A 'jam tomorrow' budget

Women's Budget Group response to Autumn Budget 2018

November 2018

WOMEN'S BUDGET GROUP

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Executive Summary

In her speech at the Conservative Party Conference this year, Theresa May promised an end to austerity.[1] Has the 2018 Budget delivered on that promise?

The 2018 Autumn Budget marked the first major fiscal loosening since 2010 with an increase in public spending, most notably to health. The Chancellor took the opportunity of better-than-expected public finances to increase spending on health while cutting income tax through bringing forward increases in the Personal Tax Allowance and Higher Rate Threshold.

There were announcements of some additional spending for education, social care, roads and defence but guaranteed for 2019/20 only. None of the announcements were enough to make up for the sustained underfunding of public services since 2010. Spending cuts were not reversed: day-to-day spending is still 8% lower than in 2009/10, 19% lower when health is taken out.[2]

A welcome announcement was a major change in Universal Credit, with work allowances increased (an expense of £1.7bn a year for the Exchequer), which means that some people can earn more before having their benefits reduced or cut. This and a few other small tweaks to UC do not make up for the cuts to working-age benefits introduced in 2015, including the four years of benefit freezes, the two-child cap on child benefit, and the ending of family premiums, totalling £4bn cut a year on welfare spending.[3]

On the other hand, there were tax giveaways in the form of increases to Personal Tax Allowance and the Higher Rate Tax, which will cost the Exchequer £2.8bn in 2019/20, largely benefitting men and the higher-paid.[4]

Increased spending on health and Universal Credit are welcome, but they do not compensate for the successive cuts to public services and welfare benefits since 2010. With a third of claimants losing over £1,000 under UC compared to the legacy benefit system[5] and little to no investment to address chronically underfunded services such as social care and education, the government's claims to ending austerity are not matched by policy and spending changes. There was no announcement of future tax policy or recognition of the tax increases or increased borrowing that an ageing population will make inevitable. The government has yet again missed an opportunity to reform the tax system into a fairer and more progressive one, capable of financing public services to an adequate standard.

The key findings of our analysis are:

Economic and fiscal outlook

Public sector borrowing is forecast to fall and the target of a budget surplus in middle of next decade has been abandoned, but austerity not really ended. The OBR forecast that growth in GDP per capita would be around 1 per cent a year over the next four years, assuming a smooth and orderly Brexit by

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[1] BBC (2018) Theresa May's full speech to 2018 Conservative conference (https://bbc.in/2qxceUl)
[2] IFS (2018) *Opening remarks to post-Budget 2018 analysis* (http://bit.ly/2JGttLW)
[3] IFS (2018) *Opening remarks to post-Budget 2018 analysis* (http://bit.ly/2JGttLW)
[4] HM Treasury (2018) Budget 2018 Policy Costings (https://bit.ly/2Az3HGl)
[5] IFS (2018) *Opening remarks to post-Budget 2018 analysis* (http://bit.ly/2JGttLW)

next March, which is by no means certain. Even if there is an orderly Brexit, average earnings are not projected to recover to their pre-crisis level in the next five years, and average incomes per person will barely rise.

Equality impact assessments

As in previous years, the Treasury has failed to present a full equality impact assessment of Budget policies. There is no equality assessment of the cumulative impact of the measures in the Budget by any of the protected characteristics in the Equality Act 2010. A few equality impact assessments were produced, including the Tax Information and Impact Notes produced by HMRC. However, these continue to be insufficient, as they do not include how many men and women are in each category nor how much will each group benefit. There was no intersectional analysis by more than one protected characteristic.

Employment and Pay

The Budget failed to address the on-going problem of stagnation in wages, with average weekly wages still £11 lower than pre-2010 crisis. The National Living Wage is raised to £8.21 per hour from April 2019. This is welcome but still falls short of the real Living Wage of £9.00 (£10.55 in London) for 2018/19. The 1% pay cap for the public sector was removed but, aside from those on the NHS, no additional money was provided for public sector wages. Women and people from ethnic minorities have been disproportionately impacted by cuts to public sector pay over the last year as they are more likely to work in the public sector.

Tax

The Budget included a series of tax giveaways totalling more than £3bn a year, including raises in the Personal Tax Allowance and the Higher Rate Threshold, fuel duty freeze, and cuts to some alcohol duties. These giveaways benefit mostly men, who are more likely to be higher earners, drive a car and consume alcohol. As the Women's Budget Group has repeatedly argued, raising income tax thresholds does not help the low-paid, who are disproportionately women.

Social Security

The budget included a series of measures to help with the transition to UC and a welcome £1000 increase in the work allowance in universal Credit for families with children and disabled people with limited capability to work, though not for childless people, whose work allowance remains cut to zero. This only partly restores the previous levels (it does for tenants but not for owner-occupiers or for childless people) as the £1.7bn spending makes only half good the previous cut announced in the July 2017 Budget. Overall the measures announced in this Budget, although making UC slightly more generous, do not begin to reverse the drastic cuts to social security benefits and tax credits since 2010, estimated at more than £35bn per year by the early 2020s and impacting predominantly on women.

Pensions

The Budget was a missed opportunity to address pensions inequality and help those older women pushed into poverty through the raising of the State Pension Age. Tax reliefs on pensions total £41 billion, and 40% of this goes to the top 10% of those claiming relief (earning £70,000 a year or more). The current pension system fails to recognise women's unpaid work in caring for children, the frail and the elderly.

Social Care

The additional £650m for social care is welcome but is insufficient to make up for the chronic underfunding of social care services, as the funding gap for social care is estimated to be £1.5bn in 2019/20. Welcome increases in the minimum wage and living wage rates will have to be met by already overstretched local authority budgets. Despite the Chancellor claiming this was a Budget for 'the strivers, the grafters and the carers', there was nothing in the budget for the 6.6 million unpaid carers.

Health

The Budget confirmed a welcome additional real-term spending of £20.5bn for the NHS announced in the summer. However, this falls short of the amount needed to compensate for years of under-funding. Mental health will also enjoy an additional £2bn. With most of this yet to be allocated, it is important that money is invested in community services and support which prevent people reaching crisis point. Other spending on health including money for doctor and nurse training and education, and public health, will fall £1bn in real terms. This is problematic in a context of severe skills shortage in nursing.

Childcare

The budget included a retrospective payment to extend the transition period from childcare vouchers to tax-free childcare, after the Government took the decision to keep the former scheme open to new entrants for an additional 6 months (to October 2018) There was no mention of other changes to childcare policy. This silence comes at the time when the sector faces significant funding issues and current policy fails to meet the needs of many parents.

Education

The Budget included an additional £400m to schools for equipment and facilities, but this will do little to counteract the 8% fall (around £5bn) in spending on schools in real terms between 2009/10 and 2017/18. No money was allocated for spending on staff, nor to enact the recommendations of a report by the Women and Equalities Committee of the House of Commons on sexual harassment in schools, of which girls are disproportionately targeted. Contrary to what had been flagged as a possibility prior to the Budget, the Chancellor missed the opportunity to remove the tax relief privileges held by some of the most elite and expensive private schools in England.

Housing

The decision to reinstate entitlement to housing support for the 18-21 year olds is welcome. The budget did nothing for households in which women make up the majority: households accepted as statutorily homeless (67% of adults), those claiming housing benefit (60%) and social renters (55%). The announcement of the extension of the Help to Buy scheme reflects the government's support for home owners over renters within the reduced budget.

Transport

The Budget included announcements (and re-announcements) of billions in major commuter rail projects, including an additional £770 million for improving transport infrastructure in cities. There was also £420 million for repairing pot holes. It made no mention of funding for buses, which women are more likely than men to use, and despite almost three times as many public transport journeys being taken by bus than rail.

Local Government

There was some welcome short-term funding for some local government services, but this falls short of what is needed in the long term. Local government has faced significant cuts to budgets since 2010 alongside rising demand for adult social care, children's services and homelessness support services. This threatens many of the services that women rely on.

VAWG

The Budget was silent again for the second year in a row on one of the gravest forms of inequality – violence against women and girls. The Government's own Violence Against Women and Girls Strategy recognises the scale of the problem but this is not backed by enough funding for either victims' services or preventive interventions to reduce the incidence of VAWG in the longer term. The previously committed central government funding of £20m a year cannot compensate for the cuts to funding for local government, which provide a significant proportion of funding for VAWG support.

Introduction

This analysis focusses on the measures announced in or around the Autumn Budget 2018.

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 childcare, education, employment and pay, health, housing, parental leave, pensions, savings, social security, social care, tax, trade and investment, transport, and violence against women and girls are available on the Women's Budget Group website.[6]

Economic and fiscal outlook

Public sector borrowing is forecast to fall and the target of a budget surplus in the middle of the next decade has been abandoned, but austerity not really ended. Even if there is an orderly Brexit, average earnings are not projected to recover to their pre-crisis level in the next five years, and average incomes per person will barely rise.

The Office for Budget Responsibility forecast that growth in GDP per capita would be around 1 per cent a year in the period 2019-2023[7]. However, these predictions assume a smooth and orderly Brexit by next March, which is by no means certain. Growth continues to be lower than in the period before the financial crisis in 2008, and GDP per capita has barely recovered to its pre-crisis level, being just 2.6 per cent higher than the pre-crisis peak in early 2008.[8] Growth in the UK is forecast to be lower than in other rich countries: between 2018 and 2023, the cumulative UK growth rate is projected to be 4.9 per cent, compared to an average in the rest of the G7 of 5.5 per cent.[9] It is estimated that the UK economy was 2 to 2.5 per cent smaller by mid-2018 than it would have been if the UK had not voted to leave the EU.

The employment rate is currently at 75.5 per cent, a near record high, and increases in employment since 2010 have been higher than the average for other rich countries[10]. The rate of unemployment was 4.4 per cent in 2017 and is forecast by OBR to fall to 3.7 per cent in 2019 before rising to 4 per cent by 2023. These aggregate numbers mask the record increase in precarious work, and the many people in under-employment, who would like to work more hours than are available to them.[11]

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[6] Available at: https://bit.ly/2EvHhKg
[7] HM Treasury 2018, Budget Red Book, table 1.1. (https://bit.ly/2zlESMz)
[8] Resolution Foundation 2018, How to Spend It, p.26 (https://bit.ly/2zwoQiP)
[9] Resolution Foundation 2018, How to Spend It, p. 26 (https://bit.ly/2zwoQiP)
[10] HM Treasury 2018, Impact on Households. Distributional Analysis to Accompany Budget 2018, p. 5-6 (https://bit.ly/2DnYlAm)
[11] WBG (2018), Women, employment and earnings (https://bit.ly/2ExUEtl)

Inflation is forecast to fall from 2.7 per cent in 2017 to at around 2 per cent a year over the five years to 2023[12]. However, many workers may find that their wages do not keep pace. More than 10 million workers (about 32 per cent of the labour force) received a pay rise of less than 1 per cent last year[13]. The OBR forecasts only sluggish growth in average earnings, and the Resolution Foundation projects that they will not return to their pre-crisis peak until the end of 2024.[14] Average real income per person is projected by the OBR to remain broadly flat over the next three years.[15].

The OBR gave the Chancellor a £11.9 billion windfall this year, by downgrading its forecast of the amount he would be required to borrow and projected a cumulative fall of £73.8 billion in public sector borrowing requirement over the next five years. The Chancellor decided to spend three-quarters of this £73.8 billion, with higher health spending accounting for £44.9 billion and other (tax and spending) measures accounting for £10.4 billion[16]. In effect, he abandoned his self-imposed fiscal target of a budget surplus in the middle of the next decade. The OBR commented drily that "Achieving the broader balanced budget fiscal objective in 2025-26 looks challenging" [17].

The Director of the Institute of Fiscal Studies was more forthright: "Any idea that there is a serious desire to eliminate the deficit by the mid-2020s is surely for the birds."[18]

The covert abandonment of this arbitrary target in the face of pressures from the Prime Minister and Conservative MPs for an 'end to austerity' shows just how ideological this target had always been. As long argued by the Women's Budget Group and others, the target of reaching a fiscal surplus has no economic sense in itself and should depend on the state of the economy, as well as on the government's duty of addressing social needs.

The WBG has argued for increased spending on social infrastructure for its long-term benefits on productivity and well-being, as well as its greater employment effects than equivalent investment in construction. WBG analysis for the ITUC[19] shows that investing in care services creates more jobs overall and many more for women than a similar size investment in construction.[20] 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.[21]

But even with these increased spending plans the budget did not really put an end to austerity. It is true that overall day-to-day departmental spending per person is now set to rise by 4 per cent between 2018-19 and 2022-23, rather than fall by 4 per cent as previously planned. However, spending will still be lower in 2023-24 than in 2013-14.[22] Moreover, as pointed out by the OBR, the

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[12] HM Treasury 2018, Budget Red Book, table 1.1. (https://bit.ly/2zlESMz)
[13] Office of National Statistics, reported in The Guardian 3/11/18
[14] Resolution Foundation 2018, How to Spend It, p. 31 (https://bit.ly/2zwoQiP)
[15] Resolution Foundation 2018, How to Spend It, p.32 (https://bit.ly/2zwoQiP)
[16] Resolution Foundation 2018, How to Spend It, p. 5 (https://bit.ly/2zwoQiP)
[17] OBR 2018 Fiscal land Economic Outlook
[18] Paul Johnson 2018 Opening Remarks. Autumn Budget 2018: IFS Analysis. p 2
[19] WBG (2017) *Investing in the Care economy to boost employment and gender equality* (http://bit.ly/2ALM47A)
[20] De Henau, J., Himmelweit, S. Łapniewska, Z. and Perrons, D. (2016). *Investing in the Care Economy: A gender analysis of employment stimulus in seven OECD countries*. Report by the UK Women's Budget Group for the International Trade Union Confederation, Brussels (http://bit.ly/2ivi7kJ)
[21] WBG (2017) *Investing in the Care economy to boost employment and gender equality* (http://bit.ly/2ALM47A)
[22] Resolution Foundation 2018, How to Spend It, p. 10. (https://bit.ly/2zwoQiP)

NHS takes most of this. Spending on most other areas will continue to fall.[23] The budget did not set departments' spending allocations beyond 2019-20, but analysis by the Resolution Foundation suggests large cuts in real spending per capita are in store for many departments, including: Housing and Communities 57 per cent, Justice 48 per cent, Education 17 per cent.[24]

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.[25] The Budget documents contain a distributional impact assessment by household income (socio economic equality) but not by any of the protected characteristics in the 2010 Equality Act.[26] Furthermore the distributional impact analysis uses 2016 as a baseline from which to calculate the impact of policy changes, obscuring the impact of earlier policy announcements including the changes to Universal Credit announced in the summer 2015 budget, which are yet to fully take effect.[27] This allows the Treasury to claim that the poorest households have gained the most from budgets in recent years as a percentage of their income.[28] However, as the IFS has shown, when tax/benefit changes are calculated from 2015 poorer households have lost while richer households have gained.[29]

The only impact assessment relating to protected characteristics in the Budget documents are the Tax Information and Impact Notes (TIINS) produced by HMRC. Once again there is no assessment of the cumulative impact of all measures. The equality impact assessment of cuts to income tax through raising the personal allowance and the higher rate threshold does not include details of how many men and how many women there are in each category, or how much of the benefit of the cut will be received by men and how much by women. It does reveal that 70% of those taken out of higher rate tax are men[30].

[23] OBR 2018 Economic and Fiscal Outlook, chart 4.6
[24] Resolution Foundation 2018, How to Spend It, p. 13 (https://bit.ly/2zwoQiP)
[25] 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/2jC00pB. The EHRC has also published a more recent analysis of tax/benefit changes available here https://bit.ly/2ztz0ki
[26] HM Treasury (2018) Impact on households: distributional analysis to accompany Budget 2018, (https://bit.ly/2DnYlAm)
[27] WBG (2017) Universal Credit: a briefing from the Women's Budget Group (https://bit.ly/2oI4sWt)
[28] HM Treasury (2018) Impact on households: distributional analysis to accompany Budget 2018, (https://bit.ly/2DnYlAm) p14
[29] IFS (2018) Budget 2018 Distributional Analysis (https://bit.ly/2SLp7ap)
[30] HM Treasury Budget 2018: policy costings (op. cit.) p5 and HMRC (2018) Overview of Tax Legislation and Rates https://bit.ly/2D0DUIH pp76/7

There is also recognition of some gender differences that seem to have eluded HMRC in previous years, notably around car use.[31] However, although the cuts to alcohol tax are recognised to have a potential equality impact, "that reflects consumption trends across the adult population[32]" it is not specified what these are. And for too many measures the statement that there are not expected to be any equality impacts, does not indicate whether any systematic research had been done before coming to this conclusion.

In particular, it is claimed that none of the measures impacting on businesses are expected to have any equality impact, even though it is known that more businesses, and larger ones, are owned by men than by women. It is important to recognise there are many potential gender impacts to business taxation. For example, research could have indicated whether freezing the VAT threshold impacted more on women as small business owners.

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.

The lack of reporting on equality impact from the Treasury makes it impossible to judge the extent to which it is meeting its obligation under the Public Sector Equality Duty.

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. Work by WBG and Runnymede Trust[33] and the EHRC[34] has shown how this can be done.

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.

The government is keen to remind us that at 75.5%, the employment rate is at a near record high, with paid employment positioned as a key route out of poverty. They also argue that growth in employment rates have overwhelmingly benefitted those in the lower half of the household income distribution, and particularly the poorest 20% of households, whose employment rate is now more than 7 percentage points higher than in 2007-08.[35]

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[31] The TIINs on vehicle excise duty note that 'this measure will impact on motorists owning a car, van or motorcycle or using a motorcycle trade licence' and that 'women account for 39% of registered keepers', HMRC (2018) Vehicle Excise Duty: rates for cars, vans, motorcycles and motorcycle trade licences, (https://bit.ly/2DvPJYD)
[32] HMRC (2018) Overview of Tax Legislation and Rates op.cit. p167
[33] WBG and Runnymede Trust (2017) Intersecting Inequalities: the impact of austerity on BME women, (https://bit.ly/2PFrb1N)
[34] EHRC (2018), The cumulative impact of tax and welfare reforms, (https://bit.ly/2FtBFfx)
[35]HM Treasury (2018), *Impact on households: distributional analysis to accompany Budget 2018* (https://bit.ly/2DnYlAm)

These headline figures mask the unsustainable reality of working life for many people in the UK. While women's employment rates have risen there is still a gender employment gap of 9 percentage points (24 points when measured as full time equivalent). Women still account for the majority of those in part-time employment (73%), involuntary part-time employment (54%), temporary employment (52%), zero-hour contracts (53.6%) and part-time self-employment (60%).[36]

Similarly, while unemployment has shrunk for both sexes, it has reduced less rapidly for women than for men. Nearly 40 per cent of unemployed women aged over 50 were so for at least 12 months, a prevalence that has increased since 2011.

Average weekly wages have increased by £3 over the last year to £462 but are still £11 lower in real terms than the 2008 pre-crash peak.[37] The Budget confirmed that the National Living Wage will increase in line with the Low Pay Commission recommendations from £7.83 to £8.21 per hour for the over 25s by April 2019. However, the 2018/19 NLW was much lower than the 2018/19 real Living Wage of £9.00 and hour and £10.55 in London, so the gap between the two, although narrowing, will continue in 2019/20.[38]

The 1 per cent 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. These impacts are likely to be felt more strongly by Black, Pakistani and Bangladeshi women compared to other groups as they are disproportionately represented in the public sector.[39]

For more information on women and employment see the WBG pre-budget briefing: Women, Employment and Earnings

Taxation

The Budget included a series of tax giveaways totalling more than £3bn a year, mostly to men and the better off. 63 per cent of the income tax cuts will go to men.

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. Men, having higher incomes, make a larger tax contribution through taxation, so benefit more from tax cuts.[40]

Besides the £20.5bn allocated to the NHS, tax giveaways formed by far the largest component of government net spending in this budget. This is despite the devastation that austerity has and will continue to visit on public services, whose funding will now match just current low levels in real terms, but only in total, not per head of population. The freeze in fuel duty, some cuts in alcohol tax

[36] WBG (2018), Women, employment and earnings (https://bit.ly/2ExUEtl)
[37] ONS (2018) UK Labour Market: October 2018 (https://bit.ly/2RJEyyL)
[38] See rates at https://bit.ly/2hiGZeX
[39] WBG and Runnymede Trust (2017), Intersecting Inequalities; the impact of austerity on BME women, (https://bit.ly/2PFrb1N)
[40] WBG (2018) *Gender impact of taxation* (https://bit.ly/2DnrAna)

and the raising of the personal tax allowance and higher rate thresholds will give away more than £3bn annually, mostly to men and the better-off in society[41].

It is particularly disgraceful that while continuing to freeze working age benefits, despite higher than anticipated inflation causing real hardship, the Chancellor decided to raise income tax thresholds by more than inflation, and a year earlier than required to do so to keep the Conservative manifesto's rash promise. The Personal Tax Allowance will rise to £12,500 and the Higher Rate Threshold to £50,000. As the Women's Budget Group has repeatedly argued, raising income tax thresholds is not a policy that helps women[42]. The result this time is to give away nearly £3bn in 2019/20 and nearly £2bn in 2020/21 to income tax payers (58% of whom are men), while those with earnings below this existing income tax threshold, who do not benefit from this measure at all, are predominately women[43]. The larger gains go to higher rate tax payers (on average £387 each in 1919/2020) while basic rate payers gain less (on average £66 each in 1919/2020)[44].

As the section on impact assessment above outlined, the HMRC equality impact assessment of this measure does not tell us how many men and how many women there are in each category. However, it does tell us that 70% of those taken out of higher rate tax are men[45]. 73 per cent of higher rate tax payers, who will benefit from the raising of the higher rate threshold, are men.[46]

Data from the House of Commons Library shows that 63% of the benefit of the increase in the Personal Allowance and Higher Rate Threshold goes to men.

Actual and percentage benefit of increase in Personal Allowance and Higher Rate Threshold by 2021/22

Increase in Personal allowance and higher rate threshold	Total cost by 2021/22 £m	Received by women £m	Received by men £m
	£6180m	£2277m	£3893m
Percentage of total		37%	63%

Source: data supplied by House of Commons Library

The decision not to raise fuel tax for the ninth year in succession will benefit men more than women as they are more likely to drive and to drive longer distances and in bigger cars.[47] It will also provide more gains to those with higher incomes, who buy more fuel. Women and poorer people are greater users of public transport and would have benefitted more from using that money to support 'unprofitable' bus routes that continue to face significant cuts (see section on public transport).

The Chancellor did not take the opportunity to change the dangerous downward trajectory planned for corporation tax. Making the headline corporation tax rate at 19%, or better still returning it to the higher rates of the past, would stop the current race to the bottom of an important revenue

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41 HM Treasury Budget 2018: policy costings https://bit.ly/2Az3HGl pp5-7
42 See WBG briefing on Tax and Gender https://bit.ly/2D26FVr
43 HM Treasury Budget 2018: policy costings (op. cit.) p5 and HMRC (2018) Overview of Tax Legislation and Rates https://bit.ly/2D0DUIH pp76/7
44 HMRC (2018) Overview of Tax Legislation and Rates (op.cit.) p76
45 ibid p78
46 WBG briefing on Tax and Gender https://bit.ly/2D26FVr
47 In the National Travel Survey of 2017, men drove 4079 miles, 63% more than women did (see Table NTS0605 for 2017 to be found at https://bit.ly/2LRatuz)

raiser. Returning it to 26%, the level it was at in 2011/12, would raise around £19bn.[48] This has a gendered impact because men are also the majority of business owners, top managers and shareholders. More significantly business taxation can raise revenue that can be used to provide public services and finance social security benefits, on which women are more likely than men to rely.

For more information on tax and gender issues see the WBG pre-budget briefing: Tax and Gender

Social Security

The main announcement in Budget 2018 relating to social security benefits was the increase in the work allowance in Universal Credit by £1000 per year (from £2,376 for those getting support with housing and £4,908 for those not getting support with housing).The work allowance is the amount of earnings individuals or households can keep before their maximum UC entitlement is withdrawn at the rate of 63p for every additional pound of net income.

Not all claimants will benefit, however. The change applies only to those individuals/families who were left with a work allowance after recent cuts, i.e.:

- Working families with children (lone parents and couples)
- Working person with disability and limited capability to work (whether single or not)

For these, the gain is £630 per year. Individuals and households without children do not benefit and their work allowance remains cut to zero, down from £1332 per year following the July 2015 Budget.

Overall this measure amounts to additional spending by government of £1.7 billion per year by 2023-24; but this is only making good half the cut to the work allowance announced in the July 2015 Budget (£3.4bn per year cut in work allowances). Households claiming housing costs in their UC award (i.e. tenants) and who benefit from this change will see their work allowance restored to higher levels than those in place before the 2015 Budget cuts. According to the House of Commons Library analysis, an estimated 57% of this additional spending will accrue to women, based on underlying tax credit caseloads.[49] However, it is not clear how in practice the benefit will accrue in couple households. According to the Landman Economics tax-benefit model, about 700,000 lone parents in employment would benefit, compared to 800,000 single-earner couples with children, most of which are likely to have the male partner in employment.[50] Increasing the work allowance has gender effects detrimental to women in couples. It improves the incentive to work but only for a single-earner model, since for couples, the non-earning partner – a majority of whom are women – sees their incentive to take up paid employment reduced.[51]

Moreover, these changes are dwarfed by the successive freezes and cuts to awards of child benefit, most legacy benefits and tax credits, and UC elements since 2010. Analysis by the Women's Budget

[48] Institute for Fiscal Studies (2018) *Green Budget 2018*: Options for raising taxes https://bit.ly/2Oy58O8 and WBG briefing on tax
[49] Calculations by the House of Commons Library for Yvette Cooper, based on Budget 2018 announcements.
[50] WBG analysis using the Landman Economics tax-benefit model.
[51] See IFS Submission to the Work and Pensions Committee's Universal Credit rollout inquiry, 11 January 2018, (https://bit.ly/2z5cs9Z)

Group showed that by 2021/22, employed lone mothers entitled to UC would lose on average £4933 per year if changes to income tax, NICs, the National Living Wage, benefits and tax credits are assessed together. This means that the measure announced in Budget 2018 would only reverse about 13 per cent of the cumulative average cut in their net incomes. For working couples with children, set to lose about £4600 for single earners and £4200 for dual earners, the increase reverses 14 per cent and 15 per cent of the cumulative cut respectively. Lone mothers not in employment – who will not benefit from this measure – will still lose a staggering £7000 per year in total by 2021/22.[52]

The government remains committed to rolling out Universal Credit to existing claimants of legacy benefits but has announced a further delay in this managed migration process for these existing benefit and tax credit claimants, and now aims to have achieved complete roll out by December 2023.

This Budget included new measures to provide additional transitional support to some claimants. These measures are welcome; but they are also a clear sign that the system is not properly designed for its multiple objectives.

The Budget included the announcement that the Minimum Income Floor (MIF) applied to self-employed people for UC eligibility will only be triggered after a twelve-month grace period for those who are gainfully self-employed already, as well as for those starting in self-employment (from April 2020). The justification for the MIF is that it will encourage the self-employed to increase their earnings. Self-employed women are particularly likely to have low earnings, however, and for lone parents in particular childcare responsibilities may make it extremely difficult to increase their earnings from self-employment.

Also, from April 2020, people moving to UC and subject to the 5-week waiting period will receive two weeks of Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance if they are already on these benefits, to help reduce hardship. This is a welcome move, for women, as more often than not women are responsible for managing these tight budgets. However, it is not clear why the measure comes in only in April 2020, and why it is not extended to those who would qualify for tax credits – mostly families with children – given the significance of the waiting-period problem identified by many associations and observers, including those responding to the Social Security Advisory Committee's consultation on managed migration.[53]

Another measure aimed at reducing hardship is the extension from 12 to 16 months of the period in which advance payments are recovered. This may be helpful for those who have advances. But the underlying design problem is the monthly payments and assessment periods, which are major issues for many households struggling to make ends meet in difficult circumstances.[54]

The cut in the amount of surplus earnings disregard from £2500 to £300 has been postponed by one year until April 2020. This rule means that any earnings above this level are 'banked' and can be

[52] Ibid.
[53] SSAC (2018) Draft Universal Credit (Managed Migration) Regulations 2018: SSAC report and government statement (https://bit.ly/2JJFPmE)
[54] See for example CPAG blog about Budget 2018 at https://bit.ly/2SNLXy0 and WBG and Save the Children responses to childcare support in UC consultation (add links)

counted against future claims to UC within a certain period. The Social Security Advisory Committee (SSAC) produced a damning report in January 2018 raising concerns about this rule.[55] Therefore the extension is mitigating the issue, which is welcome, but without addressing it fully. The SSAC said that claimants could be incentivised to make repeated UC claims in order to erode their surplus earnings, while knowing that they would not be granted anything and may as well stop claiming altogether. SSAC concluded by expressing serious doubts about the ability of the DWP to address "formidable challenges in communicating changes to claimants; not least to those who could negatively impact their subsequent entitlement by making a claim now".[56]

SSAC also cast doubt on the DWP's equalities impact assessment of its default policy of splitting equally any surplus left after a couple separates. The Department found no detrimental impact for any protected group because of the equal split. However, SSAC noted, rightly, that the partner on a lower income or with a lower capacity to earn is disadvantaged by such a split, since it grants them notional surplus earnings negatively affecting their new UC entitlement which they did not accrue. More often than not, these will be women.[57] The Budget does nothing to address this issue. In fact, many of the measures concerning Universal Credit seem to have been rushed out at the last minute following pressures from different sides. Indeed, the OBR mentioned in its economic and fiscal outlook report that they received the figures too late to be able to do a proper risk assessment of the costings as they would normally do.[58]

Another important measure announced in this Budget concerns the two-child limit in Universal Credit. Following a court ruling won by the Child Poverty Action Group (CPAG) in April,[59] the exceptions for the two-child limit will be extended, from November 2018, to children who are adopted or in kinship care, regardless of their order in the family. This is of course welcome but does not in itself reverse the drastic cuts for the vast majority of large families who will still see their entitlements limited to two children when UC is fully rolled out. This and other measures such as the freeze for most working-age benefits and cuts to awards were not reversed or even loosened. This means that as far as social security spending is concerned, with a cumulative cut of more than £35bn per year by the early 2020s (taking account of this Budget's social security measures), austerity is far from being over for many people, and this will be felt by women in particular, who rely more than men on social security benefits, for themselves and/or the people they care for.[60]

For more information on social security see the WBG pre-budget briefing: Women and Social Security

Pensions

The Budget was a missed opportunity to address pensions inequality and help those older women pushed into poverty through the raising of the State Pension Age.

[55] SSAC (2018) Surplus earnings: SSAC report and government statement on the Universal Credit (Miscellaneous Amendments, Saving and Transitional Provision) Regulations 2018 (https://bit.ly/2RC3g3L)
[56] See https://bit.ly/2D4pZSb (Letter by Paul Gray, Chair of the SSAC, to Esther McVey, Secretary of State for Work and Pensions, 19 January 2018)
[57] Ibid.
[58] OBR (2018) Economic and Fiscal Outlook, October 2018 (https://bit.ly/2yJFvjv)
[59] CPAG (2018) 'What does the Budget mean for universal credit (and how much will families benefit - or not)?' (https://bit.ly/2SNLXy0)
[60] WBG (2018) Women and Social Security (https://bit.ly/2CzJ0vv)

Most pensioners are women, but state and private pensions were designed around a 'masculine' life course and women are the majority of the poorest pensioners.[61]

Once again, the Budget missed an opportunity to address the billions of pounds in pension tax reliefs which largely benefit the better off and divert the money to fairer uses that recognise the value of unpaid work and help those who provide it (mainly women) to build adequate pensions. In fact, Budget 2018 increased the reliefs marginally by allowing the annual uprating of the Lifetime Allowance by CPI to go ahead.

Tax reliefs on pensions total £41 billion, which is 44% of the amount (£94 billion) spent paying state pensions in 2017-18.[62] 40% of government spending on pension relief goes to the top 10% of those claiming relief, who earn £70,000 a year or more and make up 24% of pension contributions.[63]

Yet again, there was nothing in the Budget to ease the increasing poverty among older women as the state pension age for women is equalised with the age for men. This change has left many older women who are unable to continue working until the later retirement age in poverty.[64] The increased retirement age especially hard for women in caring roles who can find themselves trapped on low-income carer's benefits rather than a higher state-pension income.

The major announcement on pensions in the Budget was that the DWP will issue a paper setting out the government's approach to increasing private pension saving by the self-employed, looking at targeted interventions and partnerships 'this winter'.

Automatic enrolment has increased the number of employees saving for retirement. Those self-employed who do save for retirement, contribute more than employees – on average £4,490 a year compared with £2,310 a year for employees.[65] However, participation of the self-employed in pension saving is lower with 45% of self-employed aged under 55 having no pension savings (compared with 16% of employees) and 30.3% of the 55-and-over group (compared with 14% of employees).[66]

This is against a background of rapid growth in the self-employed population in the UK in recent years to reach 15% (4.8 million) of the labour force by 2017. While self-employment has risen for both men and women, the rise for women contrasts with stability in women working as employees, suggesting a shift in women's work patterns towards self-employment. Self-employed women, working full-time or part-time earn less than female employees and less than their male counterparts.[67] This is likely to make it more difficult for them to save and mean that policies to incentivise pension saving among the self-employed may not help self-employed women.

Moreover, where saving is feasible, it is not clear that defined-contribution (DC) pensions will turn out at retirement to have been good value for savers' money, compared with alternative uses. While there has been some progress, charges for DC pension schemes remain higher than the alternatives

[61] WBG (2018) *Women and Pensions* (https://bit.ly/2yUPr9U)
[62] OBR (2018) Welfare Spending: state pension (https://bit.ly/2yUCNYp)
[63] RSA (2018) Venturing to retire, (https://bit.ly/2EUds0J)
[64] WASPI – Women Against State Pension Inequality (http://bit.ly/2kdI5d9)
[65] Investment life & Pensions Moneyfacts, October 2018, p.7. (https://bit.ly/2qxtOYE)
[66] Investment life & Pensions Moneyfacts, October 2018, p.7. (https://bit.ly/2qxtOYE)
[67] ONS (2018) Trends in self-employment in the UK (https://bit.ly/2G0JUUM)

and thus they are a less efficient way of sharing GDP than alternatives, such as providing adequate state pensions.

For more information on pensions see the WBG pre-budget briefing: Women and Pensions

Social Care

The additional £650m for social care is insufficient to make up for the chronic underfunding of social care services and there was nothing in the budget for the 6.6 million unpaid carers

The Chancellor claimed that the budget was for hard working families including 'the strivers, the grafters and the carers.' However there was nothing for the 6.6 million carers who do far more than get up early and 'drop their kids off at school, check on elderly relatives and neighbours.'[68] Only 5% of carers care for less than 20 hours a week compared with 47% who care for more than 90 hours weekly.[69] For women over 60 affected by the increase in state pension age (see section on pensions) eligibility for the carer's allowance of £64.30 is no compensation for the loss of entitlement to the state pension worth twice at much.

The crisis in social care will not be solved just by an addition of £650 million to the £240million for English authorities for 'social care winter pressures' announced earlier. First, social care has been underfunded for years. To restore spending to 2015 levels (which were already inadequate, would require an additional £1.5 billion in 2019-20.[70] Second, insufficient account is taken of the increased *need* for social care – the Kings Fund estimates a rise in the number of people with long term conditions from 1.9 million in 2008 to 2.9 million in 2018.[71] Third, the WBG welcomes the countrywide increase in the National Living Wage but it will not improve the *capacity* of the social care system and the cost will have to be met out of existing local authority budgets. Private domiciliary and residential care providers will also be affected and this already fragile market in poorer areas may cease to offer places to local authorities unless they pay higher fees.

Adult social care is a statutory duty on local authorities so as a result of a 49 per cent cut in grants from central government since 2010, adult social care services now account for 40% of total council budgets compared with 28% in 2010.[72]. This has led to funding cuts to other vital local services (see sections on local government funding and transport).

The WBG looks forward to the long promised Green Paper on Social Care outlining a fair and fully funded sustainable system of social care in partnership with fully resourced local authority services. This has been delayed many times despite the urgency and magnitude of the crisis. However promising avenues about a cross-party consensus for a drastic overhaul of the funding and provision system of adult social care in England that is sustainable in the long term were laid out in a joint report by the Housing, Communities and Local Government and Health and Social Care Committees in June 2018.[73]

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[68] Budget 2018: Philip Hammond's speech (https://bit.ly/2Ror8rr)
[69] Carers UK (2018) State of Caring (https://bit.ly/2D46SHT)
[70] LGA (2018), Moving the conversation on: LGA Autumn Budget Submission to HM Treasury, (https://bit.ly/2P29VDF)
[71] Kings Fund (2014), Disease and Disability: future trends (https://bit.ly/2OB27I4)
[72] LGA (2018), Moving the conversation on: LGA Autumn Budget Submission to HM Treasury, (https://bit.ly/2P29VDF)
[73] See https://bit.ly/2lAIeEL

For more information on social care see the WBG pre-budget briefing: [Social Care]

Health

The Budget confirmed a welcome additional spending of £20.5bn for the health service announced in the summer. However this falls short of the money needed after years of under-funding.

Health policy and spending is a gendered issue, as women are the majority of staff working in the NHS, the majority of patients and they account for the majority of unpaid carers relying on NHS professional support.[74]

In June 2018, the government announced additional spending in real terms for the NHS to reach £20bn by 2023/24. In this Autumn Budget, Philip Hammond confirmed that an extra £20.5bn will be spent on NHS England by 2023/24. This additional money is welcome after the slowest decade in spending growth in the NHS's 70-year history. But it represents an increase in spending of 3.4 per cent[75], which falls short of the 4 per cent increase the King's Fund and others have declared is needed to improve services after years of under-funding.[76]

Chancellor Philip Hammond also announced that funding for mental health services would grow as a share of the NHS budget until 2023/24. Women are disproportionately affected by mental ill-health, so this is a welcome move. At least £2bn of the extra funding will be allocated to improvements in mental health services. While it is not yet certain how the money will be invested, it is important that support for people with mental illness in the community and inpatient care is properly funded, as this is crucial to prevent people reaching crisis point.

Despite the increase in spending for frontline services, the wider (non-NHS) health budget, which includes funding for doctor and nurse education and training, and public health, will fall by £1bn in real terms next year.[77] With a severe shortage of nurses in the system, this is worrying news. In 2017, for the first time on record, more nurses were leaving than joining the profession.[78] A serious investment in training and retention of staff is needed to improve patient care and outcomes.

In addition to this real-terms reduction in the wider health budget, the higher than expected inflation compared to the March forecast might mean that the NHS spending increase in the next financial year will only be 3.3 per cent, falling short of the 3.6 per cent promised by Theresa May in June.[79] The debt of NHS Trusts remains insufficiently addressed. A 'Provider Sustainability Fund' was set up in 2018/19 to support Trusts, with the ambition of financially balancing the sector in that same year. However, data from the first part of the year show that three NHS Trusts will still end the year £519m in deficit.[80]

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[74] WBG (2018) *Health and gender* (http://bit.ly/2OpEX77)
[75] IFS (2018) Autumn Budget 2018 (https://bit.ly/2DbT133)
[76] IFS, Health Foundation, King's Fund and Nuffield Trust, (2018) Does the NHS need more money and how could we pay for it? (https://bit.ly/2zwysdj)
[77] The Health Foundation (30 October 2018) 'Response to the Autumn Budget 2018' (http://bit.ly/2zzcwOI)
[78] WBG (2018) *Health and gender* (http://bit.ly/2OpEX77)
[79] The Health Foundation (30 Oct 2018) 'Response to the Autumn Budget 2018' (http://bit.ly/2zzcwOI)
[80] The King's Fund (14 Sep 2018) 'Trusts in deficit' (http://bit.ly/2AO8VOA)

For more information on health see the WBG pre budget briefing: Health and Gender

Childcare

There was no substantial childcare measure 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 substantial measure in the Budget to address the numerous childcare issues is concerning, except for a 6-month extension for new employer childcare voucher claims, to give more time to parents to adjust to the new tax-free childcare. 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.[81] 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.

For more information on childcare see the WBG pre-budget briefing: Childcare

Education

The Budget included an additional £400 million to schools for equipment and facilities, but this will do little to counteract the 8 per cent fall in spending on schools in real terms between 2009/10 and 2017/18.

The Chancellor announced an additional £400 million to schools for equipment and facilities – specifically not for staffing. This works out at £10,000 per primary school and £50,000 per secondary school. Schools have suffered an 8 per cent (around £5bn) fall in real terms spending between 2009/10 and 2017/18[82] and face a £2bn annual shortfall in funding.[83] The small amount of additional

[81] WBG (2018) *Childcare* (https://bit.ly/2qviLyT)
[82] See WBG (2018) Women and Education (https://bit.ly/2PSxSxE)
[83] TES (2018), Schools underfunded by £2bn a year councils claim (https://bit.ly/2IOadeQ)

money in the budget does not make up for this sustained under-funding. WBG has identified that, for women, teaching is a main field of employment and also of poor pay. This money does nothing to address this.

In 2017 the Women and Equalities Committee of the House of Commons published a report on sexual harassment in schools. It recommended improving training in sex and relationship education (SRE) for staff and pupils, better learning resources for pupils, and the funding of external agencies to work with schools on this issue. Because the new money is specifically for equipment and facilities no new money has been allocated for this work. We are not aware that any existing money has been made available to carry out the recommendations of this report.

Prior to the budget the possibility was flagged that the Chancellor might remove the tax relief privileges held by some of the most elite and expensive private schools in England. Effectively a subsidy for the education of the rich, and one that effectively supports the promotion of men to elite roles in UK society. The most elite schools (Clarendon schools) cater mainly for boy pupils who go on to hold a disproportionate amount of elite jobs,[84] thus perpetuating gender inequalities in the most senior jobs in the UK. It appears that the Chancellor has had a failure of nerve and there was no mention in the budget of any changes to the privileged tax position of these schools.

Apprenticeship numbers have fallen since the introduction of the apprenticeship levy by 28%.[85] The scheme is clearly not working as it was intended and the Chancellor has announced a consultation with employers to discover the problem. In the mean-time the Chancellor is tinkering with the system by making more money available to employers so that smaller companies in supply chains can take up apprenticeships. This seems like a 'cash back' reward to encourage employers to use the system. The Chancellor announced small amounts of regional money for skills training projects Wales and Manchester. None of this will address the problem of the gendered nature of apprenticeships, and their contribution to the continued gendered nature of skilled work in the UK.

For more information on education see the WBG pre budget briefing: Women and Education

Housing

Women make up the majority of groups that did not gain anything from the housing measures in the budget: households accepted as statutorily homeless (67% of adults), those claiming housing benefit (60%) and social renters (55%).

The main change to housing expenditure in the budget was the extension of the Help to Buy Equity scheme for a further two years, to 2023. The scheme is available to people buying new homes, who have at least a 5 per cent deposit and can get at least a 75 per cent mortgage. It provides a

[84] Reeves, A, Friedman, S, Rahal, C (2017) 'The decline and persistence of the old boy: Private Schools and elite recruitment 1897 to 2016' American Sociological Review, 82:6 (https://bit.ly/2EZYw6C)
[85] Department for Education (2018) Apprenticeship and Levey Statistics (https://bit.ly/2xc8vPV)

government loan for up to 20 per cent of the value of a home, to bridge the gap between deposit, mortgage and price, which is repayable on resale. The scheme was originally launched in 2012 as a temporary measure when 95 per cent mortgages became scarce after the 2008 financial crisis.

Over the past five years, many buyers, housebuilders and the politically-sensitive building output figures have become dependent on the scheme. By 2018, 170,000 homes had been bought using Help to Buy[86], about a third of all new homes built for sale over the period. Housing has fared worse than almost any government spending area under austerity since 2010, but by March 2018, government had loaned £9bn to buyers through the Help to Buy, representing a shift to support for home owners over renters within the reduced budget. There is no gender breakdown for those benefiting from Help to Buy. However, as only 46 per cent of adults in first time buyer households are women[87], women probably benefit less than men from the scheme. In 2018 the median users of the scheme had a relatively high household income of £50,000 a year and were buying a home costing £270,000.[88] Not extending Help to Buy would have been more newsworthy than doing so. However, the budget says there are no plans to renew the scheme beyond 2023, because conditions have eased (although there will be another government by this date).

The budget had several other small housing measures. Stamp duty was cancelled for first time buyers of shared ownership homes, a minor extension to the lifting of the stamp duty threshold for first time buyers to £300,000 in the 2017 budget (there were only 9,000 shared ownership purchases in 2016/17). There was also £500m more for the Housing Infrastructure Fund to help developers with site preparation, and various small new funds to support infrastructure for housing, new build and conversion. The budget also re-announced government deals with nine large housing associations to contribute £2bn to affordable housing development over seven years starting in 2020/21, likely to result in tens of thousands of homes per year when combined with housing associations' own funds. The budget re-announced the extension of permission to ask to borrow money to build council homes to all councils, but with a nationwide cap on borrowing, this is predicted to mean 10,000 homes a year.

Insufficient new house building, particularly of affordable housing and the housing benefit or universal credit freezes and shortfalls remain significant concerns after the budget, with implications for gender equality. Many important issues, including the cost and quality of private renting and reform of housing and property tax were not addressed in the budget at all.

For more information on housing see the WBG pre budget briefing: Housing and Gender

Transport

The budget included an additional £770 million for improving transport infrastructure in cities and £420 million for repairing pot holes but made no mention of funding for busses, which has experienced significant cuts since 2010/11.

[86] MHCLG (2018) Help to Buy (Equity Loan scheme) and Help to Buy: New Buy statistics (https://bit.ly/2SRk73X)
[87] DCLG (2017) English Housing Survey 2015 to 2016: first time buyers London (https://bit.ly/2D7kl1B)
[88] MHCLG (2018) Help to Buy (Equity Loan scheme) and Help to Buy: New Buy statistics (https://bit.ly/2SRk73X)

Public transport use is highly gendered. For example women take more local bus journeys than men.[89]

The Budget included announcements (and re-announcements) of billions in major commuter rail projects, most significantly an additional £770 million for improving transport infrastructure in cities. This investment in public transport is welcome. However, there is no specific mention of buses, despite almost three times as many public transport journeys being taken by bus than by rail.[90]

The 2018 budget reflects how public transport is viewed by policy makers and politicians. It highlights the overall public investment the Government has made in "the largest roads investment programme in a generation, and the biggest rail investment programme since Victorian times" and goes on to link this to its "modern Industrial Strategy". However, the emphasis on roads and rail, and the total omission of buses, confirms the idea that local bus provision is the remit of local authorities and commercial companies to determine between themselves. The effect of this has been for central government to consistently absolve itself of any real responsibility for adequate bus provision for over thirty years.

Even with an emphasis on rail travel, it is worth noting that almost one in five rail users in the UK have *no bus route* to their local railway station and a further one in five need to take a bus for up to twenty minutes to access their local railway station.[91]

As our pre-budget briefing on transport shows, cuts to local government budgets are having a bigger impact on women than on men.[92] Local bus services are suffering hugely under these cuts, and this is having a knock-on effect on women's chances of working, studying, shopping, attending health appointments for themselves or with family members or meeting responsibilities for unpaid care.

For more information on public transport see the WBG pre-budget briefing: Public Transport and Gender

Local government

There was some welcome short-term funding for some local government services, but this falls short of what is needed in the long term. Local government has faced significant cuts to budgets since 2010 alongside rising demand for adult social care, children's services and homelessness support services. This threatens many of the services that women rely on.

Local government is responsible for many of the public services on which women disproportionately rely.

[89] Department of Transport (2017) Transport Statistics: Great Britain 2017 (https://bit.ly/2KT2dJ3)
[90] ibid.
[91] ONS (2012) Public attitudes towards train services (https://bit.ly/2PEmXuF) Table ATT0402
[92] WBG (2018) Public Transport and Gender (https://bit.ly/2OM21lx)

Between 2010/11 and 2017/18 central government funding for local authorities fell by almost 50 per cent (49%).[93] In 2019/20 Councils' Revenue Support Grant is due to be cut by £1.3 billion.[94] Once Council Tax is accounted for, the overall real terms reduction in councils' spending power in that period is 28.6%.[95] These cuts have not been evenly distributed, with the most severe cuts hitting areas of multiple deprivation, particularly in the north of England, while local authorities in more prosperous areas have been less effected.[96]

At the same time there has been an increased demand for services. Between 2010/11 and 2016/17 the number of households assessed as homeless increased by more than a third (33.9%), the number of looked-after children by 10.9 per cent and the number of people over 65 in need of care by an estimated 14.3 per cent.[97]

Local authorities have prioritised spending on statutory services. Even so spending on adult social care has fallen by 3.3 per cent and the increase in spending on children's social care (3.2%) has not matched the increase in demand. Other local services have faced severe cuts. There has been a 53 percent reduction in planning spend, 46 per cent on housing, 37 per cent on transport and highways and 35 per cent on culture and leisure services since 2010-2011.[98] Funding for domestic and sexual violence support services has been cut (see section on violence against women and girls). If services were funded at current (reduced) level, there would be a funding gap of £7.8bn by 2025.[99]

The Budget provided an additional £410 million for adults and children's social care in 2019/20 on top of the £240 million already committed for adult social care. While welcome this is far from enough to fill the social care funding gap (see section on social care).

There was more money for local physical rather than social infrastructure with £420 million to repair potholes, £150 million to improve traffic hot spots and £680 million for the transforming cities fund.

The National Audit Office has concluded that the gap between funding and demand for services is 'not financially sustainable over the medium term'.[100] This budget did nothing to address these underlying problems. The Government's plan is to make local authorities 'self-sufficient' and more dependent on their own business rates. However, this will impact unevenly across local authorities. Those with the lowest receipts from business rates are likely to have the poorest populations and the highest demands for services. This may result in the poorest localities having to charge a higher rate of Council Tax, even though their residents can least afford this.[101]

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[93] NAO (2018) The Financial Sustainability of Local Authorities, (https://bit.ly/2FjVo5w)
[94] LGA (2018) Moving the conversation on: LGA Autumn Budget Submission to HM Treasury, (https://bit.ly/2P29VDF)
[95] NAO (2018) The Financial Sustainability of Local Authorities, (https://bit.ly/2FjVo5w)
[96] Gray M, Barford A, (2018) 'The depths of the cuts: the uneven geography of local government austerity', Cambridge Journal of Regions, Economy and Society, Volume 11, Issue 3, 29 October 2018, Pages 541–563, (https://bit.ly/2PMWzhX)
[97] NAO (2018) The Financial Sustainability of Local Authorities, (https://bit.ly/2FjVo5w)
[98] NAO (2018) The Financial Sustainability of Local Authorities, (https://bit.ly/2FjVo5w)
[99] NAO (2018) The Financial Sustainability of Local Authorities, (https://bit.ly/2FjVo5w)
[100] NAO (2018) The Financial Sustainability of Local Authorities, (https://bit.ly/2FjVo5w), p.8
[101] Communities and Local Government Select Committee (March 2017) *Adult Social Care* (http://bit.ly/2jsjaCa) (p.1)

Violence against women and girls

The Budget was silent again for the second year running on one of the gravest forms of inequality – violence against women and girls (VAWG).

It is estimated that 4.3 million women (and 2.4 million men) suffer domestic violence over their lifetime, 1.2 million women (and 713,000 men) suffer domestic violence each year,[102] and 3.4 million women (and 631,000 men) are victims of sexual violence over their lifetime.[103] There was no additional help 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.

The Government's Violence Against Women and Girls Strategy recognises the scale of the problem but is not backed with enough funding for either victims' services or preventive interventions to reduce the incidence of VAWG in the longer term. The Government initially committed £80m to supporting the VAWG strategy, with an additional £20m announced for domestic violence services in the 2017 Spring Budget – a total of £100m over the life of the parliament, that is, five years. The total costs of VAWG to society are estimated at £40bn annually.[104] 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. In the Budget, the Government states that the 'NHS is the government's number one spending priority'[105] but (for example) only nine Clinical Commissioning Groups out of more than 200 give any funding to Rape Crisis Centres, which in England and Wales have a waiting list of more than 6,000.[106]

WBG supports the call by the Women's Aid Federation England for 'a sustainable funding model with national oversight to ensure that no specialist services are forced to reduce their provision or close their doors forever.' [107] WBG calls on the Government to show leadership in their VAWG Strategy and ensure that they provide national oversight of specialist support services for women and girls, matching them to rising need, and put in place ongoing funding for these services that is adequate to meet immediate needs of victims and allows for additional investment in preventive measures, such as Sex and Relationships Education in schools.

For more information on funding of VAWG services see the WBG pre-budget briefing: Violence Against Women and Girls

[102] Domestic abuse: findings from the Crime Survey for England and Wales: year ending March 2017 (https://bit.ly/2nXfpTC)
[103] Sexual offences in England and Wales: year ending March 2017, ONS, 2018, (https://bit.ly/2nWRYuP)
[104] New Philanthropy Capital (2008) *Hard Knock Life* (http://bit.ly/2iHnitN)
[105] HMT Budget 2018, para 6.2, (https://bit.ly/2PKb5XV)
[106] Data from Rape Crisis England and Wales.
[107] Women's Aid (2018) Women's Aid responds to the Home Affairs Committee's report on domestic abuse, (https://bit.ly/2Pb6n66)

Conclusion

This was trailed as the budget that would end austerity. The increased spending on health and raise to the work allowance in Universal Credit were very welcome. However other public services remain chronically underfunded, and the social security system is still facing large cuts. For those hit hardest by cuts to spending on public services and social security the Chancellor's speech promised 'jam tomorrow' with little real change to improve their lives today. With future spending plans dependent on a 'good' Brexit deal even that promise may not be realised.

The Office for Budget Responsibility (OBR) said earlier this month that 'it seems likely that the economy and public finances have been weaker than they otherwise would have been' as a result of the decision to leave the EU[108], and their projections for future growth are based on an 'orderly transition' from EU membership to a new trade deal with the EU.[109]

With continued low growth projections, and on-going uncertainty over Brexit the Chancellor should have taken the opportunity to invest in social infrastructure, particularly the care sector, which would not only address the urgent crisis in care but also boost employment.

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.

[108] OBR (2018) Discussion paper No.3 Brexit and the OBR's forecasts, (https://bit.ly/2NHL6v1)
[109] OBR (2018), Economic and Fiscal Outlook, (https://bit.ly/2yJFvjv) p33-34

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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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