WBG WOMEN'S BUDGET GROUP

WBG Spending Review Response, November 2020

'Austerity in place of ambition'

Key points:

- Covid spending aside, this Spending Review was a *de facto* return to austerity for many government departments and local authorities. As in 2010, these are political not economic choices, which will impact on women and many minority groups worst.
- The partial public sector pay freeze, increases to local taxes and cuts to the foreign aid budget are counter to the Government's commitment to end austerity, level up and recover from the coronavirus pandemic.
- The government justifies these cuts as needed to reduce high levels of debt; however, economists agree that with interest rates low and the economy contracting, this is not the time to focus on reducing debt. Rather the Government should invest to stimulate economic recovery, as in post-war Britain when debt was high, but investment was poured into jobs, homes and the National Health Service. Instead, a return to austerity will decrease confidence and private sector spending.
- Spending has increased on health, education and defence and the Chancellor announced an increase in infrastructure investment. Once again, this was limited to physical infrastructure controlled by central government.
- There was some additional spending on childcare and social care, but neither received the investment and reform so desperately needed after ten years of austerity, exacerbated by the pandemic.
- The increase to the living wage is a welcome step, especially for women, who are the majority of low earners. However, without additional investment, this will put more strain on the care sector. At the same time the public sector pay freeze means a real term cut in pay for public sector workers, who have been on the front line in tackling Covid 19.
- The deafening silence on social security will cause unnecessary uncertainty to people across the UK as the unemployment crisis continues.
- More police and prisons do little to refinance specialist women's services, especially those run by and for BAME women, suffering from decreased funding and increased demand.
- The Treasury has failed to fulfil the EHRC's guidance on meaningful equality impact assessments. At a time when the disproportionate impact of the pandemic on different groups with protected characteristics is clear, Treasury should set an example across government.

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Introduction

This Spending Review was an opportunity to set the direction for post-Brexit, post-Covid Britain. The Chancellor talked about the highest level of peacetime debt but failed to match the ambition of the post-war period which led to the creation of the welfare state.

2021 is a moment requiring similar vision. The pandemic has shone a light on inequalities and the way austerity has undermined our public services. This Spending Review was an opportunity to change course and take courageous action to create the caring economy we need to see.

Unfortunately, the Chancellor has missed the mark, especially for women, Black, Asian and most ethnic minority groups, older and disabled people, who have been worst impacted by the pandemic[1]. Moves like the partial public pay freeze and failure to centrally refinance local authorities are *de facto* a return to austerity Britain which left the UK so vulnerable to coronavirus in the first place.

Aside from Covid spending, the Chancellor has once again chosen to cut public spending by at least £10 billion next year, in real terms[2]. Rhetoric about 'levelling up' appears hollow given the decision to continue to finance local government almost entirely from locally raised taxes. This is *de facto* 'levelling down' because poorer local authorities receive less in local taxes, reinforcing a cycle of disadvantage.

Despite media furore about high levels of borrowing and debt, economists are clear that this is bad economics while the costs of borrowing are low and high levels of public spending and investment are

[1] WBG (2020) Policy briefings on coronavirus and inequalities https://bit.ly/37qlW04
[2] IFS (2020) Spending review analysis https://bit.ly/3lsNuqD

needed to stimulate the economy.[3] Yet, this was another fiscal event dominated by the logic and language of austerity. Cuts to public spending are political choices, not economic necessities, as they have been since 2010.

WBG has been clear that since women – especially disabled, low-income and women of colour - are generally poorer and take the responsibility for the majority of caring responsibilities, they require the support of good public services and an adequate social security system and have more to lose from cuts to central and local government funding.

Economic outlook

Within the context of falling projected GDP and a significant increase in unemployment the Spending Review missed a vital opportunity to target growing inequalities. The economic outlook remains highly uncertain. The Office for Budget Responsibility (OBR) has projected that GDP will fall by 11 per cent by the end of 2020, forecast receipts are set to be £57 billion lower and spending projected at £281 billion more than in 2019[4]. Unemployment is forecast to peak at 7.5 per cent in the second quarter of 2021. GDP projections to 2025 have been lowered by 4.5 per cent driven largely by lower expectations for productivity, smaller contributions due to lower immigration rates and higher unemployment.

Facing continued uncertainties as to the outcomes of the pandemic, the OBR have estimated three Covid-19 scenarios that may affect economic growth. However, all three assume a smooth transition to a free-trade agreement with the EU in 2021. This new trading relationship was already expected to lead to a long-run loss of output of around 4 per cent compared to remaining in the EU. When factoring in the potential impact of a no-deal scenario, the OBR estimate that there will be a further reduction in output beyond current projections by 2 per cent initially and by 1.5 per cent by 2025[5].

Whether or not a deal is reached with the EU, Brexit will have a negative impact on sectors such as manufacturing, financial services, agriculture and food production. This will come on top of the impact of Covid restrictions on high street retail, hospitality, leisure, entertainment and the beauty industry meaning that the 2021 recession will affect a much wider range of sectors than many previous recessions.

Spending, saving and debt

As a result of the Covid-19 pandemic, this year's Spending Review covered only one year instead of the normal three, though it could be argued that the pandemic made it even more important for the government's thinking about future spending to be revealed.

The Chancellor did not give an assessment of how he would tackle major economic problems ahead. Notably, there was no mention of the end of the post-Brexit transition period, only five weeks away. And there was no new major fiscal stimulus package to tackle the economic and social crisis caused by the pandemic, certainly nothing compared to those announced by France[6] or Germany[7] over the summer.

At the same time as promising no return to austerity, £10 billion was cut from previous plans for departments' non-COVID budgets in 2021–22. The cut to the overseas aid budget and the public sector pays freeze makes up some, but not all, of this cut; by 2024–25, departmental budgets overall will be £13

[3] See letter to BBC Director General, Tim Davie, 30 November 2020, Economists urge BBC to rethink 'inappropriate' reporting of UK economy, https://bit.ly/2Vtaviqm
[4] Office for Budget Responsibility (2020) Economic and Fiscal outlook https://bit.ly/3mnfjSm
[5] Office for Budget Responsibility (2020) Economic and Fiscal outlook https://bit.ly/3mnfjSm
[6] BBC News (2020) France in huge coronavirus recovery plan focusing on green energy https://bbc.in/2VnFYCK
[7] The Financial Times (2020) Germany's 'ka-boom' stimulus marks a surprising change https://on.ft.com/37qmuTG

billion lower than was planned in March[8]. The Government has already committed to extra spending on the NHS, schools and defence beyond the end of 2021/22, so other public services could well be facing further cuts, on top of those already made over the last decade.

Spending decisions over the coming months and in the spring Budget must address immediate needs in the context of the coronavirus crisis and the costs that Brexit will bring, but decisions will eventually need to be made about the sustainability of government finances over the medium and longer term. The OBR projects that UK Government debt will reach 91.9% of GDP in 2020 and is set to rise to around 97.5% of GDP in 2025-26 - an even higher figure of 100.8% was reached in October according to the fuller picture provided by the ONS[9]. It has to be recognised that there is huge uncertainty around such projections. The Chancellor echoed the messaging of the IMF that spending to combat the pandemic and its economic impact are absolutely necessary and the UK not only can but should withstand even more debt[10]. But the sustainability of rising debt must be addressed at some point.

High or rising public debt are not in themselves an evil. UK government debt to GDP was roughly 250% in the 1950s with spending on efforts to kick-start the welfare state after the second world war: the introduction of the NHS, homes for heroes and other schemes to rebuild a better, fairer economy. But government debt fell steadily over the following decades, due at least in part to the improved social welfare of workers and growing productivity achieved by the fiscal stimulus.

While nominal interest rates are low, and real interest rates negative, it makes sense to continue borrowing to invest in having a more secure economy in the future. The amount spent on debt interest now is lower than it was before the pandemic, because interest rates are so low[11]. Reducing the deficit by cutting spending or by raising taxes on those whose spending would otherwise stimulate economic activity makes no sense while the economy is underperforming and there is unemployment and spare capacity.

As economic activity picks up, revenues from taxes will rise automatically and this automatic rise can be increased through additional new taxes. Some forms of spending, for example on benefits for the unemployed, will also fall. This will be the time when reducing the level of debt may become good economics, to prevent the economy overheating and causing inflation or exchange rate problems, especially since interest rates may rise in such circumstances too. All the more reason to ensure the economy is in better shape when that time comes, by investing enough now on combatting the effects of both the coronavirus itself and the current recession and on making the transition to a greener economy. While raising taxes now makes no sense, a time will come when we need to do so. It is important that by then we have a fairer tax system. This requires reforming the income tax system to be more progressive on a wider tax base and increasing taxes on wealth and on income from wealth[12]. Now is the time to start putting such a system in place.

Local government

The Chancellor announced £3 billion additional support for local authorities in England to cope with the Covid pandemic, including for rough sleeping and transport. They also announced that councils will be able to increase council tax by 2 per cent without needing to hold a referendum, and social care authorities will be able to charge an additional 3 per cent precept to help fund pressures in social care.

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[8] IFS (2020) Initial reaction from IFS researchers on Spending Review 2020 and OBR forecasts https://bit.ly/2JCpQKM
[9] ONS (2020) Public sector finances, UK: October 2020 https://bit.ly/2Vk7FMR
[10] The Guardian (2020) Increase public spending to tackle Covid second wave, IMF tells UK https://bit.ly/3mt8RcG
[11] IFS (2020) Outlook for the public finances https://bit.ly/36r9UnN
[12] Tax Justice for WBG Commission on a Gender-Equal Economy (2020) Wealth tax and gender https://bit.ly/3fWNpKD

Local government, and the services they fund, have been put under huge strain through the pandemic with services like social care, women's refuges and business support requiring additional support. Fifty per cent cuts to local government funding since 2010 and the shift to funding local authorities (LAs) through locally raised revenue, have left LAs, especially in the poorest areas, ill-equipped to deal with coronavirus[13].

Into 2021, LAs have a huge role to play in recovering livelihoods and local economies from the pandemic. They are also instrumental in alleviating inequalities of gender, race, disability and income as they are best placed to respond to local needs for public services and spaces. For example, LAs coordinate youth centres, public transport, parks and community spaces, women's refuges and public health services, all of which women are more likely than men to rely on because of their responsibility for unpaid care work and, the 'shadow pandemic' of violence against women and girls.

To deliver recovery, LAs desperately needed to see a change in direction from the Chancellor and a recommitment to funding local government from the centre. For all the talk of 'levelling up', this Spending Review delivered only more of the same cuts and reinforced the regional inequality seen since 2010:

- The burden to fund vital local services will fall primarily on local residents with LA funding reliant on significant increases to Council Tax including the social care precept in 2021. This will only deepen regional inequalities because the poorest LAs can raise less in tax but often have the most vulnerable people to care for.
- The pay of local government staff as well as carers, teaching assistants and district nurses will be effectively cut by the partial public sector pay freeze, an insult to their courage, resilience, and ingenuity in this year. Most LAs are already considerably short-staffed due to redundancies[14] and outsourcing since 2010. The majority of these staff are women with Black, Asian and ethnic minority women and migrant women overrepresented, so this will also have an impact on the gender and race pay gaps.
- Announcements to fund road repairs, new hospitals and infrastructure investment will be welcome for many councils, but the failure to fund social infrastructure similarly will once again limit the impact of these investments on especially women, who pick up the slack when care services are underfunded and short-staffed.

Levelling up funding

The Government has also brought forward a competitive £4bn local levelling up fund. This is an important recognition that local areas need the chance to work on projects to meet their local needs as the UK recovers from Covid. However, the funding being adjudicated by central Government undermines this principle and creates a counterintuitive 'bidding war' between local authorities with the risk that funding decisions will be made on the basis of political gains rather than local need. The £4bn set aside for this levelling up fund is exactly the same amount cut from the overseas aid budget, as though in practice savings in one funded the other.

A better approach would be that followed in the Urban Programme funding, which left local authorities free to determine priorities using criteria established by the Home Office programme of Community Development Projects. This gave priority to employment projects that were open to community consultation and benefitted those most likely to be out of work and struggling to make ends meet.

[13] BMJ (2020) Covid-19: People in most deprived areas of England and Wales twice as likely to die https://bit.ly/3mrUa9R
[14] ONS (2019) Public sector employment UK https://bit.ly/3bYkHaj

The Chancellor's proposal set no criteria with which proposals should comply. These should include job creation; free access to adult education or training for those who have lost jobs; affordable collective transport initiatives to widen job opportunities and labour markets; social care ideas at local community level combining public health, primary health care, and volunteer work, all of which would be of principal benefit to women and those without resources.

The spending review made no mention of monitoring the projected outcomes of this scheme carefully to avoid waste or corruption. This is a serious omission. In addition, there was an absence of local accountability, leaving the scheme open to poorly worked out, ad hoc solutions and greater bureaucracy while waiting for ministerial decision rather than moving ahead to solve problems. Unfortunately, this scheme continues the consolidation of power at Westminster, forcing unequal local authorities to compete for funding without transparency.

Read WBG's full briefing on Local Government, Gender and Covid-19 here.

Infrastructure spending

The Government has announced considerable investment in both physical infrastructure, green infrastructure including £100 billion capital expenditure and its 'levelling up fund' as well as other investments to tackle the climate emergency. These are a welcome recognition of the crisis in hand.

Yet, it is frustrating to see the repeated focus on hard hats and homes, roads and railways, cars and construction. Physical infrastructure *is* urgently needed to decarbonise our economy and more social housing should be an immediate priority. But, in 2020, when social infrastructure like social care and childcare - vitally important to women - have proven so desperately in need of funding and reform, it's disappointing to see these underfunded once again. Investing in them would be an ideal way of 'levelling up' especially since it is the poorer areas that are underprovided with both social and childcare services and in greatest need of such investment.

Social care

This Government has continued to commit to "sustainable improvement of the adult social care system[15]." However, the Spending Review once again delayed the structural and financial reform the social care sector so desperately needed. Sunak announced an additional £300 million for children's and adult social care, bringing a total of £1 billion extra resources for social care for 2021. The Treasury claimed that "this will support councils to maintain care services while keeping up with rising demand and recovering from the impact of Covid-19."[16]

Nonetheless, this pledge falls short of the £1.3 billion which ADASS has estimated is the minimum necessary to meet increased demand for adult social care even before the pandemic and the announced increase to the national living wage[17]. Rather than address the chronic crises, exacerbated by the pandemic and fuelled by a decade of cuts in local authority grant funding to meet statutory obligations under the Social Care Act, the new provision allowing councils to levy a 3% adult social care precept will only intensify the post code lottery in the provision not only of residential care homes, but also domiciliary care.

[15]HM Treasury (2020) Spending Review 2020, page 95 https://bit.ly/3oc6prl Section 7.1
[16] HM Treasury (2020) Spending Review 2020, page 95 https://bit.ly/3oc6prl
[17]Community Care (2020) Extra £1bn for social care but pay freeze looms for social workers in Rishi Sunak's spending review https://bit.ly/3qjtKZV; Care Home Professional (2020) ADASS calls on government to back social care in Spending Review https://bit.ly/3oeqaPa

While claiming that SR20 "delivers a step change in investment in critical social infrastructure like health and education, the focus was on building schools and hospitals rather than staffing them. There was no mention of the social care sector as a target for investment. Investment in enhanced pay, better training, supported sick and care leave for workers, who are still predominately women is urgent. This is essential if the estimated 120,000[18] current vacancies for social care staff and a reduction in high turnover rates are to be met. This situation will become more critical with the expected fall in new migrant workers under the government's new immigration rules. From January 2021, these exclude most care workers on the grounds of their low pay and level of qualifications.

In the meantime, family carers, of whom an estimated 58%[19] are women, must make up the difference. According to Carers UK "78% of unpaid carers are seeing the needs of the person they care for increase and 74% are worn out, raising a real concern about how family carers will continue to cope over the winter[20]. Support services such as respite care and day centres have been suspended- some permanently. According to ADASS 63% of councils had already reported a rise in the breakdown of unpaid carer arrangements. If unpaid carers cannot cope, there will be an increase in hospital admissions, as well as demands on community health services and domiciliary carers at a time when all these systems are under unsustainable pressure. This is not cost-effective. At the same time, the increase in women's state pension age means many more older carers cannot access a state retirement pension until they are 66 years. The Government has refused to bow to modest demands to increase the income of those carers in receipt of Carer's Allowance by £20 from the current level of £67.25 per year, which would match the temporary uplift in Universal Credit but not the loss of pension.

There are grave lessons to be learnt about the crisis in the social care sector from the coronavirus pandemic. These lessons are also about women's equality: women are the majority of care workers – with BAME and migrant women overrepresented – as well as the majority of these in need of care. As well as endangering care recipients, failures in the sector increase women's unpaid labour, turning back the clock on gender equality.

Investing in social care sector reform would be beneficial for women but it would also benefit the economy and environment. If the Government were serious about creating jobs, and responding to the climate emergency they would invest in care: WBG research[21] finds that investing in care would create 2.7 times as many jobs as the same investment in construction: 6.3 as many for women and 10% more for men. And, because of its greater employment creation, 50% more is recouped by the Treasury in direct and indirect tax revenue from investment in care than in construction.

Read WBG's full briefing on Social Care, Gender and Covid-19 here.

Childcare

The Spending Review announced an additional £44 million for early years education in 2021/22 to increase the hourly rate paid to childcare providers for the Government's free hours offers[22] in addition there will be £220m of free-school meals and holiday activities for disadvantaged children to the end of 2021-22, some of which will be part of the "government's commitment to establish a Flexible Childcare Fund to increase the availability of high quality and affordable flexible childcare",[23] following their 2019 manifesto pledge.

[18] Skills for Social Care (2019) The state of social care workforce 2019 https://bit.ly/3kO3XW1
[19] Carers UK (2020) Caring behind closed doors https://bit.ly/3pMWcDq
[20] Carers UK (2020) Carers UK responds to Chancellor's Spending Review https://bit.ly/3o5hR8e
[21] WBG (2020) A care-led recovery from coronavirus https://bit.ly/39vSUP3
[22] Gov.uk (2020) Spending Review 2020, p.63 https://bit.ly/2Jpp0kD
[23] Gov.uk (2020) Spending Review 2020, p.63 https://bit.ly/2Jpp0kD

WBG welcomes the increased funding but questions its adequacy given the crisis in the sector. One in four childcare centres say they may close within the year due to financial mismanagement during the pandemic. The £44m increase is a third lower than the increase of £66m in the 2019 spending review and represents only about 1.2% increase in funding. In contrast the Family and Childcare Trust estimated that prior to Covid annual childcare costs had increased by 5%.[24]

Childcare costs in England, but also in the other nations of the UK, remain among the most expensive in the OECD[25]. The COVID-19 pandemic has put even more pressure on the sector, characterised by private, fragmented, fragile provision of uneven quality, whose fee-paying business model was not well equipped to face the government restrictions.

The welcome 2.2% increase in the National Living Wage will also benefit many childcare workers, but will cause additional pressures on the sector without additional funding. At the same time many childcare workers in the state system (more than nine out of ten of whom are women) will face a pay freeze. This is despite the whole education sector's tireless efforts to keep schools and kindergartens safe and nurturing through the various waves of restrictions and avoid an entire generation of children missing out on vital early socialisation.

This is not only an insult to the public sector, it is also bad economics: it is a de facto return to austerity, , despite claiming the opposite, at a time when all parts of the economy need stimulating. Investing in early childcare and education is the single best investment a nation could make, potentially providing a job-rich, care-led, greener recovery to achieve a more gender-equal and sustainable economy.

If the government could spend £300bn to keep the economy from collapsing further in the face of the pandemic, then it should be able to invest £60bn annually – the amount of investment needed to provide free, universal full-time childcare of high-quality to all children below school age – given that this could be entirely recouped from the tax revenue collected over time on earnings from increased maternal employment[26].

Read WBG and NEF's full briefing on Childcare, Gender and Covid-19 here.

Work and earnings

Public Sector pay will be frozen for the next year for workers earning above £24,000. NHS staff are exempt from this freeze, although it is not yet clear how much their pay will rise by (see section on health). Public sector workers earning below £24,000 will be given a pay rise of at least £250. Women are the majority of public sector workers, but once workers in the health sector and those earning under £24,000 a year are excluded, this measure will affect slightly more men than women.[27]

According to the 2019 Annual Survey of Hours and earnings there are 1,269,000 men and 1,652,000 women working in the public sector earning over £24,000 a year. However when healthcare workers are excluded this is reduced to 932,2000 men and 883,400 women in the public sector outside the NHS earning over £24,000 a year.

[24] Coram Family and Childcare Trust's Childcare (2020) Coram Survey https://bit.ly/3fN7KSB
[25] WBG (2020) Childcare, Gender and COVID-19 https://bit.ly/33Kwruf
[26] WBG (2020) A care-led recovery from coronavirus https://bit.ly/39vSUP3
[27] WBG calculations based on Annual Survey of Hours and Earnings 2019

However, in some sectors such as education women will be hit harder; around three quarters of schoolteachers are women, and they make up two thirds of those earning over £24,000.[28]

At a time when we all need to be working together, it was disappointing to see the Chancellor pitting public sector workers against private sector workers. Public sector workers have been on the front line in tackling the Coronavirus pandemic this year and cutting their pay will reduce demand in the economy, with an impact on workers in the private sector.

The Chancellor announced that the National Living Wage will rise by 2.2% to £8.91 from April 2020 and will be extended to 23-year olds. This increase is welcome, especially for women who are 69% of low earners, but the gap between Government's Living Wage and the real Living Wage, as calculated by the Living Wage Foundation (£9.50 per our outside London) is set to grow.[29] If the National Living Wage was brought up to Real Living Wage rates a full time employee would gain almost £1,200.

In April 2020 there were 2,043,000 employee jobs with employees aged 16 years and over who were paid below the National Minimum Wage or National Living Wage (7.2%).[30] Women are significantly more likely to be paid at both National Minimum Wage and National Living Wage rates: nearly half (48%) of all minimum wage jobs are in just three female dominated sectors: retail, hospitality and cleaning and maintenance.[31]

Despite the NLW increase, the Covid crisis is on track to reduce average pay packets by £1,200 a year by 2025 compared to pre-pandemic forecasts and prolong Britain's 15-year squeeze on household incomes.[32]

Social security

Social security spending is not generally covered in a spending review. However, given the growing unemployment crisis and evidence pointing towards widespread financial hardship, this spending review was a missed opportunity to provide certainty about the future of the £20 uplift to Universal Credit which is due to end in April 2021.

Even before Covid-19, women were more likely than men to rely on social security for larger parts of their income due to unpaid caring responsibilities and the gender pay gap. Researchers[33] have found that many elements of the current system – including the joint payment, two-child limit and 'rape clause', no recourse to public funds condition and benefit cap – discriminate against women and minority groups.

Along with many other organisations and the Chair of the Work and Pensions Select Committee[34], WBG has called for the temporary £20 per week increase to the Universal Credit standard allowance and Working Tax Credit, due to end in April 2021, to be made permanent and also extended to other benefits like Jobseekers Allowance and Employment and Support Allowance. Although not mentioned by the Chancellor within the Spending Review, a separate statement on the uprating of social security benefits[35] stated that the £20 uplift had been enacted under different legislation in response to the public health emergency, and that the government would look at the economic and health context in the New Year.

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[28] ONS (2020) School teacher workforce, https://bit.ly/33tJcZN
[29] Living Wage Foundation (2020) Living Wage Foundation Responds to National Living Wage Statement, https://bit.ly/3o3oXdi
[30] ONS (2020) Low and high pay in the UK https://bit.ly/36g4RXi
[31] House of Commons Library (2020) Briefing Paper 7735: National Minimum Wage Statistics https://bit.ly/2JqmTgi
[32] Resolution Foundation (2020) Covid crisis prolongs Britain's 15-year living standards squeeze and leaves austerity in place for many public services https://bit.ly/3lq0zRp
[33] WBG (2019) Benefits or barriers https://bit.ly/36nP0oh
[34] Work and Pensions Select Committee (2020) Chair comments on the spending review https://bit.ly/33xEbzs
[35] UK Parliament (2020) Tax Credits, Child Benefit and Guardian's Allowance Update https://bit.ly/2VoOeSU

Those getting the uplift (estimated at between 4.5 million[36] and 6.2 million[37] families) stand to lose £1,000 a year from the end of March, and an estimated 1.6 million disabled people and carers[38] ineligible for the £20 increase continue to lose out.

Another emergency measure was an increase in the maximum amounts of rent that can be claimed for (so that the Local Housing Allowance matched the bottom third of rents in the local housing market) made rents more affordable for low income tenants. This measure will remain but will be frozen from April 2021[39] – and so the gap between housing costs and benefits will again grow.[40]

In March the government also temporarily suspended the 'minimum income floor' (an assumed level of income that reduces Universal Credit awards for some self-employed claimants); instead their actual earnings have been used. This is also due to end in April 2021, and the Spending Review had nothing to say about the future of this provision after that. Delaying these decisions into the New Year creates unnecessary uncertainty for claimants.

In the Spending Review the Chancellor also cut £10 billion from previous departmental plans for 'non-Covid' spending in 2021-22, which is set to continue in previous years so that by 2024-25 departmental day-to-day budgets will be £13billion lower than planned in March[41].

Read WBG's full briefings on Household Debt, Gender and Covid-19 & Social Security, Gender and Covid-19

Health

The Chancellor reaffirmed the settlement for the NHS set out at the 2019 Spending Review which provided a cash increase of £33.9 billion a year by 2023-24. This is still below the level identified by the Kings Fund as necessary to improve services[42].

In addition to this previously announced spending, the Spending Review projected £52bn would be spent on front line health services to tackle Covid 19 in 2020/21. Additional spending on Covid-19 for 2021/22 will include £15bn on test and trace, £2.1bn on PPE and £0.9bn on vaccines. The Chancellor has committed further Covid spending until March. Yet, with nothing allocated for Covid after March, the Government is perhaps being too optimistic or unrealistic about the speed and immediacy of a vaccine.

A further £3bn has been set aside in 2021/22 for an 'NHS recovery package' including £1bn to tackle waiting lists for planned care, £500 million for mental health services, and £1.5 billion to ease existing pressures in the NHS caused by Covid-19. The Nuffield Trust welcomed the £3bn but has questioned whether it will be adequate 'to meet the enormous challenge ahead'.[43]

Spending on public health will be 'maintained' but not increased when Public Health England is abolished, in a year when public health has rarely been a more important cause to invest in. It is not clear whether this means spending will continue at the same level in cash terms or be maintained in real terms

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36 IFS (2020) Initial reaction from IFS researchers on Spending Review 2020 and OBR forecasts https://bit.ly/2JCpQKM
37 JRF (2020) Spending Review: No plan to protect people in poverty https://bit.ly/3qjrW3a
38 JRF (2020) Spending Review: No plan to protect people in poverty https://bit.ly/3qjrW3a
39 UK Parliament (2020) Social Security Benefit and Pension Up-rating 2021/22 https://bit.ly/3fV08gJ; Office for Budget Responsibility (2020) Economic and Fiscal outlook https://bit.ly/3mnfjSm
40 The IFS noted that this means help with housing will relate not to current local rents but to rents in 2019 – over time, as happened with previous freezes, some people in high rent areas got less support than those in some low-rent ones: IFS (2020) Initial reaction from IFS researchers on Spending Review 2020 and OBR forecasts https://bit.ly/2JCpQKM
41 IFS (2020) Initial reaction from IFS researchers on Spending Review 2020 and OBR forecasts https://bit.ly/2JCpQKM
42 Kings Fund (2020) What does the autumn 2020 Spending Review mean for health and care? https://bit.ly/2VfQI5T
43 Nuffield Trust (2020) Nuffield Trust response to the Spending Review, https://bit.ly/3o56WLw

(i.e. with adjustments for inflation). The President of the Association of Directors of Public Health described the decision not to increase spending on public health in the current situation as 'completely incomprehensible'[44] and this will have particular impacts on women who are more likely to rely on public health services for health visitors and sexual health support[45].

NHS staff (the majority of whom are women) are exempt from the public sector pay freeze, but the actual level of pay increases are yet to be agreed. Nor is it clear whether pay increases will be funded with additional money from the Treasury or if the Department of Health and Social Care will have to find money from existing budgets (leadings to cuts elsewhere). The NHS pay review bodies will make recommendations to Government next year. However, as the Kings Fund points out, the Spending Review documents emphasise that the Government will take the review body recommendations into account but is not bound by them, as it will need to take into account the challenging fiscal and economic context when setting any rises.[46]

Read WBG's full briefing on Health Inequalities and Covid-19 here.

Education

Assessing the Spending Review 2020 offer for Education from the perspective of a gender budget highlights clear evidence of the levelling up agenda in both repeating existing funding pledges and increased spending in targeted parts of education. There is relatively little in terms of targeted support for women in terms of additional education spending. Of all the groups mentioned in the inequalities section of the document, women are the only group without an identified education spend, with all other groups having a clear link to an item of education expenditure.

Schools: The Chancellor reaffirmed the commitment in the 2019 spending review to increase the schools' budget by £7.1 billion by 2022-23, compared to 2019-20 funding levels. Yet, this is below the level needed to make up for cuts to schools' funding since 2010. This commitment is likely to increase funding for schools that have 'historically been underfunded' which will mostly benefit schools in more affluent areas, with pupils with higher levels of attainment and with less English language requirements[47]. 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.

The additional funding of £220 million for Holiday Activities and Food programme for disadvantaged children in the Easter, Summer and Christmas holidays in 2021 linked to the Flexible Childcare Fund is a welcome investment . The £300 million spend on new school places for children with special educational needs and disabilities is also welcomed as good quality school care provides much-needed respite for those caring for children, who are disproportionately mothers. However, there was no additional money for schools to meet the costs of Covid 19 including PPE, additional cleaning costs and costs of additional staff cover.

Although the public sector pay freeze for those earning over £24,000 a year affects slightly more men than women, in education this is reversed with 67% of teachers earning over £24,000 being women.[48] Sadly, the public sector pay freeze, which includes teachers and those working in schools, will disproportionately

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[44] Local Government Chronicle (2020) DPHs 'kicked in teeth' by Sunak's funding freeze, https://bit.ly/379lvXM
[45] WBG (2020) Health and gender https://bit.ly/2I0Nnoy
[46] Kings Fund (2020) What does the autumn 2020 Spending Review mean for health and care? https://bit.ly/2VfQI5T
[47] Education Policy Institute (2 August 2019) 'Analysis: "Levelling up"- what it really means for school funding' http://bit.ly/2m2Ev6v
[48] WBG calculation based on 2019 Annual Survey of hours and earnings

affect women who represent the majority of the workforce in schools and are often found in the lowest-paid roles in schools.

Further Education: funds for the estates of colleges are welcome. The focus on the buildings rather than the staffing, under a pay freeze, again moves the education budget spend away from women. It would be better to see a more targeted use of estate budgets, for example fixing the proportion of the investment in facilities for the training of childcare workers in the form of simulated classrooms for learning to deal with difficult situations, as is commonplace in nurse training.

Work-based education: the labour market support schemes like Kickstart and the work-based training from the Adult Education Budget is welcome. A commitment is needed within these schemes to ensure a fixed percentage of funds would be used to enable women to have access to these opportunities. For example, if the kickstart programme enables the development of work experience in the construction work in building the new schools pledged, what mechanisms are in place for these to include opportunities for women? Similarly, investments of £375 million from the National Skills Fund in 2021-22 in technical courses for adults, employer-led boot camps, summer jobs and placements, need to have carefully designed interventions to ensure these opportunities are open to women and are free of the stereotype biases that often restrict female engagement with vocation training, outside health, social care and child care.

A wider role for education in society: funds for a UK-wide domestic alternative to the Erasmus+ scheme provide opportunities to expand take up to those who do not traditionally take up a year abroad. Covid has provided an opportunity to consider developments of virtual opportunities and it would be welcomed to see proposals to ensure all students can access this opportunity. Finally, The Foreign, Commonwealth and Development Office's ODA funding will enable the UK to improve access to education for girls, starting by co-hosting a successful Global Partnership for Education summit in 2021 is welcome, but the cut to foreign aid risks undermining these efforts.

Violence against women and girls

The Spending Review 2020 coincided with the International Day for the Elimination of Violence Against Women and Girls but there was no additional funding for VAWG services. The services – especially specialist services for Black, Asian and ethnic minority women - which support victims/survivors have had their budgets cut enormously since 2010 while migrant women still cannot use them due to the 'No Recourse to Public Funds' condition. Additionally, no additional funding was provided for legal aid or courts which have faced significant delays due to the lockdown.

Domestic abuse, violence and femicide increased during the Spring lockdown and the Government was slow to respond; the funding injection eventually provided earlier this year barely touched what has been cut from specialist support services since 2010.

If the Government is serious about ending violence against women, investment is needed in preventative services particularly for BAME support services rather than more police and prisons. There are strong and evidenced links between poverty, unemployment and VAWG. Reform of the social security system referenced elsewhere has a vital role to play in keeping women safe and securing their economic independence. Preventative education is also needed to stop violence against women and girls.

International Development

The Chancellor announced that funding for international development would be cut from 0.7% of GDP to 0.5% of GDP, a reduction of about £3bn. This is effectively a double cut: since development funding is tied to overall GDP, spending was already due to fall because the economy has contracted.

Covid 19 is already undermining efforts to tackle global poverty. The OECD estimates that financing to achieve the UN Sustainable Development Goals has fallen by 70% as a result of the pandemic pushing many more people into poverty[49]. This will disproportionately hit women and children, since they make up the majority of the world's poor. The Overseas Development Institute has called on the Government to redeploy the £13 billion a year it spends on fossil fuel subsidies to plug any development funding gap.[50]

WBG recognises the extraordinary value of foreign aid in promoting gender justice around the world. Cutting the foreign aid budget while announcing extravagant spending on defence undermines the Prime Minister's commitment to a 'global Britain'. This is a double cut to the poorest at a time when global collaboration is needed.

Equality Impact Assessments

Under the Equality Act 2010 Public Sector Equality Duty, all public bodies, including HM Treasury, are obliged to have 'due regard' to the impact of their policies on people with protected characteristics. One way of demonstrating that this has been done is to undertake and publish Equality Impact Assessments (EIAs). For many years WBG has called for comprehensive and meaningful EIAs to be carried out, including cumulative assessments of spending and taxation decisions (as minor changes can have big impacts when considered together) [51].

Following an assessment of HM Treasury's spending review process the Equality and Human Rights Commission published step-by-step advice on financial decision-making before and during a spending review, and its evaluation afterwards.[52] Yet, the 2020 Spending Review contains just three pages containing 'illustrative examples' where spending allocations will have a positive impact on people with protected characteristics[53]. For gender equality, examples given are the national living wage increase, new early years funding and funding for local authorities to meet new domestic abuse duties[54]. There is no comprehensive analysis of the gender and other equality impacts of all policies. It also seems to fly in the face of the government's own review of the Green Book (guidance to departments on policy option appraisal), published alongside the Spending Review, which noted that EIAs are too often considered as an afterthought rather than integrated into the appraisal process, recommending new training and support to emphasise considering equalities early on and making them integral to the process[55].

Furthermore, by giving a few examples for each protected characteristic in turn, the impact assessment fails to acknowledge how protected characteristics intersect. For example, WBG research finds that Black, Asian and ethnic minority women and disabled women have suffered worse financial impact from the pandemic than their white and non-disabled counterparts.

Women and minority groups have experienced the worst economic impacts of the pandemic, which would have been highlighted (and thus potentially avoided through different policy responses) had comprehensive EIAs been carried out and published. The Treasury should set an example across

[49] OECD (2020) Global Outlook on Financing for Sustainable Development 2021, https://bit.ly/39opJO3
[50] ODI (2020) Statement: UK aid cuts - ODI response, https://bit.ly/2VfkyI4
[51] WBG (2019) Equality Impact Assessments https://bit.ly/2JpMDdd
[52] EHRC (2020) Future fair financial decision making https://bit.ly/2VlE2dM page 22
[53]HM Treasury (2020) Spending Review 2020, page 93 https://bit.ly/3oc6prl
[54] HM Treasury (2020) Spending Review 2020, page 95 https://bit.ly/3oc6prl
[55] HM Treasury (2020) Green book review https://bit.ly/2KW6cKG

Government at this crucial time. A meaningful EIA should take an intersectional, lifetime and cumulative approach to analyse the impact of policy on individuals and households in a way that takes account of structural inequality.

Conclusion

This year, the Government has demonstrated that enormous public investment is both possible and desirable. As a vaccine comes into view, while debt is still cheap to finance, this Spending Review was an opportunity to match this ambition with post-crises investment of the past. Unfortunately, it instead marked a return to the austerity of the past ten years, which we now know for sure disproportionately impacted women and left our public services unprepared for crisis.

The coronavirus pandemic has exposed and exacerbated inequalities of gender, race and class as well as making the case for investment in care painfully clear. Another approach to infrastructure and investment which prioritises wellbeing, equality and sustainability – as set out in the WBG Commission on Gender Equal Economy report[56] - would boost confidence, spending and allow the economy's recovery to be matched by recovery of people's livelihoods.

WBG urges the Government to change direction at the Spring Budget and deliver the social infrastructure investment, social security protection and local government refinancing urgently needed to genuinely level up the UK.

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[56] WBG (2020) Creating a Caring Economy: a Call to Action https://bit.ly/3lvQ675