in STEM, saying that the Government will explore how to improve the accessibility and transparency of data on this issue by institution and subject. However, no budget was specified for this work.

A substantial amount is going towards a Teacher Development Premium:
• £42 million for a pilot to test the impact of a £1,000 budget for high-quality professional development for teachers working in areas that have fallen behind. This will support the Government’s ambition to address regional productivity disparities through reducing the regional skills gap.

The Government says it will tackle the problem of graduates overpaying their student loans. The Student Loans Company and HMRC will update their processes by 2019, to share data more frequently and stop payments after a borrower has fully repaid. The lower cap of £7,500 for fees hoped for by some did not materialise.

The Government will continue to work with employers on how the apprenticeship levy can be spent so that it works effectively and flexibly for industry and supports productivity across the country with the aim of 3 million apprenticeship starts by 2020. The number of apprenticeships has dropped by 59% in 2016/17 apparently due to complex rules and difficulty in accessing funds.51 It is still the case that very few women enter apprenticeships in engineering and construction, and the apprenticeships that women tend to enter lead to lower-paid professions.

There was some good news for lifelong learning in a formal skills partnership with the TUC and the CBI to set the strategic priorities for and the implementation of a National Retraining Scheme. The priority is to boost digital skills and support expansion of the construction sector:
• £30 million to test the use of AI and innovative EdTech in online digital skills courses.
• £8.5 million over the next two years to support UnionLearn for workplace learning.

This additional funding, while welcome, does not address the sustained under-funding of the education sector over many years. Schools are facing the largest cut in per pupil funding over a four-year period since at least the early 1980s. Funding pressures are adversely affecting the largely female workforce of teachers (80.1%), Teaching Assistants and SEN Support Staff (95%). Considering

51 The Guardian (23 November 2017) Calls for change to apprenticeships after numbers fall by 59% (http://bit.ly/2V3bMx)
the low productivity forecast from the OBR the failure to invest more in education is a serious omission.

The omission of any mention of funding for the introduction of Sex and Relationship Education, as recommended by the Women and Equalities Commission, was a big disappointment when support and changes in detrimental behaviour towards girls mainly, but boys too, is badly needed.

The WBG briefing on Education has more details on the funding of education, including apprenticeships.52

Housing

*The Government’s pledge to invest £44bn is a significant step in increasing house building but there was little action to help those with the most severe housing needs.*

Women’s housing situation differs from that of men. Women are the ‘household reference person’ in 56.6% of social tenancies but only 39% of private tenancies,53 42% of those owning outright, and 31% of those buying with a mortgage.54

Since 2010, the Government has shifted support from social housing to encouraging additional home building and access to home ownership for people in middle incomes.55 This approach was largely continued in this Budget, with the Government abolishing stamp duty for most first-time buyers and investing £44bn in home building.

House building

The announcements on housing were among the most significant in this Budget. The Government declared its intention of increasing the number of houses built to 300,000 new homes a year by the mid-2020s onwards. To achieve this target the Government introduced the following:

- £15.3bn of new financial support for housing over the next five years, bringing total support for housing to at least £44bn over this period. The amount of direct public spending is actually only £1.5bn a year, the rest being facilitation of loans and guarantees to support private development;56
- £204 million of funding for innovation and skills in the construction sector, including to train a workforce to build new homes;
- planning reforms that will ensure more land is available for housing, and that better use is made of underused land in cities and towns.

Stamp duty

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54 WBG calculation from Table CT0621, Census 2011, last accessed November 2017 via www.nomisweb.co.uk
The majority of the funding for housing is aimed at increasing the supply of housing. However, the single most costly measure announced in the Budget is £3.2bn for raising the threshold at which a property becomes liable to stamp duty to £300,000 for first-time buyers. The relief will not apply for purchases of properties worth over £500,000. The OBR forecasts that this policy will lead to an increase in house prices for first-time buyers and will only lead to an additional 3,500 first-time buyers over the period. Moreover, a first-time buyer purchasing an average priced property would experience a £3,200 price increase of which only £1,600 would be offset by the tax cut (although the stamp duty cut will reduce the amount of money that has to be found upfront).  

The cuts in stamp duty will affect women and men differently. Women are the ‘household reference person’ of 31% of those buying with a mortgage. This means that stamp duty reduction will disproportionately benefit men. The IFS explains that the price rise may still benefit first-time buyers as the fall in stamp duty affords them a larger deposit and greater leverage but the magnitude of such effects will be highly scrutinised.

In our housing briefing published earlier this month, the Women’s Budget Group argued that increasing house building doesn’t automatically translate into more affordable homes. Building new social housing is the surest option for increasing the number of affordable homes. The Resolution Foundation has calculated that the £3.2bn spent on reducing stamp duty would be sufficient to support the building of 40,000 social-rented properties in high-demand areas.

**Lifting the borrowing cap on the Housing Revenue Account of local councils**

The Chancellor lifted the borrowing cap on the Housing Revenue Account (HRA) of local councils in areas where there are high pressures on rent affordability. This means that some local councils will be able to borrow to invest in new social housing, in a bid from the government to boost the role of local authorities in home building to achieve the target of 300,000 new houses per year by the mid-2020s. This comes in a context of a sharp reduction of 45% in local authority spending on housing between 2010/11 and 2014/15. The lifting of the borrowing cap on HRA is therefore a welcome policy development in order to increase the amount of new social housing in the next few years. However, the maximum allowed for all councils to borrow is £1bn. Councils will have to bid before being allowed to borrow and this will only come into effect in 2019-2020.

**Housing Benefit**

In the Summer Budget 2015, George Osbourne announced a four-year benefit freeze (which started in April 2016) that would see most working-age benefits not uprated until April 2020. The exception to this rule relates to an uprating of Local Housing Allowances in areas experiencing relatively high increases in rent. This uprating will help roughly 140,000 households (10% of private renters on Housing Benefit). As the Resolution Foundation notes, this additional £85 million a year will help to reduce pressure on living costs for a handful of households but returns only a fraction of the money that the freeze is taking from benefit recipients.

The WBG briefing on Housing has further details on gender issues in the current housing crisis.62

**Transport**

*A welcome addition of £1.7bn for public transport funding was announced, however it is not clear whether it will be spent on modes of transport that women use.*

Women and men have different patterns of transport use, with women more likely to use public transport and less likely to drive.63

The Budget included £1.7bn for the Transforming Cities Fund, ring-fenced funding for local authorities to invest in local transport links. This is a welcome development. However, much will depend on which modes of transportation this money will be invested on, and in what ways.

According to figures from the Department of Transport,64 women use buses more than trains. Women make more weekday trips than men, and the presence of children in their household increases their trip number by 23%, reflecting that women are more likely to accompany children to school. Young women on low incomes are particularly dependent on local buses to get to their workplace and take their children to nursery or school. Lone parents are more likely to say transport is a problem in their ability to get training or employment.65 Recent cuts to local authorities' budgets have taken their toll on the availability and reliability of local buses in many parts of England, with spending on buses being slashed by a third in 2010 and total cuts of over £98.5 million from 2010 to 2016/17.66 It is therefore important that this investment in public transport is used to address recent cuts in local bus provision and meet the transport needs of women.

Figures from the Department for Transport also show that men are more likely than women to drive a car and for longer distances so they will reap most of the benefits of the announced fuel duty freeze. Men are also more likely than women to use the train, particularly in the 30-59 age group, reflecting the heavy use of trains by commuters. People in the highest income level make nearly four times more rail trips than people in the lowest.67 The £300m investment on HS2 (see below under Regional investment and infrastructure) will thus also disproportionately benefit higher income, male, commuters.

**Regional investment and infrastructure**

*There were welcome announcements on infrastructure investment, but the focus is still on physical infrastructure with no mention of social infrastructure which is equally vital to the economy.*

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64 Ibid.
Tackling low growth and low productivity together, along with preparing the UK for the technological revolution ahead, form the context for increasing investment in infrastructure expenditure. The main focus of the investment is on roads, railways, innovative technologies and for rebalancing the UK economy away from London. By infrastructure it is clear the Government only envisages physical infrastructure.

The Chancellor announced an additional £8bn for the National Productivity Investment Fund, launched in Autumn 2016 for high-value investment in infrastructure and innovation. The majority of the expenditure will go to roads and railways (see above under Transport) including continuing support for HS2 and Crossrail projects.

A further £2.3bn is to be available for investment in Research and Development (R&D) with the aim of driving up R&D investment across the economy to 2.4% of GDP. The R&D tax credit will also be raised to 12%. £500m will be invested in a range of initiatives to support disruptive technologies including robotics, biotech and driverless vehicle systems as well as £16m to create a 5G hub to trial the forthcoming mobile data technology. Additional investment will be made in charging points for electric cars and people who charge their cars at work will not face a tax on this benefit in kind. £10 billion of capital investment for the NHS was also announced.

Further support is given to the Northern Powerhouse, the Midlands Engine and elected mayors across the UK similarly focused on transport and the digital economy. There is to be a new £1.7bn Transforming Cities Fund – half for the elected metro mayors and the other half to be competed for by other cities. Funds are to be available for ensuring connectivity between HS2 and regional systems and for particular routes, including improving the mobile and digital connectivity on the TransPennine route and for upgrading the rail stock on the Tyne and Wear Metro. £1bn of discounted lending is to be available to local authorities across the country to support high-value infrastructure projects. Investment funds were also announced for Scotland, Wales and Northern Ireland likewise targeted at infrastructure.

Given that one of the purposes of these funds is to rebalance the economy, it is surprising that most senior positions associated with the Northern Powerhouse are based in London, as is the senior official appointed for overseeing the £123m investment for preparing the Redcar Steelworks Site for redevelopment. Furthermore, the Government is to pilot 100% business rates retention in London next year and is continuing to work with TfL on the funding and financing of Crossrail 2. Given the balance of funding and the limited extent to which control is really devolved, there is little indication that the measures proposed will redress the North/South divide.

The Chancellor’s measures should succeed in boosting growth directly by raising demand and employment, which should then have multiplier effects on the rest of the economy. But given the current gender order, men are more likely to benefit than women. Construction work which is heavily male dominated will expand male employment considerably, unless there is conscious effort to undertake a massive and unprecedented boost in training women. Men are also over represented in the digital sector.

The Women’s Budget Group has repeatedly argued that the Government should also invest in social infrastructure, for its long-term benefits on productivity and well-being, as well its greater employment effects than equivalent investment in construction. WBG analysis for the ITUC68 shows

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68 WBG (2017) Investing in the Care economy to boost employment and gender equality (http://bit.ly/2ALM47A)
that investing in care services creates more jobs overall and many more for women than a similar size investment in construction. The two types of investment should be considered together as necessary improvements in infrastructure, with investment in social infrastructure a particular priority because of the urgent need to address gender inequalities and resolve the care crisis.

The WBG report on Investing in the Care Economy has more details on the employment and gender effects of investing in social infrastructure.

Violence against women and girls

*The Budget was silent on one of the gravest forms of inequality – violence against women and girls.*

It is estimated that 4.3 million women suffer domestic violence over their lifetime, 1.2 million women suffer domestic violence each year and 450,000 women are victims of sexual violence annually.

There was no additional funding for VAWG services announced in this Budget despite funding to tackle violence against women and girls and to support survivors being woefully insufficient to meet the scale of the problem. Central government funding of £20 million a year cannot compensate for the cuts to funding for local government, which provides a significant proportion of funding for local services.

Furthermore, changes to the housing benefit system will worsen the funding crisis for domestic violence services. In October, the Government announced plans to remove women’s refuges from the welfare system, so that women will not be able to pay for placements using Housing Benefit. The Government proposes that Housing Benefit should be replaced by ring-fenced funding for local authorities to commission supported housing. However, as well as women’s refuges, this funding will also have to cover supported housing for older people, homeless people, offenders, people with mental illnesses and drug addicts. Refuge providers are concerned that local authorities may not provide sufficient funding to meet demand and that small specialised services may be squeezed out by generic providers through the commissioning process. Women’s Aid has warned that 39% of refuges will have to close if this change to housing benefit entitlement goes ahead.

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Conclusion

This was a Budget marked by gloomy economic forecasts in which the OBR revised down its projections for GDP to be 2% lower than previously predicted by 2022 while productivity levels continue to grow at a sluggish 0.2% per year. As the independent Institute for Fiscal Studies remarked, this doesn’t take into account the economic impact of any specific Brexit deal, as no substantial information exists yet on the form the new relationship with the EU will take, although a poor deal or failure to reach a deal will likely to have a significant negative economic impact on the UK.

The Chancellor’s opening statement promising to meet Britain’s challenges was compromised by a failure to tackle some of the most pressing issues in British society at the moment, including the crisis in social care, falling real wages, a social security system that is leaving 4 million children in poverty and widespread violence against women and girls.

There was some welcome investment on physical infrastructure including:
- £44bn for increasing house building. However, and despite the lifting the cap on the Housing Revenue Account for councils experiencing high rent pressures, it is unclear how much this investment will translate into affordable homes or social housing.
- £1.7bn for the Transforming Cities Fund, a money pot for local authorities to invest in local transport links.
- Regional investment on roads, railways and innovative technologies, in a bid to rebalance the UK economy away from London.

However, investment in social infrastructure has been mostly overlooked, with negative consequences for women’s employment and reliance on public services such as social and childcare.
- The NHS has received £1.96bn in additional revenue funding for 2018/19, although this falls far short of the £4bn that the King’s Trust, Nuffield Trust and Health Foundation have estimated is needed for the national health service to meet its service requirements over the next year.
- Social care and childcare were not mentioned at all in the Budget, despite being two sectors with severe pressures on their services and large unmet needs in the population, with consequences for women’s well-being, unpaid work and their employment opportunities.
- Additional funding for Universal Credit will do nothing substantive to help those many women affected by its flawed design and previously announced cuts and freezes.

No serious attempt was made to reverse the benefit cuts and tax changes that have had a disproportionate negative impact on women and BME households.75 The Government continues to ignore its own legislation on the public sector equality duty by not showing any evidence of having conducted a comprehensive equality impact assessment of the tax and policy measures included in this Budget.

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The Women’s Budget Group is a network of leading feminist economists, researchers, policy experts and campaigners committed to achieving a more gender equal future. We have worked towards this since 1989.

For more information, please visit www.wbg.org.uk or contact admin@wbg.org.uk.

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