

## UK Women's Budget Group Budget Representation

### Submission to HM Treasury

January 2021

#### Summary:

- Our economy is structured by gender so all economic and political events impact differently on women and men and have particular effects of particular groups of women and men. The pandemic and policy responses to it are no exception.
- The Chancellor needs to act immediately to prevent impacts that have been particularly severe on women in 2020 continuing into 2021. Urgently, the Chancellor should guarantee all parents the right to furlough, all workers the right to liveable sick pay and intervene in the social security system to avoid mass hardship by increasing Child Benefit, making permanent the £20 UC uplift, applying it to legacy benefits and suspending untenable restriction in the benefits system.
- The Chancellor should prioritise investment in social infrastructure in the recovery from coronavirus. WBG research finds this to be more cost effective in creating jobs and reducing gender inequality, raising more tax revenue and produces fewer greenhouse gas emissions than investment in construction.
- Physical infrastructure will also be needed to deliver a greener, fairer economy including investment in social housing, renewable energy and green public transport.
- The child and adult social care sectors, social security system and services supporting victims/survivors of violence against women and girls (VAWG) are in desperate need of such investment, staff training and reform.
- Financing local government more and more through locally raised taxes and precepts is counter to the Government's commitment to levelling up. It reinforces cycles of disadvantage. The recovery from coronavirus must include refunding local government from central government.
- While interest rates are low, borrowing is the best way to pay for these measures, but the Government should start now reforming the tax system to ensure that those with greater income and wealth contribute a larger share of it than those with less. This should include equalising tax on capital gains with that on income from earnings, reversing cuts to corporation tax, a reformed system of local taxation, fairer taxes on wealth and reinstating independent taxation by abolishing the married tax allowance and the high-income child benefit tax charge.
- Efforts should be made to reorient the way we measure the success of the economy to prioritise wellbeing rather than the pursuit of GDP growth which is unsustainable and fails to capture what genuinely matters to people, especially women.
- HM Treasury has a responsibility to undertake and publish a comprehensive and meaningful equality impact assessment of the Budget. Publication should go beyond highlighting individual policies that may benefit groups with protected characteristics to assess the cumulative impact of policies over a life course. It should do this to show how equality impact assessment has in practice shaped its policy making at all stages.

1. The UK Women's Budget Group (WBG) is an independent network of leading academic researchers, policy experts and campaigners that analyses the gendered impact of economic policy on different groups of women and men and promotes alternative policies for a gender equal economy.

2. We welcome HM Treasury's commitment to hearing the views of civil society ahead of the Budget. The first part of our submission makes recommendations for immediate action the Chancellor should take to mitigate the worst impacts of this wave of the coronavirus pandemic on different groups on women. These need to be done before the Budget where possible. The latter part makes recommendations about the structural reform needed in the recovery from coronavirus to promote wellbeing, sustainability and gender equality.

### PART 1: Immediate response to lockdown 3

3. Based on the evidence from 2020 it is clear that the current lockdown, including school closures, will have significant and distinct consequences for different groups of women and men. Evidence from the IFS, ONS, HMRC and myriad studies now shows the major gender impact of the Spring lockdown and school closure in March – May 2020:
  - a) **Mothers did much more childcare and home-schooling than fathers** in heterosexual couples, with consequences for their employment and income.<sup>1</sup>
  - b) **Domestic abuse increased**, paralleled by increased demand for support services. Cases of femicide as a result of domestic abuse more than doubled at the start of the Covid-19 pandemic.<sup>2</sup>
  - c) **Women were twice as likely to be key workers as men**<sup>3</sup> but they are less likely to be eligible for statutory sick pay, forcing them to work while ill. WBG calculations find that 15.5% of women and 10.6% of men do not earn enough to qualify for SSP.
  - d) **Young women were disproportionately likely to work in the sectors that were hit hardest by previous lockdowns**. 36% of young women and 25% of young men worked in sectors that have been closed down including restaurants, shops, leisure facilities and travel and tourism.<sup>4</sup>
  - e) As a result, **women were more likely to be furloughed**, taking a 20% pay cut, in 72% of parliament constituencies across the UK.<sup>5</sup>
4. The disproportionate impact of lockdown on women is not inevitable and there are steps the Chancellor should take immediately to avoid regressing on progress made on women in the labour market, equal pay and representation. The Chancellor should not wait for the Budget to make these changes but act immediately as the crisis continues.
5. Employment and earnings:
  - a) **Both parents must have the right to be furloughed**, not just the right to request furlough, while children are at home. This should explicitly include public sector workers who cannot work due to home-schooling and childcare responsibilities.
  - b) **A support package is needed for self-employed parents who are unable to work while schools are closed.**
  - c) **All key workers must have access to adequate PPE**
  - d) **Statutory Sick Pay must be increased to the Real Living Wage** and all workers required to self-isolate should be eligible for it.

<sup>1</sup> IFS (2020) How are mothers and fathers coping under lockdown? <https://www.ifs.org.uk/publications/14860>; Baowen Xue and Anne McMunn (2020) Gender differences in the impact of the Covid-19 lockdown on unpaid care work and psychological distress in the UK <https://osf.io/preprints/socarxiv/wzu4t/>

<sup>2</sup> <https://www.theguardian.com/society/2020/apr/15/domestic-abuse-killings-more-than-double-amid-covid-19-lockdown>

<sup>3</sup> The Resolution Foundation (2020) Risky business <https://www.resolutionfoundation.org/publications/risky-business/>

<sup>4</sup> IFS (6 April 2020) Sector shutdowns during the coronavirus crisis: which workers are most exposed? (<https://bit.ly/2XgDc4w>)

<sup>5</sup> WBG (2020) HMRC data prompts concern about the 'gender furlough gap' <https://wbg.org.uk/analysis/uk-policy-briefings/hmrc-data-prompts-concern-of-gender-furlough-gap/>

- e) **Larger companies should be mandated to report the number of people they make redundant by protected characteristics** including sex and race, to ensure accountability against bias or discrimination while gender pay gap reporting is suspended.
6. Social security:
- a) **The rate of Child Benefit should be increased to £50 per child per week.** With schools closed and more meals to provide, rooms to heat and digital equipment to provide, additional financial support to parents is vital.
  - b) **The two-child limit must be immediately suspended** to ensure all children are fed and warm.
  - c) **Other untenable restrictions to social security including the five-week wait, under-occupancy penalty and benefit cap should be lifted** to ensure people can access support they need.
  - d) **The £20 uplift to Universal Credit must be made permanent. It must also be applied to other ‘legacy benefits’** including Job Seeker’s Allowance and Employment Support Allowance immediately to guarantee disabled people do not struggle to access basic resources while shielding.
  - e) **Statutory Sick Pay must be increased to the Real Living Wage and be extended to all workers, with no income floor,** to ensure that those who have symptoms of coronavirus or are awaiting test results are not forced to go to work. **WBG calculations find that 15.5% of women and 10.6% of men do not earn enough to qualify for SSP** making staying off work while sick an impossible choice between protecting public health and feeding their family.
  - f) **No Recourse to Public Funds should be suspended** to ensure that migrants have access to social security and public services including domestic abuse services.
  - g) **Homeless people must be housed again,** as they were in the first full lockdown. Additional funding must be allocated to local authorities to make this happen.
  - h) **The Government ought to consider ways of giving debt relief** to people accumulating Covid-related debt and rent arrears to avoid further widespread poverty and destitution.
  - i) **Local Housing Allowance should be increased to the 50<sup>th</sup> percentile** to help people struggling with rent payments. **The eviction moratorium must regularly reviewed to guarantee against housing cliff edges.**
7. Violence against women and girls: **additional funding is needed for specialist support services,** including those by and for Black, Asian and ethnic minority women, to cope with increased demand for support and returning all services online again.

## PART 2: Structural reform

The pandemic has highlighted the lack of resilience, sustainability or equity in our economy. In order to rebuild the economy so that it works for everyone, a new approach favouring wellbeing, sustainability and equality is needed. The economy should be measured, not on the endless pursuit of GDP growth, but on wellbeing of people. In an age of climate emergency, GDP growth is not only unsustainable, but it fails to capture what really matter to people’s day to day lives: i.e. high quality care, fulfilling work and strong relationships. Growth has failed to protect the UK, especially marginalised people in the UK, from the worst impacts of the pandemic. It’s time for a new approach. This should begin with investment in social infrastructure to create a Caring Economy<sup>6</sup>.

---

<sup>6</sup> WBG Commission on a Gender-Equal Economy (2020) Creating a Caring Economy: a Call to Action <https://wbg.org.uk/wp-content/uploads/2020/10/WBG-Report-v10.pdf>

## Investment in social infrastructure

8. The pandemic has exposed and exacerbated the crisis in Britain’s public sector after a decade of cuts. Social care, local government and childcare have been especially neglected, suffering the worst fatal and financial impacts of the pandemic. Deep-seated inequalities of gender, race and disability have also been made visible.
9. We welcome the Prime Minister’s ambitions to invest to rebuild the economy. This investment must also include investment in social infrastructure (health, education, child and social care) to be truly effective.
10. WBG research finds that investment in care in the UK would produce **2.7 times as many jobs** as an equivalent investment in construction: **6.3 times as many jobs for women** and **10% more for men**. Investment in care is **greener** than in construction and more of its costs would be recouped in **increased income tax and National Insurance contributions**.
11. A better care system requires a greater proportion of total employment working in the care sector. If, like some Scandinavian countries, the UK had **10% of its employment in care**, a net annual spending of **1.9% of GDP** would be required and would generate nearly **2 million jobs** in the economy as a whole, raise the overall employment rate by 5 percentage points and reduce the gender employment gap by 4 percentage points.
12. These investments are also future proof: Eurostat data tell us that **the total emissions from investing in care are lower, at 85% of those of an equivalent investment in construction, even though each pound invested in care produces nearly three times as many jobs<sup>7</sup>**. Investment in social infrastructure is greener as well as economically prudent.
13. Table 1: *Raising employment in care to 10% of employed population: employment generated and spending required under various wage scenarios*

	With wages in care at:			
	Current level	Raised by 24% for all care workers	Raised by 45% for new care workers (24% for existing)	Raised by 45% for all care workers
Total number of jobs generated	1,982,000	2,110,000	2,161,000	2,215,000
of which % for women	71%	70%	69%	69%
Effect on gender employment gap (% pts)	-4.0	-4.0	-3.9	-3.9
Effect on total employment rate (% pts)	4.8	5.1	5.2	5.4
Gross spending required (% GDP)	2.8%	3.6%	3.9%	4.3%
Net spending (% GDP)	1.9%	2.3%	2.5%	2.7%

<sup>7</sup> Calculations by Jerome De Henau for WBG, using Eurostat data <https://ec.europa.eu/eurostat/data/database>

Multiple of jobs created for same net spending on construction	3.1	2.7	2.5	2.4
--	-----	-----	-----	-----

Source: Calculations by Jerome De Henau for WBG, based on 2015 data from Eurostat

14. The childcare sector is in crisis with 1 in 4 nurseries saying they could close within the year due to financial pressure<sup>8</sup>. Childcare is as essential as roads and rail to helping parents into work so that they can fulfil their potential.
15. In particular, providing free universal childcare of high-quality for all 3.1m children (40 hours a week for 48 weeks a year), would require an initial investment in 2018 prices of between £39bn (1.8% GDP) and £58bn (2.7% of GDP) - depending on the wages of childcare workers.
16. This would create between 1.4 million and 1.5 million full-time equivalent jobs in the economy as a whole, and raise women’s employment rate by between 5.6 and 5.9 percentage points. **This increase in employment mean’s higher direct and indirect tax revenue as well as lower social security spending, which together have the potential to recoup 76% and 72% of this annual investment leaving between £9bn and £16bn net funding figure.**<sup>9</sup>
17. Some investment in new physical infrastructure like social housing will be needed too; this would best be provided by working creatively with other sectors to solve a variety of social problems. For example, part of the revival of the high street could come from locating community care centres there, from which domiciliary care and other community services could be run, with day care facilities for children and the elderly onsite, bringing such services together in the heart of communities. Similarly, housing could be unlocked by developing a whole range of care compatible housing, from sheltered housing, assisted living or retirement homes/villages, and with residential care facilities in the same locality.
18. There will also be a need to redivert and reskill some workers from sectors that have been hardest hit such as aviation and hospitality or, those whose jobs are at risk of automation. This will require providing subsidies or other incentives (including paid education leave) to support women, low-income and BAME people to access training and development programmes and give more people access to high-skilled work.

### Social security reform

19. Immediate reform to the social security system is needed to prevent widespread hardship as a result of the pandemic. There is a need for a wider change to the social security system. Public attitudes to social security are in flux as many people who may never have imagined themselves doing so are now relying on social protection in one form or another, whether it be the job retention scheme (CJRS) via their wages from their employer, self-employment income support scheme (SEISS), Jobseeker’s Allowance and/or Universal Credit.

<sup>8</sup> Early Years Alliance (2020) A quarter of childcare providers fear closure within a year <https://www.evalliance.org.uk/news/2020/05/quarter-childcare-providers-fear-closure-within-year>

<sup>9</sup> De Henau, J. (2019) ‘Employment and fiscal effects of investing in universal childcare: a macro-micro simulation analysis for the UK’, IKD Working Paper No. 83, March (<https://bit.ly/2C8E8vQ>).

20. UC has been shown to be unable to meet needs adequately<sup>10</sup>. More investment in social security will be required to design a better system that prevents poverty and destitution and provides security of income at an adequate rate to allow people to live with dignity and agency. A reformed system must also support people with the additional costs of disability or caring responsibilities.
21. To meet these aims, a better social security system should be:
- a) **Individually allocated as far as possible**, so as to foster economic autonomy for individuals and make financial abuse more difficult to perpetrate. Individual interests may not coincide within a family or household and therefore individual access to income also matters.
  - b) **Non-means-tested wherever possible**, but especially for social security to help with additional costs of disability or caring responsibilities. Some payments will need to be means tested. This should be done in such a way to give the right to refuse degrading forms of employment, encourage the taking up of opportunities and the prevention not just the relief of poverty.
  - c) **Encourage the sharing of care**, so that the gendered division of labour is not intensified. No policy should rely on just one individual having to be the main carer or the main earner in a family.
  - d) **Take a life-course approach**, so that the benefits system does not penalise or impede movement into and out of the types of employment that suit people at different stages of their lives. It should recognise that women particularly, have employment histories interrupted by caring breaks and ensure that this does not lead to poverty in old age.
  - e) **Designed by and for users**, so that the decision-making process on future reforms includes the views and voices of users, as well as those of other experts. This also includes adhering to the spirit of international obligations, such as the UN Conventions on the rights of the child, disabled people and women.
  - f) **Assessed by equality analysis at every stage** as an integral part of the policy-making process<sup>11</sup>, in other words used when policies are designed, implemented and revised.
  - g) **Part of a holistic review of social security, tax and public services**, because people need public services as well as income. Social security works in combination with other parts of the social protection system, including housing and health, social and child care, and needs to be evaluated as part of that system as a whole and the taxation system that funds it, including for its equality impact.
22. Reform the social security system will have a positive impact on gender equality for a number of reasons:
- a) In the UK, women on average continue to earn less than men. This is cause and consequence of the fact that women continue to take on responsibility for more unpaid care work than men- of children, and older or disabled people - leaving them with less time for paid work across a lifetime. This means that, on average, women are more likely to rely on social security and receive more of their individual and household income from the social security system than men.
  - b) The social security system has also to provide for those who cannot do paid work due to sickness, disability or caring responsibilities in recognition both of their humanity and wider contributions to society going beyond paid employment. This particularly affects women because they are the majority of disabled people and those caring for disabled people<sup>12</sup>.

<sup>10</sup> House of Lords Economic Affairs Committee (2020) Universal Credit isn't working: proposals for policy reform <https://bit.ly/2YSWZHD>

<sup>11</sup> WBG (2018) Inquiry into Enforcement of the Equality Act, Response from the UK Women's Budget Group <https://bit.ly/2ECtW3L>

<sup>12</sup> WBG (2018) Disabled women and austerity <https://bit.ly/3503Oda>

- c) Social security also has a vital role in securing economic independence for all women. Economic *dependence* makes women more vulnerable to domestic and sexual abuse and violence since they may be unable to leave abusive relationships, households or contexts due to financial constraints. And more generally, economic dependence can undermine autonomy and equality in relationships.
- d) Children are usually poor because their mothers are poor. The design of this system would be an investment in the future of economic and social wellbeing. Spending on it has long-term implications. For example, children living in poverty are less likely to stay in education, and more likely to have physical and mental health problems and reduced healthy life expectancy. The financial costs of child poverty in Britain were estimated to be £25 billion in 2008, with roughly half of these costs the effects on GDP of the diminished productivity of adults who had lived in poverty as a child, and the other half the cost of public spending on the services<sup>13</sup> dealing with the more short- and medium-term consequences of child poverty<sup>14</sup>. It would be a good investment to instead spend that £25 billion on relieving child poverty.

## Tax

- 23. These are worthwhile investments which generate long term benefit for the economy as a whole and, in some cases, (as for childcare above) pay in large part for themselves. In the short term, **low interest rates and a need to stimulate demand make borrowing the best way to pay for the measures** take to combat the pandemic and the substantial investment required for the recovery programme.
- 24. However, it is vital that the tax system is reformed to ensure that these measures are sustainable in the longer run and that everyone contributes fairly to paying for them. For this we need a tax system in which those with higher incomes and greater wealth pay a larger proportion of their resources as tax than those with lower incomes and few assets. Reform of the tax system to achieve this is urgent if paying for current spending is not to further entrench existing inequalities.
- 25. We also need a tax system with fewer allowances. Tax allowances favour those with higher incomes and those who can afford tax advice, more often men than women. They also lead to tax avoidance and the growth of a tax avoidance industry. All tax allowances should be reassessed, and retained only if they can be justified by the same criteria and with the same rigour as that applied to public expenditures.
- 26. Setting out a path for addressing wealth inequality in the UK must be a priority for this budget. We therefore welcome, as a first step towards taxing wealth more fairly, the proposed reform of Capital Gains tax to equalise tax on capital gains with that on income. Since men have significantly more wealth than women this would also help narrow gendered wealth inequalities. At the same time the government should reduce the additional CGT allowance and scrap Entrepreneurs Relief. IPPR estimate that this could raise £90bn over five years.<sup>15</sup> This approach would reduce the current favourable tax status afforded to capital gains, which benefits men over women.

<sup>13</sup> These costs remain whether or not the requisite services are provided. Where services have been cut the direct cost to the state may have fallen, but the true cost of child poverty has not diminished. Rather, some of that cost is being shifted to those whose needs for help are not being met and, through failing to prevent more serious problems developing, is likely to result in more costs to the state in the future.

<sup>14</sup> Donald Hirsch, 2008, *Estimating the Cost of Child Poverty*, York: Joseph Rowntree Foundation;

Blanden, J., Hansen, K. and Machin, S. (2008) *The GDP costs of the lost earning potential of adults who grew up in poverty*, York: JRF; Bramley, G. and Watkins, D. (2008) *The public service costs of child poverty*, York: JRF.

<sup>15</sup> <https://www.ippr.org/files/2019-09/just-tax-sept19.pdf>

27. WBG recommends a review of the taxation and social security systems *together*<sup>16</sup> and along with Tax Justice UK<sup>17</sup>, makes the following recommendations the following principles for gender-equal tax reform:
- a) Reintroduce genuine independent taxation of income, by **abolishing the marriage allowance and the high-income child benefit tax charge**
  - b) Consider **abolishing the personal tax allowance to fund a small cash payment to all adults** – which would not avoid the need to think about the amount and structure of other benefits
  - c) **Tax dividend income at the same rate as income from work and remove the separate dividend allowance.** IPPR estimate that this could raise £26bn over five years based on the current income tax schedule.<sup>18</sup> This would reduce gender inequality in disposable incomes.
  - d) Promote fairness by ensuring that all forms of work are taxed similarly, so that there are no tax loopholes available to those who can declare themselves self-employed or working for their own company, loopholes that are in practice more available to men.
  - e) **Introduce a financial transaction tax to capture a broader range of transactions.** Estimates from the former head of derivatives trading at the London Stock Exchange are that this could raise £6.8bn a year and help to stabilise the economic system.<sup>19</sup>
  - f) **Turn inheritance tax into a progressive tax on lifetime gifts taxed at income tax rates and limit reliefs.** This would help change the perspective of inheritance tax into one that was levied on lucky recipients, as opposed to someone who has just died. Such a tax would close off avenues for avoidance and would allow lower rates for basic rate taxpayers, making it harder to argue that inheritance tax is swingeing in its level. This approach would also have the effect of encouraging estates to be distributed among a larger number and less wealthy beneficiaries, and thus helping to disincentivise the remaining gender bias in current practices.<sup>20</sup> The Resolution Foundation estimate that this change could raise £4.8bn a year.<sup>21</sup>
  - g) Replace council tax with a **proportional property tax levied on the property owner, and once this has been implemented, scrap stamp duty.** Replacing these two taxes with a proportional property tax would be more progressive and would bring in much needed revenues for cash-strapped local authorities. The Resolution Foundation estimate that this could raise £4.2bn a year.<sup>22</sup> It would be important to ensure that the new system didn't disadvantage women, for example by not penalising lone parents or single pensioners, who are most likely to be women.
  - h) Reverse some of the recent cuts to corporation tax and **bring the rate back up to 24%**, which HMRC estimates could raise £12bn a year.<sup>23</sup> In addition, the current approach to taxing multinational companies should be replaced with a **unitary system of taxation** where the profits allocated to the UK are based on a formula using UK sales, staff and assets. This would close down options for avoidance and create a simpler system to implement. Economists estimate that this could raise a further £6bn a year.<sup>24</sup>

<sup>16</sup> Himmelweit, S. and Bennett, F. (2020) Taxation and social security <https://wbg.org.uk/wp-content/uploads/2020/03/tax-and-social-security-overview.pdf>;

<sup>17</sup> Palmer, R. (2020) Wealth, tax and gender <https://wbg.org.uk/wp-content/uploads/2020/03/tax-and-social-security-overview.pdf>

<sup>18</sup> <https://www.ippr.org/files/2019-11/reforming-the-taxation-of-dividends-nov19.pdf>

<sup>19</sup> <https://progressiveeconomyforum.com/events/making-the-uk-a-citadel-of-long-term-finance/>

<sup>20</sup> <https://drive.google.com/file/d/0B9LeBPRS-xnoM3R4WVJSzjIMMFhNRjZSZUxRdjZfWUpFdmVv/view>

<sup>21</sup> <https://www.resolutionfoundation.org/app/uploads/2018/05/IC-inheritance-tax.pdf>

<sup>22</sup> <https://www.resolutionfoundation.org/app/uploads/2018/03/Council-tax-IC.pdf>

<sup>23</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/797042/190424\\_SS19\\_Direct\\_effects\\_of\\_illustrative\\_tax\\_changes\\_BULLETIN\\_FINAL.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/797042/190424_SS19_Direct_effects_of_illustrative_tax_changes_BULLETIN_FINAL.pdf)

<sup>24</sup> <https://publicservices.international/resources/publications/taxing-multinationals-a-new-approach?id=10364&lang=en>



## ‘Levelling up’ local government

28. Local government is often best placed to support people’s needs, especially during the coronavirus pandemic when increased demands and duties have been made on local authorities. Women especially rely on local government as they provide vital services and social infrastructure to redistribute unpaid care work and support survivors/victims of domestic abuse.
29. The Government increased funding to local authorities in response to the coronavirus pandemic but this is negligible compared with the funding cut since 2010. Central government funding for local authorities fell by over 49% between 2010/11 and 2017/18<sup>25</sup> with councils in the most deprived areas suffering the greatest cuts. As local authorities become increasingly responsible for communicating local lockdown measures, it is vital that they be refinanced so that their responsibility is paired with adequate resource.
30. Local government funding needs to be urgently restored to a level which **enables councils to meet their non-statutory services which are vital to the wellbeing of women, children and those in need of care as well as their statutory obligations**. Adequate funding should come from central government to ensure that local authorities in poorer areas, often with a higher need for services, have the funding that they need.<sup>26</sup>

## Parental leave

31. The introduction of Shared Parental Leave (SPL) was an important recognition that care should be shared equally between parents. However, because of the lack of incentive in design, take-up by men has been low. In 2018/19 just 10% of fathers took shared parental leave<sup>27</sup>. SPL has failed to tackle early years inequalities between women and men so far. Reform is needed.
32. Coverage and eligibility for maternity and paternity leave is a key issue. Among new parents, 27% of employed fathers who had a child in the last year were not eligible for paid paternity leave due to their employment status, with 20% ineligible due to self-employment and 7% because they had been employed for under 6 months. For employed mothers, 16% of those who had a child in the last year were not eligible for paid maternity leave, because their earnings fell below the economic activity test earnings threshold (7%), they were self-employed (7%) or they did not meet the continuous employment condition (2%)<sup>28</sup>.
33. Additionally, statutory maternity and paternity pay rates are, in relative terms, among the lowest in Europe. Since 2010, the value of Statutory Maternity Pay has fallen from 60% of the national living wage, to just 52%<sup>29</sup>. The low rate of pay for paternity leave interacts with the gender pay gap, providing significant barriers to fathers using more leave, because families are more dependent on their higher wages.
34. The SPL system should be reformed to allow all parents to work and care. The following principles are crucial to a system that will promote sharing of care and change cultural parenting norms:

<sup>25</sup> WBG (March 2019) *Triple whammy: The impact of local government cuts on women* (<https://bit.ly/2GWnRP4>)

<sup>26</sup> See WBG report for further discussion and recommendations: WBG (March 2019) *Triple whammy: The impact of local government cuts on women* (<https://bit.ly/2GWnRP4>)

<sup>27</sup> Aldrich, R. et al. (2018). *Inequalities in Access to Paid Maternity & Paternity Leave & Flexible Work*. London: UCL.

<sup>28</sup> All eligibility statistics: Aldrich, R. et al. (2018). *Inequalities in Access to Paid Maternity & Paternity Leave & Flexible Work*. London: UCL.

<sup>29</sup> WBG (2018) *Maternity, paternity and parental leave 2018 briefing* <https://wbg.org.uk/wp-content/uploads/2018/10/Parental-leave-October-2018-w-cover-1.pdf>

- a) **All parents should be eligible** for statutory maternity and paternity leave as well as non-transferable parental leave. Parental leave for fathers or second parents should not be based on the mother's eligibility status.
- b) **Each parent should have an individual, non-transferable, right to time off and pay**, reserved just for them.
- c) **Maternity leave is important** because mothers need to recover from childbirth and may breastfeed their new baby.
- d) **Leave for fathers or second parents to care for their infant alone is important** to lay the ground for their role in caring for children.
- e) **The system must be simple and easy** to understand for both parents and employers while enabling flexibility for parents, including some time off together if that's what they want.
- f) **Time off and pay should be available to all parents** (those classified as 'workers' and 'self-employed') from the start of their employment as an individual right.
- g) **Flat-rate payments during time off should be substantially increased** and then kept in line with the cost of living and over time moved to well-paid earnings linked model
- h) **The system should ensure that parents have the right to return to the same job** after taking the full duration of their leave entitlement and protected by law from losing their job or effectively being demoted during their leave or when they return to work, through discrimination or redundancy.
- i) **Parental leave and pay policies should work alongside a flexible by default UK labour market and a more affordable childcare system** that is available and ensures work pays from the day parents return to employment.

35. There is no either/or choice between shorter (better paid) leave and longer (worse paid) leave. Raising children is not something to be slotted around 'other work', but integral to the wellbeing of all people as well as the sustainability of the economy. We need to reframe care, paid and unpaid, as valuable and a necessary basis of our economy and society.

### Violence Against Women and Girls (VAWG)

36. The coronavirus lockdowns highlight the problem of domestic abuse and the desperate funding situation for many women's refuges and services<sup>30</sup>, especially those run by and for Black, Asian, ethnic minority and migrant women. The new Domestic Abuse Bill estimates the economic and social costs of domestic abuse to society to be £66 billion annually,<sup>31</sup> even before coronavirus. The current piecemeal approach to funding for domestic abuse and VAWG services more generally is not working and is not cost effective.

37. The UK Women's Budget Group supports the call from the Violence Against Women and Girls (VAWG) sector that, in addition to the £2.2bn<sup>32</sup> that has been estimated as necessary to tackle domestic abuse alone in this spending period, further spending pledges are needed of at least £102.7m<sup>33</sup> annually to ensure specialist sexual violence and abuse services are available for victim and survivors; and £57m annually to ensure that the existing highly specialist support services for Black and minority ethnic (BME) women are sustainable.

<sup>30</sup> See WBG (2018) Life changing and lifesaving: funding for the women's sector <https://wbg.org.uk/analysis/life-changing-life-saving-funding-for-the-womens-sector-2/>

<sup>31</sup> UK Government (January 2019) *Transforming the Response to Domestic Abuse: Consultation Response and Draft Bill* (<https://bit.ly/2sH4AI5>)

<sup>32</sup> Safe Lives (2020) A Safe Fund: costing domestic abuse provision for the whole family <https://safelives.org.uk/node/1837>

<sup>33</sup> £52 million is required annually to support accredited Rape Crisis member Centres. £107.2m is required to support all recipients of the Rape and Sexual Abuse Support Fund.

## Equality Impact Assessments

38. Finally, the Women's Budget Group calls for HM Treasury to **ensure a comprehensive and meaningful cumulative equality impact assessment** of all measures is undertaken before the Budget is finalised, in line with the requirements of the Public Sector Equality Duty and the recommendations of the Equality and Human Rights Commission and Treasury Select Committee<sup>34</sup>. Equality Impact Assessments should be used to inform the measures adopted, not just done after policy has been decided upon.
39. A meaningful equality impact assessment must take account of the impact of a policy or budget allocation on all people and groups with protected characteristics including age, disability, gender reassignment, maternity, pregnancy, race, religion, sex and sexual orientation. Income should be considered as an additional protected characteristic.
40. For gender sensitive policy it is particularly important to **take account of how policy will impact individuals as well as households** as we know resources are not always equally distributed between women and men within households.
41. A gender equality impact assessment also requires policymakers to take account of how any policy reform will interact with **unpaid care work as well as the impact on the delivery of care (paid and unpaid.) It should take lifetime and cumulative approaches to policy reform.** For example, pension policy must take account of people's lives across a lifetime not in a snapshot. To avoid disadvantaging one group, policies must be considered together as well as individually.

UK Women's Budget Group Budget Representation 2021

Contact: [maryann.stephenson@wbg.org.uk](mailto:maryann.stephenson@wbg.org.uk)

Further detailed resources and recommendations by theme are available here:

- [Social care, Gender and Covid-19](#)
- [Childcare, Gender and Covid-19](#)
- [Local Government, Gender and Covid-19](#)
- [Social security, Gender and Covid-19](#)
- [Household debt, Gender and Covid-19](#)
- [Housing, Gender and Covid-19](#)
- [Health inequalities and Covid-19](#)
- [Covid-19 and economic challenges for disabled women](#)
- [Covid-19 and economic challenges for migrant women](#)
- [Covid-19 and economic challenges for young women](#)

---

<sup>34</sup> For more detail on EIAs as well as an example of a policy which requires assessment see: WBG (2019) The Women's Budget Group (WBG) calls on the Department for Work and Pensions to assess and publish the impact of Universal Credit on women and men before 'managed migration' <https://wbg.org.uk/wp-content/uploads/2019/10/Policy-note-EIA-of-UC-before-MM-FINAL.pdf>