

The Equality impact of tax and benefit changes – why an impact assessment is needed

Briefing in support of FINANCE (NO.2) BILL: SECOND READING - REASONED AMENDMENT¹

Women's Budget Group, December 2017

- The Treasury has failed to publish a meaningful equality impact assessment of the 2017 Budget
- Under the Public Sector Equality Duty the Treasury is legally obliged to have due regard to equality
- Equality Impact Assessments of cuts and changes to benefits, tax credits and taxes since 2010 show that they have disproportionately hit women and BME women in particular

The Treasury has failed to publish a meaningful equality impact assessment of the 2017 Budget

At the November 2017 Budget, as in previous years, the Treasury failed to publish a full equality impact assessment of Budget policies.² 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'. These are very cursory and do not set out what criteria have been adopted and how the level of impact has been judged. Most simply deny that there is any impact on those with protected characteristics. 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.

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 auditing will take place, nor where the results will be available.

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 carry-out equality impact assessments on proposals before they are included in the Budget, then that should be stated, and the assessment made available.

The Treasury has a legal obligation to assess equality impact

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. A number of court cases have established a series of principles about what 'due regard' means in practice. These include:

- The decision maker must be aware of the duty.

¹ <https://publications.parliament.uk/pa/cm201719/cmagenda/fb171205.htm>

² For the WBG's own cumulative impact assessment by gender and ethnicity see <http://bit.ly/2ix1Uvu> and for the EHRC's see <http://bit.ly/2iC00pB>

- The duty applies before a decision is taken. It is not enough to consider equality after a decision has been made
- The duty is on-going. It does not just apply when policy is made, but also when it is implemented.
- The duty must be exercised in substance, with rigour and with an open mind in such a way that it influences the final decision. It is not enough to 'tick boxes'.
- The duty cannot be delegated. A public body is responsible for making sure that any organisation that carries out work on its behalf has due regard to equality in carrying out that work.
- It is advisable for public bodies to keep records of how they have had due regard to equality when making decisions. If records are not kept it will be harder for a public body to demonstrate that they have had due regard.
- Public bodies must gather and consider sufficient evidence to enable them to assess the impact of a proposed policy on equality. This may include consultation with those likely to be affected by a policy or practice.
- The degree to which a public body should consider equality will vary depending on the likely equality impact of a policy.
- Where a public body identifies the risk of negative impact it should consider how to eliminate or mitigate against that risk.
- Lack of resources does not excuse not complying with the duty³.

The main way in which public bodies can demonstrate that they have met their legal obligations under the PSED is through carrying out and publishing equality impact assessments.

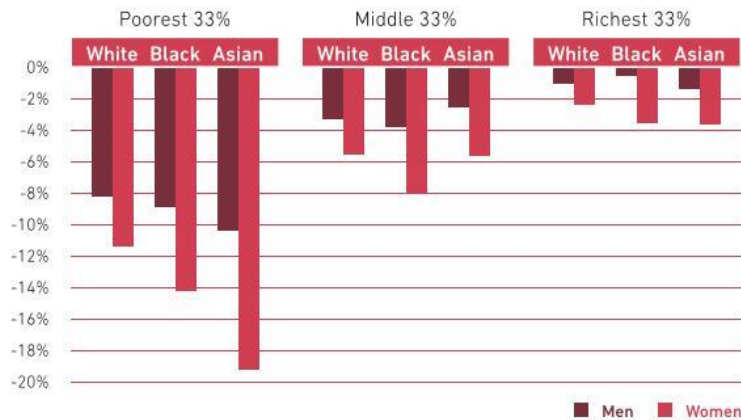
What equality impact assessments would show

Analysis of the cumulative impact of tax and benefit changes from 2010 projected to 2020 by the Women's Budget Group and the Runnymede Trust shows that the poorest are hardest hit, women will lose more than men and BME women lose most of all⁴

³ The EHRC has produced technical guidance on the Public-Sector Equality Duty which gives more information about what 'due regard' means. There is separate guidance for England, Scotland and Wales. See <https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance#h1>

⁴ See www.intersecting-inequalities.com/

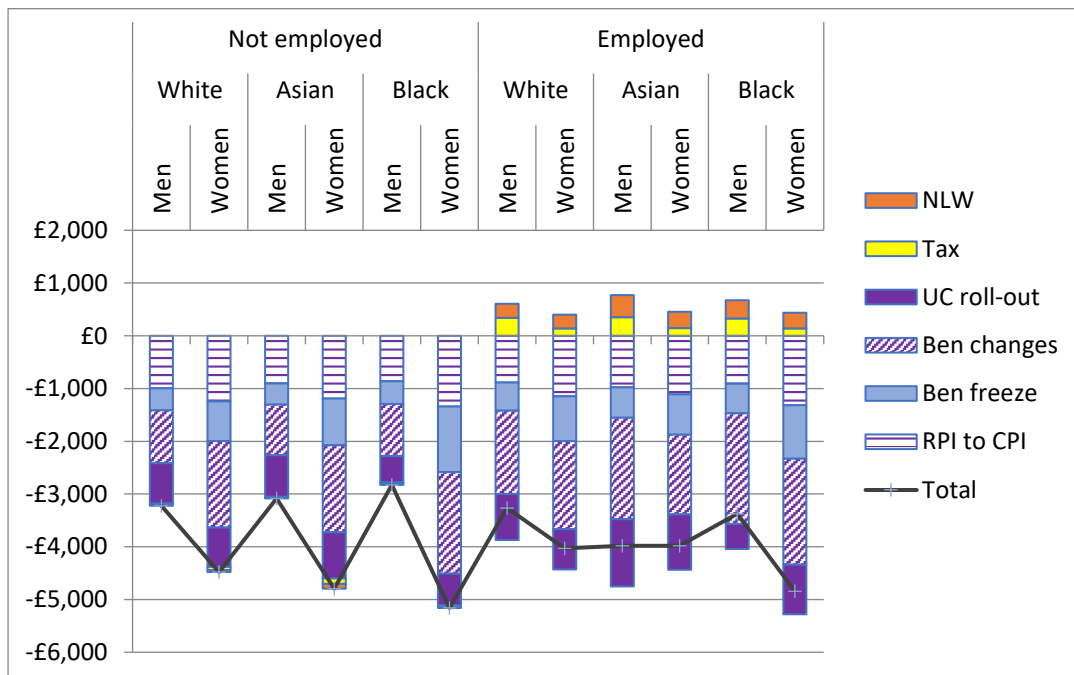
2010-20 cumulative individual impact of changes in taxes and benefits (percentage of net individual income per annum by 2020) by household income groups, gender and ethnicity (selected)



Source: Women's Budget Group 2017

For those receiving benefits or tax credits the loss is still greater. Women will lose ten times as much as they gain from the National Living Wage or increased personal tax allowance. Black women lose 12 times as much⁵.

Contribution of different benefit and tax changes since 2010 to the cumulative impact on net income by April 2021, by gender, ethnicity and employment status



⁵ See: <https://wbg.org.uk/news/new-research-shows-universal-credit-failing-just-managing-women-bme-households-hardest-hit/>