

# A lack of ambition

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## *Women's Budget Group response to Autumn Spending Review 2021*

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## **Executive Summary**

### ***Overview***

This Budget, with its promise to return real term spending per head back up to 2009/10 levels, marks a change in direction away from the austerity policies that dominated the last decade and a tacit recognition that they did not work. However, the increase in spending set out in the Budget does not reflect the scale of challenges faced by the UK, most notably the climate emergency, the crisis in public services, particularly care, and growing poverty and inequality.

### ***Climate crisis***

The Budget contained mixed messages on action to tackle climate change. The budget included an additional £4bn in spending commitments to add to the £26bn so far announced this year. While this spending is significant, it is about a third of what is needed to meet the Government's net zero targets. These spending commitments were also undermined by cuts to Air Passenger Duty on UK domestic flights and the continued freeze to fuel duty.

### ***Health***

The Department of Health and Social Care received the largest amount of departmental funding. The spending

review announced an increase of NHS core funding to £162.6 billion, a real terms growth of 3.8%. Much of the health spending will go to repair and maintenance of hospitals and new equipment, but not on staff or provide services for patients.

### ***Social care***

There was no additional money specifically for social care in the Budget and Spending Review beyond what was announced in September in the Health and Social Care Levy. Care funding is less than £2bn a year over 3 years and the bulk of this will fund the ‘cap and floor model’ and not expand the availability of care, nor fix longer term structural issues.

### ***Childcare and early years***

The £500 million announced for family hubs is welcome, but the early years and childcare sector has been starved of money for years. In 2019/20 ‘free hours’ of childcare were under-funded by £662m, the additional £170m funding won’t make up for that, let alone cover the increased costs of the National Living Wage. The government has failed to make the connection between childcare, levelling-up and economic growth. An investment in affordable childcare could have helped to bring more parents – mostly women – back into the labour market,

improving their household finances, and potentially helping to ease the current labour shortages.

### ***Education and training***

Schools funding will be restored to 2010 levels by 2024, representing a decade and a half of sustained under-funding. Further education, which suffered some of the most severe cuts under austerity, will still be receiving 10% less funding by 2024 than in 2010.

### ***Employment and earnings***

An increase to the NLW of 6.6% and an end to the public sector pay freeze announced in the Budget are welcome. These will particularly benefit women who are two-thirds of public sector workers and more likely to be low paid.

### ***Social security***

The reduction in the Universal Credit taper rate is welcome but doesn't make up for the overall cut in Universal Credit of £20 a week from last month. People in paid work will get to keep more of their earnings, but unemployed people, and those who can't work because they are disabled or caring who will still lose £1000 a year, despite being among the most vulnerable groups in society. A true commitment to

‘levelling-up’ would have been to keep the uplift in place.

### ***Public transport***

The Chancellor announced £5.7bn for urban public transport in cities around England, although only about £1.5bn of this was ‘new money’. Women are more likely than men to rely on public transport, which is critical to tackle climate change so additional funding is welcome, although insufficient to ensure a public transport system that reduces car use. Moreover, this was undermined by the cut in air passenger duty for domestic flights and the continued freeze to the fuel duty.

### ***Local government***

A better-than-expected three-year settlement for local government in the 2021 Spending Review will still leave councils with less spending power in 2024/25 than they had in 2010. Pressures on local authority funding will remain. Seventy-nine per cent of English councils were forced to overspend in 2020-2021 to meet Covid costs in the midst of the pandemic and have not been fully compensated by central government. Forty per cent of councils responsible for social care and 72% of district councils have had to use reserves to cover Covid costs and four local authorities

needed emergency funding over the last year to prevent bankruptcy.

### ***Violence against women and girls***

The increased annual funding for Ministry of Justice victim support services to over £185 million by 2024-25. Whilst this investment to support victims is welcome, this year Women's Aid have estimated that an annual investment of £409 million is needed to fund domestic abuse services<sup>1</sup>. There was no investment in preventing VAWG and no commitment to provide local authorities with the funding that it requires to support victims.

### ***Taxation***

Tax changes in this budget were relatively small, following significant tax increases in the spring 2021 budget and the increase in NICs in September 2021. Cuts to air passenger duty for domestic flights and the continued freeze to fuel duty undermine the Government's commitment to lead the world in reducing greenhouse gas emissions. Overall the budget missed an opportunity to reform our tax system

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<sup>1</sup> Women's Aid (2021) Women's Aid launches national campaign 'Deserve To Be Heard' to highlight impact of domestic abuse on mental health of women and their children (<https://bit.ly/3AVXQa5>)

including replacing the unfair system of local taxation and taxing all forms of income and capital gains in the same progressive way.

### ***Pensions***

The Chancellor's budget included no announcements on pensions despite public expenditure on state pensions in the UK being among the lowest in the OECD.

### ***Housing***

There were insufficient announcements on housing in the Budget despite it being at the centre of key social and economic problems and its potential as part of pandemic recovery. High housing costs for many have played a big part in the very low growth in living standards over the past decade, and housing must change if the UK is to meet its commitment to zero carbon emissions by 2050.

### ***Overseas development aid***

The Chancellor announced that overseas development aid spending should return to 0.7% of economic output by 2024/25, after temporarily suspending that target last year. This is a welcome decision. However it is conditional on the government not borrowing money for day-to-day spending and on underlying debt falling,



as a percentage of national income. The delay in restoring this budget will mean tens of millions around the world will go without the urgent aid that they need for another three years. It also undermines the UK's position, ahead of COP26, of being a global actor that is serious about tackling global inequality.

### ***Equality impact assessments***

Once again HM Treasury has failed to publish a robust assessment of the potential equality impacts of the Budget and Spending review. The 2020 Spending review appendix contains a few 'illustrative examples' of policies that will have a positive impact on people with different protected characteristics. The Tax Information and Impact Notes produced by HMRC contain some references to protected characteristics, but these are cursory, limited in scope and with a poor understanding of equalities impact.<sup>2</sup> The Treasury should publish a comprehensive Equality Impact Assessment of this and future Budgets and Spending

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<sup>2</sup> HMRC (2021) Tax information and impact notes: Autumn Budget and Spending Review 2021 (<https://bit.ly/3pLb1bT> )

Reviews and should mandate the Office for Budget Responsibility to conduct a subsequent evaluation.<sup>3</sup>

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<sup>3</sup> This call was supported by nine think tanks and over 70 economists. See Open Letter to the Prime Minister and Chancellor, 22 October 2021 (<https://bit.ly/3EsMKvg> )

## Introduction

The autumn Budget and Spending Review marked a distinct change in direction away from austerity, and a tacit recognition that the cuts to public spending that characterised the last decade, did not work. The new announcements added £70bn in spending over 3 years and put real term spending per head back up to 2009/10 levels by 2024. While welcome, the increase in spending will not take most departments back to pre-2010 funding levels, since a significant amount goes into health, nor will it repair the damage done to the public sector after a decade of successive cuts.

The spending set out in the budget is not sufficient to tackle the challenges that the UK faces – the climate emergency, the crisis in public services, particularly care and growing poverty and inequality. or the crises in the care sectors.

We needed more ambition in this Budget. We needed to see investment in a green care-led recovery that gives people the care they need at every point of their lives, creates decent jobs and tackles climate change. We needed real ‘levelling up’ to tackle the poverty and inequality that has been exposed and made worse by Covid. This spending review was a missed opportunity

which shows that the Government is failing to grasp the scale of the challenges facing the UK.

Prior to the Budget, the WBG published a series of briefings to provide background information on a range of topics. Briefings on childcare, employment, housing, parental leave, pensions, social security, health inequalities, social care, tax, economic challenges for young women and violence against women and girls, are available on the Women's Budget Group [website](#).

## **Macroeconomics of the Budget**

*The Chancellor chose not to make a sufficient new investment in a green, care-lead recovery despite having more room to do this than had been expected in March 2021. Public sector net borrowing and public sector net debt in 2021-22 are forecast by the Office for Budget Responsibility (OBR) to be, respectively, £50.9 billion and 9.2 percentage points of GDP lower than expected in March 2021.<sup>4</sup>*

The OBR forecast that the Chancellor would have around £35bn extra in revenue from existing taxes, above what had previously been expected, mainly as a result of stronger than expected GDP growth. The

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<sup>4</sup> HM Treasury (2021) Red Book, Autumn Budget and Spending Review 2021, p.29 (<https://bit.ly/3CK9ery>)

Chancellor also had an extra £15bn pounds of revenue from the new tax rises announced in September, making a total of about £50bn additional revenue. With some additional borrowing he would have easily been able to invest £70-90bn in annual spending over the next three years over and above previous plans, equating to 3-4% of GDP, as called for by WBG, other think tanks and progressive economists.<sup>5</sup>

### **Public spending**

The Chancellor allocated only about £30bn on additional spending. Half went to the health service and social care sector, and the other half to more or less reverse the cuts that he had pencilled in for other departmental budgets<sup>6</sup>, though this was not nearly enough to make good the losses from austerity policies adopted by Conservative Chancellors from 2010 to 2020.<sup>7</sup> These allocations are not sufficient to cover the spending required to transform the economy to make

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<sup>5</sup> Open Letter to the Prime Minister and Chancellor (22 October 2021\_ A Spending Review for a green and care-led recovery (<https://bit.ly/3ECvHHr>)

<sup>6</sup> Richard Hughes, Chair, Office for Budget Responsibility (2021) Presentation on October 2021 Economic and Fiscal Outlook, p. 6 (<https://bit.ly/3GL9ngw>)

<sup>7</sup> Paul Johnson (2021) Opening remarks, IFS Post Budget Event (<https://bit.ly/3jWoXfw>)

it green, caring and gender equal. Local government is still not properly financed, and some local authorities may still have to cut services over the next few years<sup>8</sup>.

Moreover, neither the Treasury nor the OBR provide information on how much public expenditure actually goes to the growing number of private companies contracted to provide services, and how much profit they are making, frequently for the provision of sub-standard services. As well as more funding, changes need to be made to the delivery of public services.

The Chancellor held back the other £20bn of additional revenue to reduce government borrowing and to have leeway to reduce taxes before the next election. He plans to rapidly reduce public sector net borrowing from £183bn in 21/22 to £46bn in 24/25, lower than borrowing in 19/20 before the Covid Pandemic.<sup>9</sup> The rationale is that the rise in the rate of inflation (as measured by Consumer Price Index) to 3.1% in the year to September 2021 increases the risk that the Bank of England will raise interest rates, so that the government has to pay more to borrow<sup>10</sup>. However, it

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<sup>8</sup> Ibid

<sup>9</sup> Carl Emmerson (2021) Tax and Spend, IFS Post Budget Event (<https://bit.ly/3GFWjJn>)

<sup>10</sup> HM Treasury (2021) Red Book, Autumn Budget and Spending Review 2021, p. 2, p.14 (<https://bit.ly/3CK9ery>)

is highly unlikely that the Bank of England will raise interest rates by more than a marginal amount since the inflation is driven by supply side bottlenecks. The OBR expects inflation to fall back to the 2% target in the medium term after peaking at 4.4 % in the middle of next year<sup>11</sup>. It is worth bearing in mind that the cost of servicing UK government debt has halved since the late 1970s, despite the level of that debt more than doubling as a share of GDP. <sup>12</sup> By reducing borrowing the Chancellor forgoes the economic and social returns that would accrue from new investment in a green, care-lead recovery. But he leaves room for £7bn of tax cuts before the next election<sup>13</sup>.

## **Impact of Brexit**

The OBR have warned that the impact of Brexit on the UK economy will be worse than that caused by the pandemic. Brexit is predicted to “reduce our long run GDP by around 4” according to the OBR, whilst the

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<sup>11</sup> Richard Hughes (2021) Chair, Office for Budget Responsibility, Presentation on October 2021 Economic and Fiscal Outlook, p. 3 (<https://bit.ly/3GL9ngw>)

<sup>12</sup> Op cit, p. 7 (<https://bit.ly/3GL9ngw>)

<sup>13</sup> Paul Johnson (2021) Opening remarks, IFS Post Budget Event (<https://bit.ly/3jWoXfw>)

effect of the pandemic will reduce output by a further 2%<sup>14</sup>

## **Fiscal rules**

The Chancellor introduced yet another version of fiscal rules aimed at limiting government borrowing, which will be put on a statutory basis in a new Charter for Budget Responsibility. Labour Chancellor Gordon Brown introduced the first UK fiscal rules in 1997<sup>15</sup>, but was forced to abandon them by the financial crisis in 2009. Conservative Chancellor George Osborne introduced more restrictive rules in 2010, codifying them in the first Charter for Budget Responsibility, and since then there have been several modifications of the rules, with a new set of rules lasting, on average, for just two years.<sup>16</sup> The main purpose of the rules is supposedly to persuade financial markets to have confidence in the government; also, if codified in a

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<sup>14</sup> The Guardian (October 2020) Brexit worse for the UK economy than Covid pandemic, OBR says (<https://bit.ly/3CENE7J>)

<sup>15</sup> Diane Elson, 2020, Macroeconomic Policy for a Gender Equal Economy, Paper for Commission on a Gender Equal Economy (<https://bit.ly/3qdH9p9>)

<sup>16</sup> Frank van Lerven, Alfie Stirling and Lydia Prieg (2021) Calling Time: Replacing the Fiscal Rules with Fiscal Referees, London, New Economics Foundation.



Charter for Budget Responsibility, it is easy to label those who criticise the rules as irresponsible.

The main rule in the Chancellor's Charter is to have public sector net debt as a percentage of GDP falling by the third year of the rolling forecast period. This is supplemented by a rule to balance the current budget by the third year of the rolling forecast period (similar to the rule introduced by Gordon Brown and included by all subsequent Chancellors); a target to ensure that public sector net investment does not exceed 3% of GDP on average over the rolling forecast period; and a target to ensure that expenditure on welfare is contained within a predetermined cap set by the Treasury. This cap on welfare spending is not possible to justify in terms of the macroeconomics of the budget, and was first introduced in 2016 for domestic political reasons.<sup>17</sup> The OBR forecasts that these rules will just about be met though there is not much margin for error.<sup>18</sup>

These self-imposed and arbitrary rules hamper investment in a green, care-lead recovery and creation

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<sup>17</sup>HM Treasury (2021) Red Book, Autumn Budget and Spending Review 2021, p. 33 (<https://bit.ly/3CK9ery>)

<sup>18</sup> Richard Hughes (2021) Chair, Office for Budget Responsibility, Presentation on October 2021 Economic and Fiscal Outlook, p. 7 (<https://bit.ly/3GL9ngw>)

of a gender equal economy; in particular, they constrain investment in social infrastructure<sup>19</sup>. Most importantly they frame the macroeconomics of the budget in terms of avoidance of too much public expenditure and borrowing and neglect the problem of too little public expenditure and borrowing. They focus only on the costs of investment and not on the economic, social, and environmental returns. To create a green, caring and gender equal economy, we need a different approach to macroeconomic policy: first identify the spending needed to achieve this and then identify sustainable ways to finance this, though taxation, borrowing and also through monetary policy, taking into account that public spending is to a large degree self-funding through generating more tax revenue, and that public spending increases productivity.

## **Climate crisis**

*Ahead of hosting the global COP26 summit to tackle the climate emergency, the Budget contained mixed messages on climate action.*

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<sup>19</sup> Diane Elson, 2020, Macroeconomic Policy for a Gender Equal Economy, Paper for Commission on a Gender Equal Economy (<https://bit.ly/3qdH9p9>)

The Chancellor's speech did not mention climate change, but the budget and spending review document detailed £30bn of spending to meet the Government's plans for achieving its net zero target.<sup>20</sup> Support for decarbonisation of homes and non-domestic buildings, electrification of vehicles and nature protection and restoration are all welcome. £26bn of this had been announced over the past year, including in the net zero strategy, but the budget included an additional £4bn including £1.7bn for a new nuclear power station as well as more money for zero emission busses and nature restoration.

This total spending of £30bn over the period of the spending review, is significantly less than the £30bn a year called for by a group of nine think tanks (including WBG) and 70 economists.<sup>21</sup>

These spending decisions were undermined by the announcement that Air Passenger Duty on domestic UK flights will be cut in half – a tax cut which flies in the face of the ambition of COP26. The Office for Budget

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<sup>20</sup> HM Treasury (2021) Autumn Budget and Spending Review 2021: A stronger economy for the British people, (<https://bit.ly/2ZAaH52> )

<sup>21</sup> Open Letter to the Prime Minister and Chancellor, 22 October 2021 (<https://bit.ly/3EsMKvg>)

Responsibility calculates that this will increase passenger journeys by 410,000 a year (a 3.5% rise).<sup>22</sup>

Shortly before the October 2021 Budget, the Campaign for Better Transport staged a ‘race’ from central London to Glasgow city centre, where the total journey time taking the plane was just two minutes shorter than the train journey. However, the train journey emitted less than one-sixth of the carbon emissions of the flight – despite costing twice as much.<sup>23</sup> It’s clear that there’s an urgent need to prioritise and invest in sustainable modes of transport – which this tax cut to encourage short-haul domestic flights clearly fails to do.

Plus, the Chancellor announced a freeze in fuel duty for carbon-emitting road vehicles for the twelfth year running. This is despite the fact that since 2011, the cost of bus travel has increased by 60%, rail fares by 33% and motoring costs by just 21% (even including this summer’s higher fuel prices)<sup>24</sup>.

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<sup>22</sup> OBR (2021), Economic and fiscal outlook - October 2021 (<https://bit.ly/31dA6Ch> )

<sup>23</sup> Guardian (11 October 2021), Ban UK domestic flights and subsidise rail travel, urges transport charity (<https://bit.ly/2XUhDt0>)

<sup>24</sup> RAC Foundation (2021) Transport Price Index (<https://bit.ly/3mr6euh> )

For more information see our [Feminist Green New Deal Project](#).

## Social care

*There was no additional money specifically for social care in the Budget and Spending Review beyond what was announced in September in the Health and Social Care Levy. Additional care funding is set to be less than £2bn a year over 3 years and the bulk of this will fund the ‘cap and floor model’ and not expand the availability of care, nor fix longer term structural issues.*

In September, the Government announced the ‘Health and Social Care Levy, a tax rise of 1.25% on NICs will be paid by employers, employees and the self-employed, with a similar increase in dividend tax. Initially nearly all the revenues gained by the rise in National Insurance Contributions (NICs) will go to the NHS to address the urgent patient backlog in the healthcare system, with just £5.4bn over three years allocated to adult social care. Of this, £4.9bn will go to funding a ‘cap and floor model’ and just £500 million for

professional development of staff, let alone any other reforms to the social care system itself.<sup>25</sup>

In the Budget, local authorities (which commission social care) saw an increase in funding of 3% in real terms, but this includes £3.6bn to fund the cap and floor reforms to social care announced that month. Discounting this money, council services, including other funding on social care, will only receive a rise of 1.8% in real terms a year.<sup>26</sup> This leaves little left over for any additional spending on care.

The increase in the National Living Wage, although welcome, will put additional pressure on social care costs.

The Local Government Association has argued that social care funding will be insufficient<sup>27</sup> while the Nuffield Trust concluded that ‘the sector will face a stark choice between trying to improve access to care and support for people, or simply trying to stabilise the

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<sup>25</sup> WBG (2021) Autumn Budget 2021: Social care, gender and Covid-19 (<https://bit.ly/3CtYZXZ>)

<sup>26</sup> IFS (2021) Autumn Budget and Spending Review 2021 (<https://bit.ly/3bpawfw>)

<sup>27</sup> LGA (2021) Councils respond to 2021 Spending Review and Autumn Budget (<https://bit.ly/2Y2eQhG> )

system in which care providers are on their knees hampered by a devastating shortage of staff.’<sup>28</sup>

The Women’s Budget Group has called for a Universal Care Service, free at the point of need, with wider eligibility and well trained, properly paid care workers.

For more information see our pre budget briefing:

[Social Care and gender](#)

## Health

*The Department of Health and Social Care received the largest amount of departmental funding. Much of the health spending will go to repair and maintenance of hospitals and new equipment, rather than on staff or provide services for patients.*

The spending review announced an increase of NHS core funding to £162.6 billion, a real terms growth of 3.8%. This follows a long period of historically low funding increases of 1.6% between 2010/11 and 2018/19 (yearly average).<sup>29</sup> Increased funding came in

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<sup>28</sup> Nuffield Trust, 2021, Spending Review leaves social care the poor relation and facing uncertainty (<https://bit.ly/3msJ3Qs>)

<sup>29</sup> The King’s Fund (2019) *NHS Funding: our position* (<https://bit.ly/2EHgf3B>)

with the NHS Long Term Plan which committed a 3.4% annual increase for NHS England (in average real terms) between 2019/20 and 2023/24, totalling £20.5 billion.<sup>30</sup> This increased funding is very welcome, but is still below the 4% that the Kings Fund estimated is needed to improve services.<sup>31</sup>

In addition, The Government announced £9.6 billion for COVID-19 funding over the spending review period. This comes on top of £97 billion allocated to Covid response up to September 2021. £8 billion has been allocated for elective recovery in England within the health and social care levy for the next three years.

According to the BMA as of August this year waiting lists had reached a record high of 5.72 million. Since the start of the Covid pandemic there have been 3.90 million fewer elective procedures and 26.78 million fewer outpatient attendances since the start of the pandemic<sup>32</sup>. The Health Foundation has estimated that

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<sup>30</sup> The King's Fund (2019) *The NHS long-term plan explained* (<https://bit.ly/3jEecMf>)

<sup>31</sup> The Kings Fund (6 June 2018) 'An open letter: a long-term funding settlement for the NHS' (<https://bit.ly/2ucu80v>)

<sup>32</sup> BMA (2021) Autumn budget and spending review 2021: what you need to know (<https://bit.ly/2XUlo0q>)



it will cost almost £17 billion to clear the backlog in treatments caused by Covid.<sup>33</sup>

Funding for Public Health will be maintained in real terms, but this will not make up for the 24% cut since 2015/16.

Health policy and spending is a gendered issue, as women are the majority of staff working in the NHS, the majority of patients and they account for the majority of unpaid carers relying on NHS professional support.<sup>34</sup>

For more information see our pre-budget briefing : [Health inequalities and Covid-19](#)

## **Childcare and early years**

*The Chancellor's budget speech included welcome recognition of the importance of children's early years, saying recognition 'The evidence is compelling that the first 1,001 days of a child's life*

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<sup>33</sup> Health Foundation (2021) Almost £17bn needed to clear backlog and treat expected rise in patients needing NHS hospital care (<https://bit.ly/3pO5yRL>)

<sup>34</sup> WBG (2021) Health inequalities and Covid-19 (<https://bit.ly/2OEpHt7>)

*are the most important<sup>35</sup>'. However, the level of investment was inadequate to meet the needs of children and their parents.*

The Budget included £500m for early years services. This covers £82m to create a network of 75 family hubs, £50m for parenting programmes, £100m for communicating 'start for life' advice during pregnancy and early parenthood, £50m for specialist breastfeeding support, £100m for mental health support for new and expectant parents and £200m to support the expansion of the supporting family's programme.

While investment in early years is welcome, it is on a much smaller scale than the Sure Start Network which peaked at 3,620 settings in 2010<sup>36</sup>. Sure Start was proven to have a positive impact on children and parents' health and particularly for poorer children<sup>37</sup>. Between 2011 and 2017, the Government cut the funding of Sure Start centres by £1.2 billion, leading to

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<sup>35</sup> HM Treasury (2021) Autumn Budget and Spending Review 2021: speech as delivered to Parliament

(<https://bit.ly/3CGlgAM>)

<sup>36</sup> Nuffield Foundation (2021) The role of early childhood education and care (<https://bit.ly/3GLRzlm>)

<sup>37</sup> IFS (2019) The health effects of Sure Start (<https://bit.ly/2Y6gH4T>)

the closure of over 1000 Sure Start centres<sup>38</sup> while others have had to significantly reduce the services they offer.

In addition to early years spending, there was also £170m by 2024/25 into the Government's 'free hours' for childcare by 2024/25. Since the Budget it has been reported that Government has told providers that the £170m announced in parliament for 2024/25 will be matched by similar annual investments in 2022/23 and 2023/24, although this has not yet been confirmed.<sup>39</sup>

This additional funding is badly needed. The Government's own research has shown a £2.60 shortfall in every 'free hour' provided<sup>40</sup>. This in turn leads to an increase in fees for hours outside the 'free hours' offer. Research published by MumsNet in partnership with WBG, the TUC and a large number of women's organisations in September 2021 found 'one third of parents are already paying more for childcare

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<sup>38</sup> Sutton Trust (2019) Stop Start (<https://bit.ly/3CyXS9w>)

<sup>39</sup> Nursery World (27 October 2021) Autumn Budget 2021: Early years sector gives cautious welcome to funding increase (<https://bit.ly/3EDmizr>)

<sup>40</sup> Early Years Alliance (2021) New data shows ministers knew early years was underfunded (<https://bit.ly/3nOjd8M>)

than they pay on rent or mortgage'.<sup>41</sup> This new spending will still not make up for the shortfall in funding for the sector; in 2019/20 the free hours were under-funded by £662m.<sup>42</sup> In addition, childcare providers will face additional costs as a result of the increase to the National Living Wage.

The Budget also included £150m for training for early years staff. Training for childcare professionals is needed to improve quality. This needs to be part of a wider strategy, that includes funding to pay for additional staff cover while other staff are being trained, and to cover enhanced pay to reflect additional qualifications.

We welcome the Chancellors' pledge to invest in support for children with special educational needs and disabilities by creating 30,000 new school places. However, once again this is disconnected and inconsistent. Research in March 2021 conducted by the charity Coram Family and Children found that less than 1 in 4 local authorities currently have sufficient childcare places for children with SEND<sup>43</sup>. As the

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<sup>41</sup> daynurseries.co.uk (2021) UK's childcare is third most expensive in world (<https://bit.ly/3GIkoPN>)

<sup>42</sup> CEDA (2019) Annual report 2019 (<https://bit.ly/3btwi1x>)

<sup>43</sup>Coram Family and Childcare (2021) Childcare survey (<https://bit.ly/3mz73RU>)

Chancellor has acknowledged, the first 1001 days are essential for all children, so it is vital that those with children and families with SEND are able to access the childcare places they need before children start school.

For more information see our pre-budget briefing : [Childcare, gender and Covid-19](#)

## **Education and training**

### **Schools**

The Chancellor announced £4.7bn in additional core funding for schools by 2024/25, along with an additional £1.8bn to help with recovery from Covid. This funding for Covid recovery comes on top of previously announced funding for education recovery from Covid, taking the total so far to around £5bn. This is welcome but falls short of the £15bn that education recovery commissioner for England, Sir Kevan Collins, former Education Recovery Commissioner for England, is reported as having said was necessary for schools to catch up.<sup>44</sup> In June this year Kevan Collins, resigned saying funding fell far short of what was needed.

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<sup>44</sup> BBC, 2 June 2021, School catch-up tsar resigns over lack of funding, (<https://bbc.in/2ZDuY9S> )

Over the spending review period spending on schools will increase by 2%, taking the schools budget back up to 2010 levels of spending by 2024, meaning that schools will have had a decade and a half of no growth in funding. The spending will also have to cover any increase in teachers' pay following the lifting of the public sector pay freeze. The impact of the fall in real-terms school funding over the last ten years has been widespread and included cuts to spending on teaching staff, educational resources, special needs support and after-school clubs,<sup>45</sup> as well as some instances of schools reducing their regular hours<sup>46</sup>. These cuts have impacted women disproportionately, as the majority of teaching staff and as mothers, who take on the majority of caring responsibilities for school-age children, so have been disproportionately impacted by cuts to after school clubs and special needs support.

## **Sixth form and FE**

There will be an additional £1.6bn for T-levels for 16–19-year-olds over the course of the spending review. However, per student spending in further education and sixth form colleges will be 10% below that in 2010

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<sup>45</sup> OFSTED (2020) Making the cut: how schools respond when they are under financial pressure (<https://bit.ly/3bFnuoT>)

<sup>46</sup> BBC News (2019) Coming to a school near you? The four-and-a-half-day week (<https://bbc.in/2MqNFam>)

by 2024. Spending for school sixth forms will be 23% lower than in 2010.<sup>47</sup> Even before Covid many Further Education and sixth form colleges were struggling after a decade of funding cuts that had seen funding decline per learner by 7% in real terms between 2013/14 and 2018/19. A third of colleges reported a deficit in 2018/19.<sup>48</sup> As the IFS has said ‘This is not a set of priorities which looks consistent with a long-term growth strategy. Or indeed levelling up’.<sup>49</sup>

## **Apprenticeships**

By the end of the spending review period, 2024/25, the apprenticeships budget will have increased to £2.7 billion, a £170 million increase. This additional spending is welcome; however it is vital that the gender disparity in apprenticeships and technical skills training is addressed. In 2018/19, women made up 41% of all apprenticeship starts.<sup>50</sup> They were more likely to start an apprenticeship that leads to low-paid

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<sup>47</sup> IFS (2021) Autumn Budget and Spending Review 2021( <https://bit.ly/3bpawfw> )

<sup>48</sup> WBG (2021) Spring Budget 2021: Education and gender ( <https://bit.ly/3EmY0t6> )

<sup>49</sup> IFS ( 2021) Autumn Budget and Spending Review 2021, <https://bit.ly/3bpawfw>

<sup>50</sup> Department for Education (2020) Apprenticeships and traineeships data (<https://bit.ly/3e0UjQf>)

occupations, such as hairdressing and childcare, while there are 25 men for every woman starting an engineering apprenticeship.<sup>51</sup>

Education, at all levels, plays a vital role in ensuring economic prosperity and social wellbeing. It also has the potential to promote greater equality, particularly through investment in high-quality compulsory education. At a time when Covid-19 has significantly widened gaps between disadvantaged pupils and their peers, the need for investment in a high-quality, universal education system is vital.

For more information see our pre-budget briefing : [Education and Gender](#)

## **Employment and earnings**

*An increase to the NLW of 6.6% and an end to the public sector pay freeze announced in the Budget are welcome and are positive moves for large numbers of women who are low paid, or in the public sector.*

## **National Living Wage**

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<sup>51</sup> TUC (2018) Tackling apprenticeship gender inequality (<https://bit.ly/3sriFXa>)



The National Living Wage (NLW) will rise to £9.50 from 1 April 2022, an increase of 59 pence or 6.6 per cent. The Low Pay Commission's recommendations set the minimum wage back on track to reach the Government's target of two-thirds of median earnings by 2024<sup>52</sup>. This is very welcome and will particularly benefit women who are more likely to be low paid.

The increase boosts earnings for full-time minimum wage workers by over £1,000 per year<sup>53</sup>. However it does not make up for the £20 a week cut to Universal Credit which hit 5.5 million people earlier this year (see section on social security)

### **Public Sector Pay Freeze**

The decision not to extend the public sector pay freeze was welcome and will particularly benefit women who are two-thirds of public sector workers.

The Government must ensure increased funding for public services to meet higher pay costs. This includes not only workers employed in the public sector, but workers employed in the private sector who are

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<sup>52</sup> Low Pay Commission (2021) Large minimum wage increase to boost low-paid workers' incomes (<https://bit.ly/3CCdrgE>)

<sup>53</sup> IFS (2021) Autumn Budget and Spending review 2021 (<https://bit.ly/3jWoXfw>)

delivering contracted out services who may be affected by the rise in the NLW.

For more information see our pre-budget briefing: [Women and employment in the recovery from Covid-19](#)

## Social Security

### Universal Credit

*The Chancellor announced that the taper rate for Universal Credit will be cut from 63% to 55%, and the work allowance raised by £500 a year. This is welcome, and will benefit low earners on Universal Credit, but it does not go far enough to mitigate the £20 a week cut from September this year.*

Despite these new measures, around 75 per cent of the 4.4 million households on Universal Credit will be worse off<sup>54</sup>. The cut in the Universal Credit taper and the increase in the work allowance, will, as the Chancellor claimed, benefit around two million in work recipients of UC but there are 5.8 million people on UC<sup>55</sup>.

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54 JRF (2021) The Boris Budget (<https://bit.ly/3nRrKlc>)

55 Figures from StaXplore (September 2021)

The increased the work allowances are now *only* available to claimants who are responsible for a child or have limited capability for work. There is still no allowance for 'second earners' in a couple, who are more likely to be women.

The taper reduction won't help those who aren't in work (this includes those who aren't expected to be looking for work like carers or disabled people, the majority of whom are women)<sup>56</sup>. Nor will it help those whose earnings are below their work allowance limit, as they won't be subject to the taper until they exceed that amount. Although they should gain from the £500 work allowance.

Analysis by the New Economics Foundation has found that even after the UC reforms announced in the Budget, come December, the poorest fifth in the UK will be receiving £380 a year less on average from UC than if the £20 uplift had stayed in place<sup>57</sup>. The analysis finds that reversing this month's £20-a-week cut to universal credit, rather than lowering the taper rate and raising work allowances — which determine the

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56 WBG (2018) Disabled women and austerity

<https://bit.ly/3503OdA>

57 New Economics Foundation (2021) [Poorest fifth still £380 worse off a year after chancellor's boost to universal credit,...](#)  
[| New Economics Foundation](#)

amount of universal credit withdrawn for every £1 someone earns — would have prevented 300,000 more people from being pushed into poverty this winter<sup>58</sup>.

## **Out of work benefits**

There were no announcements made in the budget about out of work benefits and as such, unemployed people are a group likely to find the coming months especially difficult.

The cost of living is set to continue rising relatively quickly over the winter while out-of-work benefits stay the same, and while many will still be adjusting to the removal of the temporary £20 per week benefit uplift. All of this comes in the context of the out-of-work safety net being substantially lower than a few years ago, as a result of pre-pandemic austerity policies.

There has been no above inflation increase in out of work benefits for people who are unemployed and childless for over 50 years, indeed these benefits have been cut in real terms, leaving the living standards for those in that group far below those of other benefit recipients. In response to the budget Paul Johnson, the head of the IFS has commented that “the gap between

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58 Ibid

the generosity of the furlough scheme and the meanness of our out of work benefit system could hardly be more stark”.

Women are more likely than men to rely on social security for a larger part of their income because of their generally lower earnings, longer lives and greater caring responsibilities. Some groups of marginalised women are even more likely to rely on social security.

For more information see the WBG pre-budget briefing: [Social security and gender](#)

## **Public transport**

*There was welcome investment in public transport, although most of what was announced was a repeat of previous commitments. However, this was undermined by the cut to air passenger duty for domestic flights and the continued freeze to the fuel duty.*

The Chancellor announced £5.7bn funding for public transport schemes in Greater Manchester, Liverpool City Region, the Tees Valley, South Yorkshire, West Yorkshire, West Midlands, and the West of England. Only about £1.5bn of what the Treasury is styling a “local transport revolution” appears to be new money, with £4.2bn having been previously announced in 2019

for cities, and the bus funding coming from a £3bn fund promised by Boris Johnson last year. However, the focus is on capital investment, rather than the costs of running services day to day. Cuts to bus services, which women are significantly more likely to use than men, have been caused by revenue cuts rather than lack of capital spending,<sup>59</sup> which this money won't help with.

Overall funding for the Department of Transport was increased but will still be 32% per cent lower in real terms in 2024-25 than in it was in 2009-10.<sup>60</sup>

The bulk of spending on transport went to roads rather than public transport. This includes £24bn on 'strategic' roads, as well as £8bn for resurfacing roads and filling potholes. Women, people of colour, disabled people and those on lower incomes are less likely to hold a driving licence and own a car, so benefit less from investments in road building and repair.

WBG is calling for investment in affordable reliable public transport and active travel (walking and cycling)

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<sup>59</sup> Gill, R. WBG (2020) Public transport and gender (<https://bit.ly/3jGPAFa> )

<sup>60</sup> Resolution Foundation, 2021, The Boris Budget: Resolution Foundation analysis of Autumn Budget and Spending Review 2021 (<https://bit.ly/2ZrhNbQ> )

that allows everyone to get to work, take kids to school, shop, socialise and care for friends and family without relying on cars. Alongside this investment there is an urgent need to re-organise transport routes. Women's care work means they are more likely to make multiple short journeys throughout the day. But transport routes are designed around men's pattern of fewer but longer journeys in peak hours<sup>61</sup>.

For more information see our briefing on [Transport and Gender](#)

## **Local government**

*A better-than-expected three-year settlement for local government in the 2021 Spending Review will still leave councils with less spending power in 2024/25 than they had in 2010. Pressures on local authority funding will remain. Seventy-nine per cent of English councils were forced to overspend in 2020-2021 to meet Covid costs in the midst of the pandemic and have not been fully compensated by central government. Forty per cent of councils responsible for social care and 72% of district councils have had to use reserves*

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<sup>61</sup> Gill, R. WBG (2020) Public transport and gender (<https://bit.ly/3jGPAFa> )

*to cover Covid costs and four local authorities needed emergency funding over the last year to prevent bankruptcy.*

Despite the proven importance of local government and local services for women and those they care for, funding for them in the Spending Review will not compensate for huge cuts made since 2010.

Local government has welcomed the fact that the settlement spans three years from 2022 to 2025 and therefore gives some short-term financial stability to councils. An additional £4.8 billion in central government grant funding will be spread equally over those three years – to give £1.6 billion each year to 2024-2025. Total spending is projected to increase by £8.5 billion once increased taxation is added in – a 3% increase before social care expenditure is stripped out, when it falls to around 1.8%.

While the overall central government grant increase is welcome, the absence of even an inflation-proofed rise in the second and third years is a source of concern, given the rising costs of service provision, staffing and overall inflation. In addition, there is no additional funding for social care and no announcement was made about the promised Fair Funding Review for local government, including the review of Business Rates.



The settlement continues to shift the burden of meeting increasing costs to councils through the factoring in of Council Tax rises and the social care precept for upper-tier authorities. However, Council Tax rises will be capped at 2% and the social care precept generates unequal amounts across councils, meaning those councils most in need of extra funding may be least able to raise it. Overall it is unlikely to relieve current pressures on social care for adults or children post-Covid, with damaging consequences for other local services for which demand is growing with local population increases.

The Spending Review did contain £560 million funding across 75 upper tier councils to support new families, children, and young people. £300 million of this is pledged to support new families. However, £82 million of this sum which is earmarked for 'Family Hubs' will be overseen by the Anna Freud Centre and not local authorities. Nor will this funding make up for the money lost from Sure Start over the last ten years (see section on childcare and early years).

£170 million was earmarked to support early years providers and provide training for childcare workers, amounting to under 5% over the Spending Review period. Eligibility for Business Rate relief has not been

extended to childcare businesses alongside leisure, hospitality, and retail. The Chancellor announced that the £560 million for children and parents will also cover funding of up to 300 youth clubs across England. Current youth provision is much better in more affluent local authorities, and it is unclear whether this funding will 'level up' youth provision or provide services for young women.

For more information see our pre-budget briefing : [Local government, gender and Covid-19](#)

## **Violence against women and girls (VAWG)**

*The Budget provides some welcome funding for a sector that has seen huge demand during the pandemic but there is still not enough investment in preventing VAWG or for support services for victims/survivors.*

### **Support services for victims/survivors**

The budget increased annual funding for Ministry of Justice support services to over £185 million by 2024-25, an increase of 85% from spending in 2019-20. This funding is “set to increase the number of Independent Sexual and Domestic Violence Advisors to over 1,000 and fund other key services such as crisis helplines.”

Whilst this investment to support victims is welcome, this year Women's Aid have estimated that an annual investment of £409 million is needed to fund domestic abuse services<sup>62</sup>. Rape Crisis have estimated that £102.7 million annually is needed to ensure specialist sexual violence and abuse services are available for victims and survivors<sup>63</sup>.

A significant portion of funding for VAWG support services comes from local authorities' budgets. Figures from 178 local councils show that 65% cut funding in real terms for refuges between 2010 and 2018; in the 12 months to March 2018 alone, spending on refuges fell by nearly £1m in total, with 125 authorities cutting spending in real terms.<sup>64</sup> Research by Women's Aid

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<sup>62</sup> Women's Aid (2021) Women's Aid launches national campaign 'Deserve To Be Heard' to highlight impact of domestic abuse on mental health of women and their children (<https://bit.ly/3AVXQa5>)

<sup>63</sup> EVAW Coalition (2021) Joint submission 22 (<https://bit.ly/3w9ZXGp>)

<sup>64</sup> Grierson, J (2018) Council funding for women's refuges cut by nearly £7m since 2010, Guardian 23 March 2018 (<https://bit.ly/2pDVzib>)

found that 59% of local authorities had cut their funding in real terms in 2019/20.<sup>65</sup>

Importantly, the investment announced for the VAWG sector did not include ringfenced funding for services led ‘by and for’ Black and minoritised women. These specialist services are the best equipped to support Black and minoritised women, were underfunded prior to the pandemic and during it, found themselves unable to keep up with demand<sup>66</sup>. Imkaan has estimated that the total annual cost of delivering specialist support services in the Black and minoritised women and girls sector alone is over £97 million<sup>67</sup>.

### **Rape prosecutions**

The Budget increased resource funding by £80 million for the Crown Prosecution Service by 2024-25. This funding is earmarked to “enable the CPS to support the work of 20,000 additional police officers and improve its response to rape and sexual assault cases”. While this funding is welcome and necessary to meet the

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<sup>65</sup> Women’s Aid (2021) Fragile funding landscape: The extent of local authority commissioning in the domestic abuse refuge sector in England 2020 (<https://bit.ly/37W5KEC>)

<sup>66</sup> Rape Crisis (2020) Position Paper Series May 2020 (<https://bit.ly/3B5dpMY>)

<sup>67</sup> EVAW Coalition (2021) Joint submission 22 (<https://bit.ly/3w9ZXGp>)

ambitions set out in the government's end-to-end Rape Review<sup>68</sup>, it will only succeed (return to 2016 levels of charging in rape cases) if is coupled with systemic changes that transform how our criminal justice system responds to rape<sup>69</sup>.

## **Prevention**

Despite the wide-spread calls within the sector to invest in prevention measures in schools<sup>70</sup>, this budget failed to make the investment needed to tackle the root causes of violence against women and girls in society.

For more information see our pre-budget briefing : [Violence against women and girls](#)

## **Taxation**

*The budget was a missed opportunity to reform our current tax system and cuts and freezes to*

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<sup>68</sup> Ministry of Justice (2021) End-to-end rape review report (<https://bit.ly/3EDPztO>)

<sup>69</sup> [Leading women's groups deeply disappointed with lack of ambition in Government's Rape Review](#) ([endviolenceagainstwomen.org.uk](http://endviolenceagainstwomen.org.uk))

<sup>70</sup> EVAW Coalition (2021) Women's groups call on Secretary of State for Education to create 'Whole Schools Approach' taskforce (<https://bit.ly/3aUA08Z>)

## *environmental taxes undermine the Government's stated commitment to tackle climate change.*

Prior to the autumn budget and spending review the Government had announced a series of large changes. The Budget in spring 2021 included a freeze to personal allowances and higher tax thresholds, an increase in corporation tax to 25% from March 2023 and the super deduction tax cut<sup>71</sup>. In September 2021 the Chancellor announced a rise in National Insurance contributions to pay for additional spending on the NHS and social care.

Compared with the £40bn raised by these measures, the tax changes in this budget were relatively small and with some just enhancing the earlier changes, including the extension of £1m Annual Investment Allowance to March 2023.

### **Business rates**

Business rates were frozen and cut by 50% for retail, hospitality & leisure, for one year. There was also a promise of more frequent revaluations, some respite for property improvements and a consultation promised on how an online sales tax could pay for a cut

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<sup>71</sup> See WBG, 2021, A missed opportunity to 'Build Back Better': WBG response to Spring 2021 Budget, <https://bit.ly/3GyRBND>

in rates. While such a cut will be good news for those employed in the industries targeted, many of whom are women, and more frequent revaluation is sorely needed, it is no substitute for the fundamental reform of local taxation and of business rates that is required. Women depend greatly on local authorities for services and employment<sup>72</sup>. Currently 50% of business rates go to local authorities. If they are to be replaced by other taxes, then the impact on local authorities has to be carefully thought out.

### **Air Passenger Duty rates**

Air Passenger Duty Rates were reduced for short haul domestic flights but increased for long distance flights, costing a net £135 million in the period to 2026-27<sup>73</sup>. The OBR projects that passenger numbers will increase by 410,000 on domestic flights, with that increase split evenly between genuinely additional flights taken and those displacing journeys that would otherwise have been taken by car, but 23,000 fewer long-haul flights

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<sup>72</sup> Local government and Gender: A pre-budget briefing from the UK Women's Budget Group, March 2020  
<https://wbg.org.uk/wp-content/uploads/2020/02/final-local-gov-2020.pdf>

<sup>73</sup> <https://obr.uk/box/climate-related-measures-in-the-budget-and-spending-review/>

will be taken<sup>74</sup>. This makes no sense in terms of greenhouse gas emissions. Indeed, the chancellor admits that he wants to encourage regional airport expansion. This is a disastrous policy. Domestic flying should be particularly discouraged since there are alternative ways to make such journeys (less perhaps for flights between Northern Ireland and the rest of the UK). The money spent on this tax cut should have been spent instead on enabling people to use fewer polluting methods of travel.

### **Fuel duty**

Similarly, fuel duties were frozen again for the tenth year in succession, costing £1.5bn in lost revenue and making a 22% real terms reduction since 2010. This costs £7.9 billion over the five years to 2026-27.

Lowering the price of motoring in real terms is expected to increase fuel purchases over the next five years by 450 million litres (a 0.2% increase).<sup>75</sup> This is a lost opportunity to spend money on improving public transport. The fuel escalator should be reinstated together with fuel subsidies limited to those, such as some disabled people, for whom driving is a necessity not an option. As WBG have frequently argued, it is

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<sup>74</sup> *ibid*

<sup>75</sup> *ibid*



men and particularly those who are commuters who gain most financially from continual failures to raise fuel tax, while women, who generally travel less far to work because of caring responsibilities and are less likely to own cars, use public transport more<sup>76</sup>.

Together these two tax breaks undermine the Government's commitment to lead the world in greenhouse gas reductions. As the OBR states these "tax measures that will make the job of getting [net zero emissions by 2050] more difficult (and more expensive for the Treasury)".<sup>77</sup>

## **Alcohol tax**

Another tax cut was in alcohol tax. There was a freeze in alcohol duty for a year from April 2022 and a welcome reform of the inconsistent current system for taxing alcohol. However the new bands still tax wine more heavily than beer of equivalent strength. On top of that, making the total tax give-away on alcohol approximately £0.7 bn, there will a new tax relief "draught Relief" of 5% that will apply to drinks served

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<sup>76</sup> WBG (2020) Public transport and gender: a pre-budget briefing from the UK Women's Budget Group, March 2020 (<https://bit.ly/3mA3E1B>)

<sup>77</sup> OBR (2021) Climate related measures in the Budget and Spending Review (<https://bit.ly/3nSJz9A>)

from draught containers over 40 litres<sup>78</sup>. It is designed to benefit pubs as a community focus and those who drink draught beer or cider in them: the typical beneficiary being envisaged is clear. Rather than spending this money on encouraging alcohol consumption, with its associated health problems and increased violence against women and girls, it could have been better used encouraging community facilities that do not necessarily involve the consumption of alcohol and are spaces that women find safer to visit on their own.

Above all this budget was disappointing for what it did not include. As well as making a wholly negative contribution to tackling climate change, this budget was a lost opportunity to get started on reforming our tax system to one that includes wealth taxation to reduce inequality, replaces the current unfair system of local taxation and taxes all forms of income and capital gains in the same progressive way<sup>79</sup>.

For more information see our pre-budget briefing: [Taxation and gender](#)

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<sup>78</sup> HMT (2021) Autumn Budget and Spending Review, Table 5.1: Autumn Budget 2021 policy decisions (<https://bit.ly/3BwzTXi>)

<sup>79</sup> WBG (2021) Taxation and gender: WBG Autumn Budget 2021 Pre-Budget Briefing (<https://bit.ly/3BwzRi4>)

## Pensions

*The Chancellor's budget included no announcements on pensions despite public expenditure on state pensions in the UK being among the lowest in the OECD.*

The main state pension for current pensioners is nearly £40 per week less than the government's own poverty threshold (the means-tested minimum guarantee Pension Credit). The new Single Tier Pension is just above the single rate of Pension Credit but due to transitional rules, it will be decades before women generally receive as much state pension as men<sup>80</sup>.

### **Suspension of triple lock**

In September, the Government decided to suspend the state pension triple lock for a year, by waiving the earnings link (which would have produced an 8% increase for 2022-3)<sup>81</sup>. This means state pensions will instead increase instead by 3.1% (the rise in CPI). Pensioners will miss out on an average of £2,600 each

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<sup>80</sup> Ginn & Lowe, WBG (2021) Pensions and gender (<https://bit.ly/3GF6SfX>)

<sup>81</sup> Calculation by Jonquil Lowe for WBG (2021)

over the course of five years while the Treasury will save a total of £30.5 billion<sup>82</sup>.

This decision will disproportionately impact single women, who are more likely than single men to be wholly or largely dependent on the state pension<sup>83</sup>. Moreover, most single women who are already retired receive the old (pre-2016) state pension which still lags far behind the peak 26% of average earnings that it represented in the 1970s.

For more information on pensions see our pre-budget briefing: [Pensions and gender](#)

## Housing

*There were insufficient announcements on housing in the Budget despite it being at the centre of key social and economic problems and its potential as part of pandemic recovery. High housing costs for many have played a big part in the very low growth in living standards over the past decade, and housing must change if the UK is to meet its commitment to zero carbon emissions by 2050.*

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<sup>82</sup> BBC (2021) Pensions: What is the triple lock and why has it been 'suspended'? (<https://bbc.in/3BH9kyt>)

<sup>83</sup> Ginn & Lowe, WBG (2021) Pensions and gender (<https://bit.ly/3GF6SfX>)

The early opening of the housing market, the pandemic stamp duty holiday which cost the Treasury £1.5bn<sup>84</sup>, and the Help to Buy scheme kept the level of new builds up even in the lockdowns. However, net additions to the housing stock in England in 2019/20 were about 250,000, significantly less than the Government's target of 300,000.

Furthermore, problems of affordability have only got worse during the pandemic. Prices have increased, partly due to the stamp duty holiday and Help to Buy. Overcrowding has increased sharply in the private rented sector, and despite the early success of the 'Everyone In' scheme to house rough sleepers in the crisis, rough sleepers are very visible in many towns and cities, and the number of households accepted as homeless and in temporary accommodation has increased.

The budget re-announced the Affordable Housing Programme for England for 2021-26, which will include £7.5bn for about 120,000 new homes over the spending review period to 2024/25. However, not all the homes it produces will be affordable to those on lower incomes. 49% of the homes will be for shared ownership, 25% for 'Affordable Rent' (at up to 80% of

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<sup>84</sup> Seely, A (2021) *Stamp duty tax on residential property*  
London: House of Commons Library

market rents), and 25% or about 40,000 for traditional social rent<sup>85</sup>. The budget change to the Universal Credit (UC) taper does not compensate for the loss of the pandemic £20 a week uplift. The majority of claimants use UC to pay part of their rent, so any reduction in UC makes housing less affordable for low-income renters.

The budget announced £0.95bn for the Home Upgrade Grant for low-income owners and landlords and £0.8bn for social housing decarbonisation. However, neither of these schemes or sums are new. They were both promised in the 2019 manifesto, and this funding represents a tapered start on the commitments. Both schemes aim to improve energy efficiency housing to EPC band C by 2030. However, neither offer support for changing heating systems away from gas, and while the social housing decarbonisation fund totals £3.8bn over ten years, the National Housing Federation estimates that the cost of fully decarbonising housing association homes alone is £36bn.

The budget also preannounced funding for support for remediating 'the most dangerous' cladding through a tax on large developers, but this still leaves other fire

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<sup>85</sup> Perry, J (2020) in eds. Stephens, M; Perry, J; Williams, P; Young, G; and Fitzpatrick, S, *UK Housing Review 2020*, Coventry: Chartered Institute of Housing

safety issues unresolved almost 5 years after the Grenfell fire tragedy.

The 2020/21 the capital 'departmental expenditure limit' for the key housing ministry (then the MHCLG) was £9bn, but this budget will reduce the cap for the renamed Ministry for Levelling Up, Housing and communities to £6.8bn by 2024/25. This remains less than the capital cap for the then DCLG in 2009/10 of £12bn which then fell to £3.0bn in 2012/13 (at 2020/21 prices)<sup>86</sup>.

For more information see our pre-budget briefing : [Housing](#)

## **Overseas Development Aid**

The Chancellor announced that foreign aid spending should return to 0.7% of economic output by 2024/25, after temporarily suspending that target last year.

While this is a welcome decision, the return of development aid will be conditional on the government not borrowing money for day-to-day spending and on underlying debt, as a percentage of

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<sup>86</sup> Tunstall, R (2016) 'Housing' in eds Lupton, R; Burchardt, T; Hills, J; Stewart, K and Vizard, P *Social policy in a cold climate: Policies and their consequences since the crisis* Bristol: Policy Press

national income, falling. The delay in restoring this budget will mean tens of millions around the world will go without the urgent aid that they need for another three years. It also undermines the UK's position, ahead of COP26, of being a global actor that is serious about tackling global inequality.

### **Gender equality impact assessments**

*HM Treasury has once again failed to publish a robust assessment of the potential equality impacts of the Budget and Spending Review.*

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)<sup>87</sup>.

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<sup>87</sup> WBG (2019) Equality Impact Assessments (<https://bit.ly/2JpMDdd>)



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.<sup>88</sup> The Equality and Human Rights Commission, Treasury Select Committee and Women and Equalities Select Committee have all called on the Treasury to do more to demonstrate that it has met its obligations under the PSED.<sup>89</sup> Yet, the 2021 Spending Review contains less than three pages containing 'illustrative examples' where spending allocations will have a positive impact on people with protected characteristics.<sup>90</sup> Under sex, the examples given are the increase to the national living wage, which 'will likely benefit women', increased funding for support services for victim/survivors of VAWG and programmes in the Innovation Strategy aimed at under-represented groups, including women.

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<sup>88</sup> EHRC (2020) Future fair financial decision making (<https://bit.ly/2VIE2dM>) p. 22

<sup>89</sup> WBG (2020) Equality Impact Assessments published with the 2020 Budget (<https://bit.ly/3e90DoO>)

<sup>90</sup> HM Treasury (2021) Autumn Budget and Spending Review 2021: A stronger economy for the British people, (<https://bit.ly/2ZAaH52>) p. 161

There is further reference to the equality impact in the Tax Information and Impact Notes produced by HMRC on tax changes.<sup>91</sup> For example the assessment of the increase of rates of Income Tax applicable to dividend income recognises that ‘more men will be impacted by this measure than women with men making up 63% of the estimated affected population’ and that 16% of those impacted are over state pension age.<sup>92</sup> However, it concludes that ‘it is not anticipated that any other group with protected characteristics will be disproportionately impacted’ on the basis of no evidence. It is likely that people with income from dividends are more likely to be white, and less likely to be disabled than the general population.

In other areas lack of data is used to conclude that there will be no equalities impact. For example, on measures to clamp down on promoters of tax avoidance the equality impact assessments states: ‘HMRC do not hold information about the protected characteristics of promoters or those who facilitate tax

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<sup>91</sup> HMRC (2021) Tax information and impact notes: Autumn Budget and Spending Review 2021 (<https://bit.ly/3pLb1bT> )

<sup>92</sup> HMRC (2021) Tax Information and impact notes: Increase of the rates of Income Tax applicable to dividend income (<https://bit.ly/3Gvpj6B> )

avoidance, but it is not anticipated that these measures would have an impact on any group with protected characteristics'<sup>93</sup> In the absence of evidence it is not clear how this conclusion was reached.

All of the TIINS take individual tax policies in isolation. 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), updated in 2020, 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<sup>94</sup>.

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

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<sup>93</sup> HMRC (2021) Tax information and impact notes: Clamping down on promoters of tax avoidance (<https://bit.ly/2ZEfl1Z>)

<sup>94</sup> HM Treasury (2020) Green book review (<https://bit.ly/2KW6cKG>)

women have suffered worse financial impact from the pandemic than their white and non-disabled counterparts.<sup>95</sup>

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 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.

It is important that the Treasury carry out its own EIAs. But given its repeated failure to meet its obligations under the PSED so far, there is also a strong case for the Office for Budget Responsibility to be given the responsibility of carrying out comprehensive Equality Impact Assessments for the Budget and Spending Review, and for future ones, in the years after they have been published. This will ensure that the

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<sup>95</sup> WBG (2021) Lessons Learned: where women stand at the start of 2021 (<https://bit.ly/3bvYCR1>)

Government's expected outcomes can be assessed against actual outcomes<sup>96</sup>.

For more information see the WBG briefing : [Equality Impact Assessments](#)

## **Conclusion**

This Budget marks an important and necessary break away from the austerity of the last ten years. The increase in spending in some areas is welcome, but the Budget did not go far enough to meet the big challenges facing the UK – the climate emergency, the crisis in public services, particularly care and growing poverty and inequality – the scale of which, it seems the Government has failed to grasp. In many areas, the spending announced doesn't come close to making up for the decade of cuts, let alone the impact of Covid, to the public sector.

There was a too a tight focus on physical infrastructure and much less investment in the social infrastructure that is an essential part of the economy and as the pandemic has shown us, the backbone of our society.

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<sup>96</sup> This call was supported by 9 think tanks and over 70 economists. See Open Letter to the Prime Minister and Chancellor, 22 October 2021 (<https://bit.ly/3EsMKvg> )

We needed to see investment in a green care-led recovery that gives people the care they need at every point of their lives, creates decent jobs and tackles climate change. We needed real ‘levelling up’ to tackle the poverty and inequality that has been exposed and made worse by Covid.

Greater ambition, both in the volume and quality of investment is needed if we are to reverse the damage done by austerity and secure a recovery rooted in equality, care, and sustainability.

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The Women's Budget Group is a network of leading feminist economists, researchers, policy experts and campaigners committed to achieving a more gender equal future. We have worked towards this since 1989.

For more information, please visit [www.wbg.org.uk](http://www.wbg.org.uk) or contact [admin@wbg.org.uk](mailto:admin@wbg.org.uk).

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