
An End to Austerity?

What the Spending Review means for women

September 2019

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WBG response to the 2019 Spending Review

This was the Spending Review that was supposed to end austerity. The past decade has seen cuts to spending on public services and social security that have hit women harder than men, and black and minority ethnic (BAME) women and disabled women hardest of all.

The Chancellor announced significant spending increases to some departments. However these did not go far enough to make up for ten years of cuts. Spending outside health is still 16% lower per person compared to pre-2010 levels.

- **Education** saw one of the biggest boosts in funding, but the focus on schools that have 'historically been underfunded' will mostly benefit schools in more affluent areas.
- The 3.7% increase in **health** spending is welcome but still below the 4% needed to improve services, and investment in training is only a third of what is needed to compensate for chronic staff shortages.
- The £1.5 billion announced for **adult and children social care** is just enough to prevent the collapse of the social care system but does not provide a long-term plan for the future sustainability of social care.
- **Local authorities** are going to receive an extra £3.5 billion in the next year, a welcome increase after a period during which funding for local government has fallen by 50%. Continued investment is needed to reverse severe cuts to local budgets.
- Although there were strong spending commitments to police, justice and crime the Chancellor was mute on **violence against women and girls**, despite the endemic and widespread nature of this violence and the £66 billion it costs the UK each year. There was also no mention of **legal aid**, despite the severe cuts in cases since its revision.
- Once again no **equality impact assessments** were published, despite the Government's legal duty to carry them out. The positive examples of the impact of spending decisions on groups with protected characteristics, including women, are not a replacement for a comprehensive equality impact assessment of the spending review.

The end of austerity has to mean more than ending the cuts to public services, it has to mean sustained investment to restore these services to an adequate level of provision and quality and make sure social security is robust enough to work as a safety net for women.

End of austerity

This spending review was the first test of repeated Government promises of the end of austerity. There were significant spending increases for some departments, but these were insufficient to compensate for severe cuts since 2010. For other departments 'the end of austerity' simply means no further cuts, rather than action to restore public services.

Women have been disproportionately impacted by austerity – BME, disabled women and lone mothers even more so¹ – because they rely more on public services and more likely to increase the (unpaid) care they provide to relatives and friends when these services are cut.

After two previous rounds of spending reductions, public services are under increasing strain. The end of austerity has to mean more than ending these cuts, it has to mean sustained investment to restore public services to an adequate level of provision and quality.

The IFS has calculated that, despite these spending review announcements, spending will still be 3% below its level a decade ago, and more than 9% lower per person in real terms. Real spending outside Health will still be 16% lower (21% per person) next year than in 2010.²

The Chancellor has stated that public spending can be increased because the UK economy is in a stronger position than it was in previous years. But this spending review is unusual in that it was announced prior to the OBR publishing its economic and fiscal outlook; as a consequence, the Chancellor's decisions are based on data from March. Given that there is likely to be lower growth as a result of Brexit, we are pleased that the Chancellor recognises that his fiscal rules will have to change if these commitments are to be maintained.

Social infrastructure

The Chancellor has stated that the number one priority for this Government is improving national infrastructure. But once again, the Government's concept of infrastructure is a narrow one, focusing almost entirely on physical infrastructure such as roads, bridges and telecommunications.

'From the motor highway to the information highway ... we'll settle for nothing less than an infrastructure revolution.'

The 'infrastructure revolution' we would like to see would be a substantial investment in social infrastructure that is crucial to provide a well-educated, healthy and well-cared population: more childcare provision, adequately paid social care workers, highly trained health professionals and teachers.

¹ WBG and Runnymede Trust (2017) *Intersecting Inequalities – The impact of austerity on Black and Minority Ethnic women in the UK* (<http://bit.ly/2IE07Wn>)

² IFS (4 September 2019) 'Chancellor ends austerity for public services – but risks breaching current fiscal rules' (<http://bit.ly/2k1yxCd>)

The Chancellor stated that improving the broadband network was crucial for small businesses to thrive; but so is providing high-quality childcare, allowing parents to take up jobs where they can use their skills and be more productive.

Our research has shown that investment in social infrastructure is more effective in increasing economic growth, employment rates and gender equality than investment in construction (physical infrastructure).³

Investment in social infrastructure builds the social and human capital that is just as important to future productivity – another key area the Chancellor wants to improve – as investment in transport and communication networks.

Education⁴

Education saw the biggest budget boost in the spending review, with a further £7.1 billion allocated to the schools by 2022/23, £400 million to Further Education (FE) and £66 million to early-years education. This is a very welcome boost in school spending that should go some way to address the issues schools are currently facing. However, the money allocated for the next year, a further £2.6bn, will not yet be enough to reverse the 8% in cuts since 2010 (for that £4.1bn would be needed).⁵ As ever, the devil is in the detail so the effectiveness of this funding boost will depend on where the money is allocated.

The Chancellor's commitment to increase funding for schools that have 'historically been underfunded' will mostly benefit schools in more affluent areas, with pupils with higher levels of attainment and with less English language requirements.⁶ It may mean that the additional funding will not benefit the most disadvantaged children, who are likely to be at schools that have received additional funding because of increased needs and therefore not been the "underfunded" ones.

Staff recruitment and retention remain an issue. Recruitment of teachers in secondary schools fell in 2017/2018 from the previous academic year meaning that almost 4,000 teaching posts went unfilled.⁷ Teachers have had to make up for the shortfall in staff by teaching larger classes and by working longer hours. So, while the announcement to increase teacher starter salaries is welcome, action is also needed on hours and class sizes to improve teachers' working conditions and address the retention crisis.

The additional £400 million announced to Further Education are a step in the right direction; this type of education has suffered the worst cuts since 2010. Women are the majority of students in FE. The extra money is not enough to reverse the 16% cuts in spending per student since 2010 nor to stabilise the sector for the future.⁸ Other issues that have an

³ ITUC & WBG (March 2016) Investing in the Care Economy: A gender analysis of employment stimulus in seven OECD countries (<https://bit.ly/2SO4Cxq>)

⁴ Find out more in our briefing: WBG (2018) Women and Education (<http://bit.ly/2kkdQ4l>)

⁵ IFS (2019) 2019 annual report on education spending in England: schools (<http://bit.ly/2lztj0Q>)

⁶ Education Policy Institute (2 August 2019) 'Analysis: "Levelling up" - what it really means for school funding' (<http://bit.ly/2m2Ev6v>)

⁷ Department for Education (2019) Statistics: initial teacher training (<http://bit.ly/2lxqmOu>)

⁸ FE Week (31 August 2019) 'Association of Colleges gives cautious welcome to chancellor's FE funding boost' (<http://bit.ly/2kw0CSn>)

impact on whether students can embark on FE, such as social security benefits and the availability of bursaries, would also need to be addressed.

The Chancellor announced a further investment of £66 million for early-years education,⁹ to increase the hourly rate paid to childcare providers. This is only 10% of the funding shortfall faced by childcare providers, calculated at £616.5 million.¹⁰ Nurseries will continue to be cash-strapped and many will be forced to close.

Health¹¹

The Chancellor reinforced the Government's commitment to increase spending on health and the NHS in particular, with a cash increase of £33.9 billion a year by 2023-24. Money will be spent on hospital repairs, staff training and AI systems.

A £150 million funding pot will be reserved for continual professional development of NHS nurses and midwives – a third of what the Nuffield Trust estimates is needed.¹²

The 3.4% increase is less than the long-term historical growth of 3.7% and less than is needed to improve services (4%).¹³ It doesn't compensate for the years of underinvestment and will not solve the chronic workforce shortages. Once more, there is little investment in the social infrastructure needed to improve the quality of the public services provided.

Social care¹⁴

We welcome the announcement that councils will have access to a further £1.5 billion for adult and children's social care – £1 billion through a new grant and £500 million through the adult social care precept.

However, two problems remain. This £1.5 bn is the minimum necessary to keep the social care system running and close to the woefully inadequate levels of 2015/16. To return to the higher although still underfunded levels of 2009/10, the social care budget would need to rise from £17.9bn to £27bn by 2021/22.¹⁵ Moreover, leaving social care funding dependent on the adult social care precept raised from Council Tax exacerbates regional inequalities. The local authorities with the greatest demand for care services are those for whom council tax raises the least.

We call on the government to redress the crisis in adult social care by establishing a National Care Service that provides care free at the point of delivery and has equal standing to the NHS.¹⁶ This is to address the current unfairness in the system, whereby a dementia

⁹ Find out more in our briefing: WBG (2018) Childcare (<http://bit.ly/2yXWWfd>)

¹⁰ Ceeda (2018) About Early Years: counting the cost in 2018 (<http://bit.ly/2k3OgAL>)

¹¹ Find out more in our briefing WBG (2018) Health and Gender (<http://bit.ly/2F6SLnF>)

¹² Nuffield Trust (4 September 2019) 'Press release – Sadly missed opportunity to reverse cuts – Nuffield Trust response to Spending Round' (<http://bit.ly/2ITWo7h>)

¹³ The Kings Fund (6 June 2018) 'An open letter: a long-term funding settlement for the NHS' (<https://bit.ly/2ucu80v>)

¹⁴ Find out more in our briefing: WBG (2018) Social Care: A system in crisis (<http://bit.ly/2PjJyMC>)

¹⁵ WBG (2018) Social care: A system in crisis (<http://bit.ly/2PjJyMC>)

¹⁶ WBG (2018) Social care: A system in crisis (<http://bit.ly/2PjJyMC>)

patient has to pay for their care, whereas a cancer or heart disease patient has access to free services.

Local authorities¹⁷

The Chancellor announced a funding package of £3.5 billion for local authorities. After a decade that saw central government funding to local councils reduced by 50%, this is a very welcome announcement.

As central government funding to local authorities was slashed in half, councils are becoming more dependent on business rates to fund local public services on which women rely on.¹⁸ This is unfair to those living in less affluent areas, who raise less in business rates but have the populations with greater needs for social services. The move to using business rates rather than central funding to supplement council tax receipts will make the funding system no longer redistributive between local authorities in the richest and poorest areas.

We welcome the Government's decision to delay implementation of 75% business rates retention and the Fair Funding Review until April 2021. We call on the Government to review this funding system in the next Local Government Finance Settlement in order to make it more redistributive and move local government funding away from reliance on business rates.

Transport

Women rely much more on buses than men. The estimated 134 million miles in bus routes that were cut since 2010¹⁹ have made the lives of many people harder and lonelier, particularly women and elderly people in rural areas. We welcome the boost in investment for buses announced at the Spending Review as positive for many women. Some of this money will fund the replacement of existing buses by greener vehicles, an urgently needed contribution to tackling climate change. However, money also needs to be channelled into more services and routes, to address access and cost issues.

Police, crime and VAWG²⁰

A boost of investment in police and crime was announced at this Spending Review, including money to recruit 20,000 new police officers and 10,000 new prison places.

Investment needs to be put into non-custodial alternatives for prison for women offenders in particular. The vast majority of women in prison are on short sentences for non-violent crime, many losing their homes and care of their children as a result.²¹

¹⁷ Find out more in our report: WBG (2019) Triple Whammy: the impact of local government cuts on women (<http://bit.ly/2G6YC9M>)

¹⁸ WBG (2019) Triple Whammy: the impact of local government cuts on women (<http://bit.ly/2G6YC9M>)

¹⁹ BBC News (16 February 2018) 'Britain's bus coverage hits 28-year low' (<https://bbc.in/2ExZkQ2>)

²⁰ Find out more in our briefing: WBG (2018) Violence Against Women and Girls (<http://bit.ly/2ywOioz>)

²¹ Prison Reform Trust (2016) Transforming Lives – reducing women's imprisonment (<http://bit.ly/2lFC75b9>)

The Chancellor opened a review on the capabilities and funding needed to tackle Serious and Organised Crime based on its cost to the UK: £37 billion a year. Earlier this year the Government calculated that violence against women and girls costs the UK £66 billion a year. Yet the Chancellor was silent on investment to tackle this endemic problem in our society.

We call on the Government to open a similar review on the resources needed to tackle VAWG as a matter of urgency.

What was missing

Social security is formally outside the scope of spending reviews; however, since this was branded an 'end of austerity' financial announcement, the absence of any acknowledgement of the hardship benefit cuts have inflicted on millions was disappointing.²²

The absence of any spending announcement to tackle VAWG was unacceptable, especially in light of the Government's own calculations of what it costs the UK's economy (£66bn each year).

Despite the additional £500 million for the Ministry of Justice, there was no mention of legal aid, which has faced extremely severe cuts since 2012 that have barred many people from seeking justice redress. Women have been disproportionately impacted as they were more likely to claim legal aid. An example is the increase in the proportion of women victims of domestic violence having to represent themselves in court and face the perpetrator.²³

Equality impact assessments

Once again, no comprehensive equality impact assessment of the Spending Review has been published and therefore we cannot be certain whether the Government has carried it out its legal duty as enshrined in the Equality Act 2010 through the Public Sector Equality Duty.

The Spending Round 2019 documents include an 'Impact on Equalities' section. This section provides a few examples of spending decisions that are going to benefit women and other groups with protected characteristics, with the Government admitting it picked the positive cases:

'This annex lists illustrative examples where spending allocations at Spending Round 2019 will have a positive impact on those sharing the protected characteristics.'

There are evident problems with this approach. Firstly, cherry-picking examples does not replace a comprehensive assessment of the impact of spending decisions on the different groups. Secondly, the examples picked for women are on services that have traditionally been associated with women, like childcare. It doesn't show recognition that all services impact women and men differently. Decisions like increased spending on buses or on nurse

²² Find out more in our briefing: WBG (2018) Social Security and Women (<http://bit.ly/2CTAFnw>)

²³ House of Commons Library (2015) Reviewing legal aid (<http://bit.ly/2k5WloA>)

training, for instance, also have a positive impact on women due to women's distinct travel patterns and career paths. Finally, the Chancellor seems to conflate three separate protected characteristics – sex, sexuality and gender reassignment – into one broad 'gender' category. Impact assessments of policies and spending decisions need to be conducted for each of the protected characteristics for correct impact to be gauged and progress for each group achieved.

WBG has produced a briefing setting out what we would liked to have seen in this spending review, available here: <https://wbg.org.uk/analysis/women-and-the-spending-review/>

Further information on the policy areas covered by this briefing can be found in our series of pre-budget briefings available here: <https://wbg.org.uk/category/analysis/uk-policy-briefings/>

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