

THE IMPACT ON WOMEN OF AUTUMN FINANCIAL STATEMENT 2013

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1. Executive summary

The Chancellor George Osborne announced his Autumn Financial Statement (AFS) on 5 December 2013 based on the forecasts from the Office of Budget Responsibility. Neither the Chancellor's speech nor the accompanying 123 page document from the Treasury mention women more than once and the AFS is not accompanied by a full gender impact assessment.

Prior to the Autumn statement, the Chancellor declared that the UK's economy was 'turning a corner'¹. Yet whatever tentative recovery the Chancellor may have been talking about, few in the UK are feeling the benefits and especially women. The Women's Budget Group have detailed the impact of austerity policies on women noting how more often than not, low and middle income women will be the ones most affected. The 2013 Autumn Statement provided no change to a political agenda that has continually disadvantaged women. Despite calling for a 'responsible recovery'² we find that many of the Chancellor's programmes will worsen women's economic position which leads us to ask, if this is recovery, then recovery for who?

a. What does austerity mean for women?

Low income women bear the brunt of austerity. The Chancellor's announcement of a cap on overall benefits/tax credit spending is likely to disadvantage women more than men, as women are more likely to rely on benefits than men. The cuts in public expenditure will be most detrimental to single female pensioners and female lone parents who will see their income reduced by 4.6%. Women are more likely than men to report feeling no positive impact from this reported economic recovery. An opinion poll conducted just after the Chancellor's Statement found that the majority of respondents felt no benefit from the recovery in economic growth, with more women (73%) than men (66%) feeling excluded.

Investment in infrastructure is an important part of the Chancellor's road to recovery and the National Infrastructure Plan released at the same time as the AFS declares that investment in physical infrastructure such as transport and energy is vital for economic growth³. However there have been no announcements of policies to ensure that women, as well as men, will benefit from more jobs in these male-dominated industries.

¹BBC, September 2013 <http://www.bbc.co.uk/news/business-24011795>

² Chancellor's Autumn Financial Statement speech 2013 <https://www.gov.uk/government/speeches/chancellor-george-osbornes-autumn-statement-2013-speech>

³ National Infrastructure Plan (2013) <https://www.gov.uk/government/publications/national-infrastructure-plan-2013>

b. No gender impact assessment

Once again the AFS was not supported with a gender impact assessment. Whilst there was an analysis of the impact on households this does not provide any data disaggregated by gender or discuss the gender differentiated impact on women.

c. Employment, earnings and living standards

Though the employment rate has increased for both women and men since the last quarter of 2011, when unemployment peaked, both levels are still below their pre-crisis level of 2008.

Meanwhile real earnings have declined, involuntary part-time employment has increased, and for the first time in five years the gender pay gap has widened (ONS 2013a)⁴. Though more men than women have lost their jobs as a result of public sector job cuts, women have not benefitted from the growth in private sector jobs as their unemployment levels have fallen more slowly than men's. Private sector job creation has not produced the well-paid and stable employment that the public sector offered. There are three times as many young women doing low-paid jobs than 20 years ago, suggesting that women are not benefitting much from private sector job creation.

d. Employment measures

Once again the job creation measures announced by the Chancellor have not been accompanied by a gender impact assessment or any accompanying measures to ensure that women benefit equally. The headline measures to create jobs include measures to help small businesses and the retail sector (including pubs, cafes, restaurants and charity shops). These will not be the better quality jobs needed to replace the public sector jobs which are being lost.

The 'Help to Work' scheme loads women (who are far more likely to have caring responsibilities) with unnecessary burdens which will make their care work more stressful. Lack of compliance will result in benefit sanctions, hitting both women and the dependants they care for.

Though increased investment in apprenticeships is welcome, young women are more likely to go into low-paid apprenticeships, such as hairdressing, than apprenticeships in higher earning fields such as construction or technology. Any investment in apprenticeships must be accompanied by a more concerted effort to get women into science, engineering and technology.

e. Benefits/tax credits

It is possible to achieve the government's deficit reduction goals by raising taxes rather than cutting public expenditure, as the Chancellor himself acknowledges in the AFS. Instead the government has made a gendered choice to focus on cuts to benefits rather than raising taxes; this has a more advantages for men, as they tend to have higher incomes than women.

⁴ Source: Jerome De Henau's calculations using ONS – Labour Force Survey (various tables)
<http://www.ons.gov.uk/ons/datasets-and-tables/index.html>

The WBG has already outlined our concerns about Universal Credit in several other briefings. The AFS brought a new announcement that the earnings disregards (the amount that can be earned before UC begins to be withdrawn) will be frozen for 3 years, from 2014/15 to 2016/17⁵. This cut will save £600m/year when UC is fully in place in 2017/18. As most second earners are women, universal credit will result in a higher withdrawal rate ('taper') for many second earners compared with both that of first earners and the current situation under tax credits.⁶

The government have already recognised that 85% of the beneficiaries of the Transferable Tax Allowance will be men and that only 36% of married couples will actually benefit. We argue that financing for the TTA would be better spent elsewhere, such as restoring child benefit to all families.

f. Public services

Central government departments will have been cut by just over 8% by the end of 2013/14. Without further cuts to spending on social security, or tax rises, the plans announced in the AFS imply cuts of more than 20% in spending on public services by 2018/19.⁷

There were some announcements of spending increases and the WBG welcomes the extension of free schools meals to all children in reception, year 1 and year 2. Increased funding for higher education will benefit women, whose are equally represented in higher education as a whole, but women will not benefit equally from the £50m per year additional funding for STEM courses, since they are under-represented in those subjects.

WBG notes that the 'Right to Buy' schemes have removed £2m worth of housing from the social sector, which has not been replaced by adequate like-for-like accommodation. Moreover, the 'Help to Buy' scheme does not address the chronic lack of affordable social housing in the UK.

g. Conclusions

Again we urge the Chancellor to rethink his economic strategy. His plan is not working for women. The WBG proposes a Plan F – a feminist economic strategy – to ensure everyone is fairly rewarded for the paid and the unpaid contributions they make to the economy, their communities and to their families. The WBG finds that women gain far more from greater public spending, as compared to tax cuts; and advocates increased spending on public services, benefits, tax credits and state pension, all areas that help the poorest women, funded by increases in taxation on people and corporations that can afford to pay more.

⁵Autumn Financial Statement 2013 (para. 1.283)

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263942/35062_Autumn_Statement_2013.pdf

⁶ Universal Credit Issues for Second Earners (House of Lords: meeting on Welfare Reform Bill, 25 October 2011)

<http://www.wbg.org.uk/economic-social-policy/universal-credit/>

⁷ Paul Johnson, Introductory Remarks, http://www.ifs.org.uk/budgets/as2013/openingremarks_AS13.pdf

2. The Autumn Financial Statement 2013: the Chancellor's plan for continued austerity

The Independent Office for Budget Responsibility (OBR) forecast economic growth of 1.4% in 2013 and 2.4% in 2014. In his Autumn Financial Statement (AFS) George Osborne claimed this as evidence that the cuts are working and insisted that continued recovery must be 'responsible'. To this end he proposed an extension of austerity until 2018/19 to reduce the budget deficit and create a budget surplus. The OBR has calculated that this would reduce the share of spending on public services from national income to the level it was in 1948. This goes well beyond what is required by the government's current fiscal targets.

Speaking in response to the AFS Paul Johnson, Director of the Institute for Fiscal Studies, said this would mean, excluding further cuts to welfare benefits or tax increases, an acceleration in the rate of cuts to spending on public services from 2.3% a year (April 2011 to March 2016) to 3.7% a year from April 2016 to March 2019. To avoid this, he added, further cuts in welfare benefits of £12bn a year would be required by 2018/19.⁸ Indeed the Chancellor recently announced that of the £25bn of spending cuts planned for 2016/17 and 2017/18, £12bn would come from working-age welfare.

The AFS also confirmed the introduction of a cap on the amount spent on social security benefits and tax credits. The exact limit will be announced this spring and imposed in 2015, with reviews at the beginning of each parliament. It will exclude the basic and additional state pension, Jobseeker's Allowance (JSA) and associated housing benefit, and JSA with full conditionality under universal credit. A parliamentary debate will be needed to exceed the cap or change it.

The government has not explained how the optimum level might be decided nor justified the assumption that spending on social security is now at an undesirable level. The major reason for increased social security spending is pressure from an ageing population; yet pensions will be excluded from the cap. Such an arbitrary cap is a crude policy response to any spending pressures. It pre-empts the OBR'S forthcoming report on benefit expenditure trends, which could be used to analyse the real drivers behind any increase and the justifiable reasons for increasing such expenditure. The cap undermines the government's commitment to its own objective that, 'No one is left behind as the economy recovers'.⁹

⁸ Paul Johnson, Introductory Remarks, http://www.ifs.org.uk/budgets/as2013/openingremarks_AS13.pdf

⁹ Autumn Financial Statement 2013, para. 1.239

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263942/35062_Autumn_Statement_2013.pdf

3. What does continued austerity mean for women?

a. Low-income women to shoulder bulk of the austerity burden

The Chancellor's decision to focus on capping only benefit/tax credit spending signals his intention that benefit recipients rather than taxpayers should bear the burden of his plan to create a budget surplus. The latest cuts follow £18bn worth of cuts announced in 2010, and again in AFS 2012 further cuts of £3.6bn a year by 2015/16. As the IFS also pointed out, a benefit cap would leave the economy vulnerable in any subsequent recession, with the automatic stabilisers largely dismantled.

The cap will have a disproportionate impact on women because a higher proportion of their income compared to men's comprises benefits and tax credits. Women have already been affected more by social security cuts to date, according to IFS figures.¹⁰

b. Single female pensioners and female lone parents to lose most

Analysis by Landman Economics for the WBG shows that the combined impact of all tax and benefit measures introduced and implemented by the Coalition government up to April 2014 (excluding Universal Credit) will be most detrimental to single female pensioners and female lone parents. Both these groups will see their income reduced by 4.6% in lost benefits. This compares with 4.2% for couples with children, 1.8% for couples without children, and 2.2% for single adult men with no children.¹¹ Indeed wherever austerity has been implemented in other countries it has hurt women most and had a negative impact on gender equality, except in those few places that have tried to mitigate against adverse effects.

These losses take place in a context in which female pensioners are already disadvantaged, an inequality that is not altered by raising the State Pension Age (SPA). The Government has argued for the raise in SPA based on Life Expectancy (LE) rather than Healthy Life Expectancy (HLE), which is a better guide for ability to work. Women are substantially more likely than men, in each age group over 60, to have moderate or severe disabilities which restrict their ability to remain in employment. Women are also more likely to have caring commitments which will restrict their employment after the age of 60. Women are less likely to have accumulated pension wealth in private pensions, and therefore have less financial protection available to them if they are part-time employed, or unemployed, during the years leading up to their receipt of a State Pension. The addition of any voluntary NI contributions to raise State Pension entitlement will mainly benefit men, who are less likely to have taken time out of work to provide unpaid care, are less likely to have worked part-time, and are more likely to have worked in well paid occupations and have access to a private pension.

It is unclear whether the Government will allow for the lowering of the SPA if Life Expectancy falls. This announcement simply restates that the SPA will be reviewed in relation to Life Expectancy, with the

¹⁰ Institute for Fiscal Studies: *The impact of tax and benefit reforms by sex: some simple analysis* IFS Briefing Note 118, <http://www.ifs.org.uk/bns/bn118.pdf>

¹¹ Women's Budget Group: *The Impact on Women of Budget 2013* http://wbg.org.uk/pdfs/WBG_Budget-Analysis_2013.pdf

inclusion of additional factors - WBG urges the government to make a clear statement on whether this constitutes a loophole to allow a rise in SPA even if Life Expectancy falls.

c. *Economic growth, but living standards still falling*

An opinion poll conducted just after the Chancellor's Statement found that the majority of respondents felt no benefit from the recovery in economic growth, with more women (73%) than men (66%) feeling excluded.¹² Continued cuts make it unlikely that this will change, and while the quantity of jobs is growing, the quality of employment is falling. Overall the proportion of households with no-one in employment has fallen¹³, but at a time when employment is no longer a guaranteed route out of poverty. Pay has fallen and many seeking full-time employment can only get part-time jobs. The majority of households living in poverty in the UK in 2012 had someone in employment.¹⁴

Despite all this the Chancellor claims that things are getting better on the basis of a 0.9% rise in per capita Real Household Disposable Income in 2012. But the IFS has shown that this is not a measure of living standards, as it includes income that does not go to households, but to non-profit institutions of various kinds. An appropriate measure of living standards comes from the Survey of Households Below Average Income, which shows a fall of 5.8% in median per capita household income between 2009/10 and 2011/12. Modelling by the IFS using this data suggests that real median household incomes will be substantially lower in 2015/16 than in 2009/10.¹⁵

d. *The Chancellor's infrastructure spending package lacks jobs for women*

For all the talk of recovery, national output is still below its pre-crisis peak and will not reach that until later in 2014, making it the slowest recovery in more than a century. Austerity policies have made the recovery slower than it otherwise would have been, and the emphasis on deficit reduction has meant that the government is not investing enough to address underlying economic weaknesses; net public investment will average only 1.5% of GDP between 2013/14 and 2018/19.¹⁶

The Chancellor announced an updated *National Infrastructure Plan*, but there was no provision for additional finance for this. This reflects a tendency to create an impression of activity by repeated announcements of the same investment. The upgrade of the A14, which serves Felixstowe, Britain's busiest port, was first announced in the Autumn Statement 2011. It was then repeated in the June 2013 Spending Review, and re-announced by the Chief Secretary to the Treasury in December 2013, finally with some funding attached.¹⁷

¹² Tom Clark, Tories up in poll, but few voters feel better off, *The Guardian*, 10/12/13

¹³ ONS (2013b) More people in employment compared with the previous quarter and the previous year. Available at: <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/september-2013/sty-employment.html>

¹⁴ MacInnes, T., Aldridge, H., Bushe, S., Kenway, P. and Tinson, A. (2013) Monitoring Poverty and Social Exclusion, New Policy Institute and JRF, York: Joseph Rowntree Foundation. Available at: <http://www.jrf.org.uk/sites/files/jrf/MPSE2013.pdf>

¹⁵ David Phillips, Living Standards, http://www.ifs.org.uk/budgets/as2013/as2013_david.pdf

¹⁶ Martin Wolf, Autumn Statement 2013: Britain's needlessly slow recovery, *The Financial Times*, 11/12/13

¹⁷ Heather Stewart, Going Forward, and nine other things we could live without, *The Observer*, 22/12/13

The *National Infrastructure Plan* covers physical infrastructure like transport, broadband, flood defences and energy; all described as vital for economic growth. However, the Chancellor must recognize the equal importance of investing in social infrastructure, such as childcare and elderly care, as a way of developing the UK's economic potential. In addition, focusing on physical infrastructure will create jobs mainly in engineering and technical sectors, where women are underrepresented. The lack of investment in social infrastructure precludes women from the employment boost of such spending. Investment in both physical and social infrastructure is vital if the economy is to grow in a balanced, sustainable and equitable way, improving the well-being of all, as WBG has noted previous budget analysis.¹⁸

4. No gender impact assessment

The Chancellor has, once again, failed to conduct a gender impact assessment of his latest package of measures. There is however some impact analysis in other documents accompanying the AFS, such as the distributional analysis of the impact on household incomes.¹⁹ HM Revenue and Customs has also provided a limited equality impact analysis for selected individual tax measures within an obscure series called Tax Information and Impact Notes.²⁰ The Impact Note on the transferable tax allowance for married couples and civil partners²¹ states:

"This measure will allow a spouse or civil partner who is not liable to income tax above the basic rate to transfer up to £1,000 of their personal allowance to their spouse or civil partner, provided that the recipient of the transfer is not liable to income tax above the basic rate."

How will this measure impact on men and how will it impact on women? The section describing the impact of this on individuals and households states:

"4.1 million non-taxpayer/basic rate taxpayer married couples stand to gain an average of £196 between them."

The section on equalities impact states:

"Couples will benefit as a unit, but the majority (84 %) of individual gainers will be male. This reflects earning patterns in the population more generally. 35 % of couples who stand to gain will be above state pension age."

¹⁸ Women's Budget Group analysis of the budget (2013) <http://www.wbg.org.uk/budget-analysis/2013-budget-assessment/>

¹⁹ HM Treasury, impact on households: a distributional analysis to accompany Autumn Statement 2013. www.gov.uk/government/uploads/system/uploads/attachment_data/file/263548/impact_on_households_autumn_statement_2013.pdf

²⁰ see www.hmrc.gov.uk/thelibrary/fbtiins-2013.htm

²¹ HM Revenue and Customs, transferable tax allowances for married couples and civil partners. www.hmrc.gov.uk/thelibrary/fbtiins-2013.htm

This reveals the continuing confusion in government about what a gender impact assessment should do. While the department recognises that the majority of those who gain will be male, it nevertheless refers repeatedly to the benefits for *couples*.

Moreover, there is no discussion of whether the measure is compatible with the Equality Duty, given that women will be a minority of those who gain. This unequal distribution of gains is seen as a by-product of the pattern of earnings with an implicit assumption that the impact is thereby not the responsibility of the government.

As Table 1 in our employment analysis shows, women now make up 46.4% of earners; this suggests that a measure making men 84% of the gainers has within it an inherent gender bias. The government's analysis makes no attempt to look beyond the sex-disaggregated data and consider what kind of gender relations are supported by this measure.

Later in this report and in a separate briefing²² the WBG provides a much fuller analysis of the gender impact of the transferable tax allowance and of other measures announced in the Autumn Financial Statement.

5. Employment, earnings, and living standards: is there a recovery for women?

Women have benefitted little from the economic recovery said to be taking place. Though the employment rate has increased for both women and men since the last quarter of 2011, when unemployment peaked, the rates are still below their pre-crisis level of 2008. Meanwhile real earnings have declined, involuntary part-time employment has increased, and for the first time in five years the gender pay gap has widened (ONS 2013a)²³.

a. Employment and unemployment

The latest WBG research shows that women waited longer to benefit, and then benefitted to a lesser extent than men in employment terms, from the 'recovery' (see Table 1). In addition;

- women's unemployment has only recently started to fall,
- women account for just 45% of the increase in both the number of people in employment, and in total weekly hours worked since 2011,
- women's unemployment fell less rapidly than men's, so that women's share of the unemployed population increased,

²² Women's Budget Group briefing on the Transferable Tax Allowance (2013) <http://www.wbg.org.uk/wp-content/uploads/2013/10/WBG-briefing-on-TTAs-final.pdf>

²³ Source: Jerome De Henau's calculations using ONS – Labour Force Survey (various tables) <http://www.ons.gov.uk/ons/datasets-and-tables/index.html>

- women's unemployment rate increased by 0.5 percentage points since the first quarter of 2010, whereas men's unemployment rate has decreased over the same period by 1.2 percentage points (see Table 1)

Table 1 – Employment and Unemployment Q2 2008 to Q3 2013

| | Apr- Jun 2008 | Jan- Mar 2010 | Oct- Dec 2011 | Jul- Sep 2013 | Relative change 2011-13 | Relative change 2010-13 | Relative change 2008-13 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|--|--|--|
| Employment headcount (000s) | | | | | | | |
| Men | 15,976 | 15,354 | 15,603 | 16,044 | 2.8% | 4.5% | 0.4% |
| Women | 13,596 | 13,453 | 13,543 | 13,909 | 2.7% | 3.4% | 2.3% |
| All | 29,572 | 28,807 | 29,146 | 29,953 | 2.8% | 4.0% | 1.3% |
| Women's share | 46.0% | 46.7% | 46.5% | 46.4% | | | |
| Unemployment (000s) | | | | | | | |
| Men | 938 | 1,544 | 1,537 | 1,391 | -9.5% | -9.9% | 48.3% |
| Women | 676 | 969 | 1,120 | 1,076 | -3.9% | 11.0% | 59.2% |
| All | 1,614 | 2,512 | 2,657 | 2,466 | -7.2% | -1.8% | 52.8% |
| Women's share | 41.9% | 38.6% | 42.1% | 43.6% | | | |
| Unemployment rate | | | | | | | |
| Men | 5.5% | 9.1% | 9.0% | 8.0% | -11.0% | -12.7% | 43.9% |
| Women | 4.7% | 6.7% | 7.6% | 7.2% | -6.0% | 6.9% | 51.6% |
| All | 5.2% | 8.0% | 8.4% | 7.6% | -8.9% | -5.2% | 47.0% |
| Actual weekly working time (in minutes) | | | | | | | |
| Men | 585.6 | 555.6 | 568.0 | 589.7 | 3.8% | 6.1% | 0.7% |
| Women | 359.8 | 352.7 | 355.4 | 373.0 | 5.0% | 5.8% | 3.7% |
| All | 945.4 | 908.3 | 923.4 | 962.7 | 4.3% | 6.0% | 1.8% |
| Women's share | 38.1% | 38.8% | 38.5% | 38.7% | | | |
| Public Sector employment (000s) | | | | | | | |
| Men | 2,496 | 2,523 | 2,428 | 2,404 | -1.0% | -4.7% | -3.7% |
| Women | 4,550 | 4,669 | 4,488 | 4,564 | 1.7% | -2.2% | 0.3% |
| All | 7,046 | 7,192 | 6,916 | 6,968 | 0.8% | -3.1% | -1.1% |
| Women's share | 64.6% | 64.9% | 64.9% | 65.5% | | | |
| Incidence of public sector employment | | | | | | | |
| Men | 15.6% | 16.4% | 15.6% | 15.0% | -3.7% | -8.8% | -4.1% |
| Women | 33.5% | 34.7% | 33.1% | 32.8% | -1.0% | -5.4% | -1.9% |
| All | 23.8% | 25.0% | 23.7% | 23.3% | -2.0% | -6.8% | -2.4% |
| Self-employment (000's) | | | | | | | |
| Men | 2,796 | 2,760 | 2,862 | 2,913 | 1.8% | 5.5% | 4.2% |
| Women | 1,040 | 1,167 | 1,213 | 1,284 | 5.8% | 10.0% | 23.4% |
| All | 3,836 | 3,927 | 4,075 | 4,197 | 3.0% | 6.9% | 9.4% |
| Women's share | 27.1% | 29.7% | 29.8% | 30.6% | | | |
| Incidence of self-employment | | | | | | | |
| Men | 17.5% | 18.0% | 18.3% | 18.2% | -1.0% | 1.0% | 3.7% |
| Women | 7.7% | 8.7% | 9.0% | 9.2% | 3.0% | 6.4% | 20.6% |

| | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|--------|
| All | 13.0% | 13.6% | 14.0% | 14.0% | 0.2% | 2.8% | 8.0% |
| Incidence of part-time employment | | | | | | | |
| Men | 11.1% | 12.5% | 13.0% | 13.4% | 3.4% | 7.2% | 20.4% |
| Women | 42.1% | 43.2% | 43.3% | 42.7% | -1.4% | -1.2% | 1.5% |
| All | 25.3% | 26.8% | 27.1% | 27.0% | -0.2% | 0.8% | 6.5% |
| Women's share | 76.3% | 75.2% | 74.4% | 73.4% | | | |
| Involuntary PT employment (headcount 000s) | | | | | | | |
| Men | 270 | 466 | 594 | 668 | 12.4% | 43.4% | 147.7% |
| Women | 401 | 600 | 755 | 789 | 4.6% | 31.5% | 96.8% |
| All | 670 | 1,066 | 1,349 | 1,457 | 8.0% | 36.7% | 117.3% |
| Women's share | 59.8% | 56.3% | 55.9% | 54.2% | | | |
| Incidence of involuntary part-time (among all in employment) | | | | | | | |
| Men | 1.7% | 3.0% | 3.8% | 4.2% | 9.3% | 40.0% | 146.6% |
| Women | 2.9% | 4.5% | 5.6% | 5.7% | 1.8% | 26.7% | 92.4% |
| All | 2.3% | 3.7% | 4.6% | 4.9% | 5.1% | 32.4% | 114.5% |

Source: Jerome De Henau's calculations using ONS – Labour Force Survey (various tables)
<http://www.ons.gov.uk/ons/datasets-and-tables/index.html>

Public sector employment²⁴ has fallen since the first quarter of 2010 by 3% for women and 4.7% for men. It is too early to grasp a full gendered picture of whose jobs will be hit, but so far more men than women in both absolute and relative terms have lost their jobs or migrated to the private sector. However, women seem to have had more difficulty than men in replacing jobs lost in the public sector with private sector employment, so that unemployment rates fell more slowly for women.

There has been a sharp rise in self-employment, especially for women, who made up two thirds of the increase since 2008. The number of self-employed women increased by almost a quarter since 2008, more than five times the rate of increase in numbers of self-employed men. Recent studies have shown that much of this increase was effectively in precarious work or zero-hours contracts, rather than the creation of new businesses.²⁵

b. Earnings

More men and women are now living in households with at least one person in employment, but more of these households are in poverty. This apparent paradox can be explained by the quality of jobs having fallen in terms of working hours and pay. In particular, the numbers of women and men who are involuntarily employed part-time because they cannot find a full-time job have increased (ONS 2013b and Table 1). There remain larger numbers of women (over ¾ million) than men in this situation, though the number of men has been increasing more rapidly.

²⁴ LFS figures of public employment are overestimated as respondents in the survey self-report whether they work in the public sector (some private companies contracted by the public sector may have their employees, such as cleaners in hospitals, reporting that they work in the public sector)

²⁵ Richard Murphy *Disappearing fast: the falling incomes of the UK's self-employed population*, Tax Research LLP, <http://www.taxresearch.org.uk/Documents/SEI2013.pdf> November 2013.

Table 2 reveals an erosion of real wages during the later stages of the crisis and the early recovery. Real wages have continued to fall, with the hourly rates of low and median earnings of employees in 2012 at roughly 2003/4 levels, while those in the top half of the distribution having fared somewhat better (see Figure 1 and [ONS 2013](#)).²⁶ Since 2008 there has been a drop of nearly 4% in real wages, which affected men more than women. In contrast, since 2011 women's median real pay has been falling faster than men's.

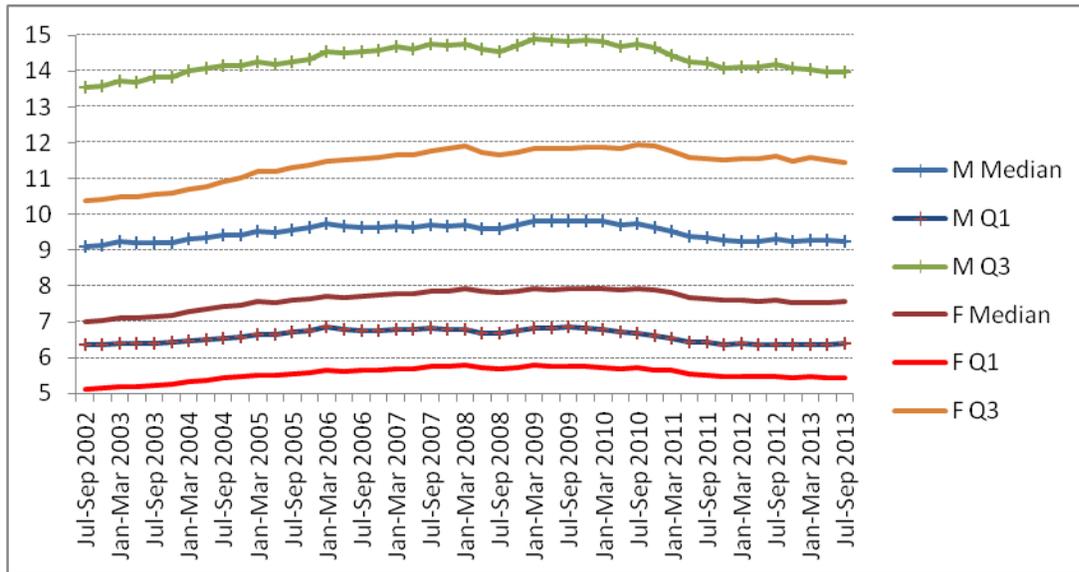
Table 2 – Gross hourly earnings 2008 to 2013 and Gender Wage Gap (GWG)

| | Apr- Jun 2008 | Jan- Mar 2010 | Oct- Dec 2011 | Jul- Sep 2013 | Relative change 2011-13 | Relative change 2010-13 | Relative change 2008-13 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|--|--|--|
| Real gross hourly earnings (all employees) | | | | | | | |
| Men median | 9.6 | 9.8 | 9.3 | 9.2 | -0.4% | -5.9% | -3.7% |
| Women median | 7.8 | 7.9 | 7.6 | 7.6 | -0.7% | -4.8% | -3.6% |
| GWG all (median) | 18.3% | 19.1% | 17.9% | 18.2% | 1.5% | -4.7% | -0.5% |
| Real gross hourly earnings (private sector employees) | | | | | | | |
| Men (mean) | 11.6 | 11.7 | 11.1 | 11.1 | 0.0% | -5.3% | -4.1% |
| Women (mean) | 8.9 | 8.9 | 8.5 | 8.5 | -0.6% | -4.6% | -4.6% |
| GWG (mean) | 23.6% | 24.6% | 23.4% | 23.9% | 2.1% | -2.8% | 1.3% |
| Real gross hourly earnings (public sector employees) | | | | | | | |
| Men (mean) | 13.2 | 13.4 | 12.9 | 12.6 | -1.9% | -5.7% | -4.2% |
| Women (mean) | 11.0 | 11.1 | 10.9 | 10.7 | -1.8% | -3.7% | -2.6% |
| GWG (mean) | 16.7% | 17.1% | 15.4% | 15.4% | -0.3% | -9.9% | -7.8% |
| GWG for gross weekly earnings for FT employees | | | | | | | |
| Private sector | 25.1% | 25.5% | 25.1% | 24.7% | -1.6% | -3.1% | -1.6% |
| Public sector | 17.4% | 18.0% | 18.0% | 16.4% | -8.9% | -8.9% | -5.7% |

Source: Jerome De Henau's calculations using ONS – Labour Force Survey (various tables) <http://www.ons.gov.uk/ons/datasets-and-tables/index.html>

²⁶ Labour Force Survey (various tables) <http://www.ons.gov.uk/ons/datasets-and-tables/index.html> and ONS (2013c) Real wages fall back to 2003 levels <http://www.ons.gov.uk/ons/rel/mro/news-release/real-wages-fall-back-to-2003-levels/realearn0213.html>

Figure 1. Real hourly wages of all employees by gender and quartile (yearly moving average of quarterly mean wages – GBP in 2005 prices)



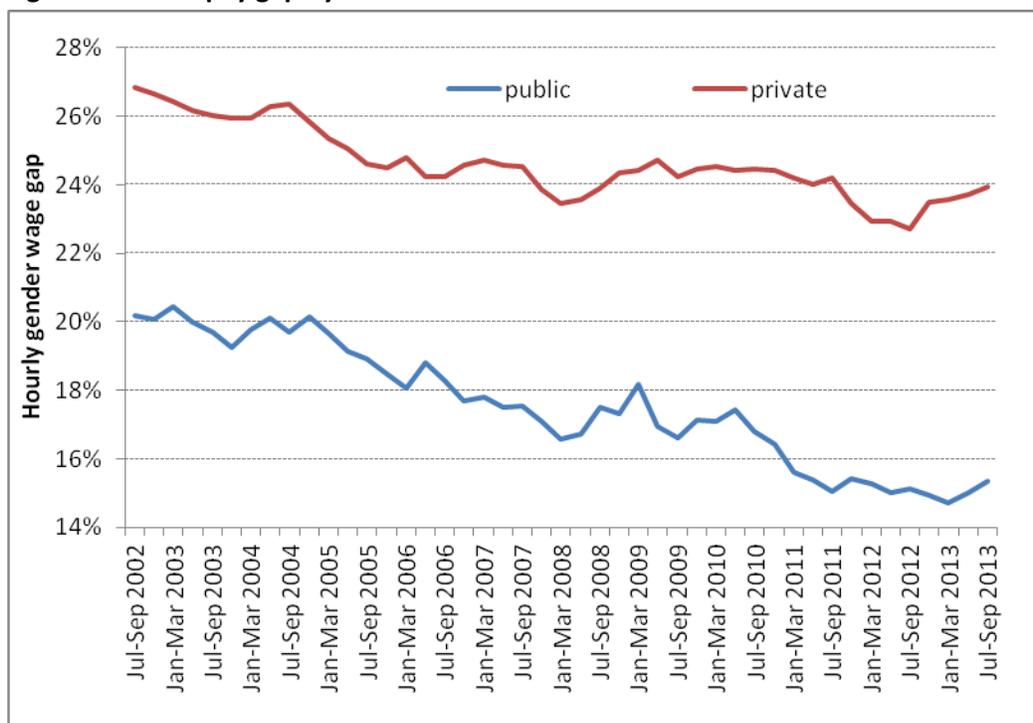
c. Gender pay gap increase

Men’s real median hourly wages fell slightly less than women’s in the post-2011 period which meant the gender wage gap actually increased by 0.3 points from 17.9% to 18.2% (see Table 2 and Figure 2). This is the first time the gender pay gap has increased in five years (ONS 2013a²⁷). The change was mainly driven by the increase in the private sector gender wage gap (see Figure 2).

It is clear from Figure 2 that the gender wage gap is much greater in the private sector, and has decreased less rapidly than in the public sector. Continuing a policy of reducing public sector employment in favour of private sector employment is therefore likely to increase gender inequality in pay.

²⁷ Labour Force Survey (various tables) <http://www.ons.gov.uk/ons/datasets-and-tables/index.html>

Figure 2 Gender pay gap by sector



d. Conclusion

The headline figures about employment mask intensifying problems for both women and men:

- In addition to the difficulties within employment set out above there are three times as many young women doing low-paid jobs than 20 years ago. The proportion of young men in low paid work has also increased, but to a lesser degree (Brinkley, Jones and Lee 2013).²⁸
- While cuts in public sector employment²⁹ have so far been higher for men than women in absolute and relative terms, men have fared better than women in obtaining private sector jobs.
- Despite an increase in part-time employment for men, women remain more likely to be involuntarily trapped in part-time jobs. Women are also less likely to be in full-time employment, leading to lower earnings, especially in the private sector.
- Unemployment has been falling less rapidly for women than for men. Thus women remain disadvantaged in the labour market on most key indicators. The proposed increase in

²⁸ Brinkley, I., Jones, K. and Lee, N. (2013) *The Gender Jobs Split: How young men and women experience the labour market*, London: Work Foundation. Available at: <http://www.theworkfoundation.com/Reports/342/The-Gender-Jobs-Split-How-young-men-and-women-experience-the-labour-market>. Between 1993 and 2011 the share of female 16-24 year-olds in employment doing low-paid work, such as office and hotel cleaning, has increased from seven % to 21 %. The proportion of young men working in low-paid jobs also rose from around one in seven (14 %) to one in four (25 %)

²⁹ LFS figures of public employment are overestimated as respondents in the survey self report whether they work in the public sector (some private companies contracted by the public sector may have their employees reporting that they work in the public sector such as cleaners in hospitals etc.)

expenditure on physical rather than social infrastructure is unlikely to redress this gap, unless measures are introduced to challenge gender segregation within certain professions and targeted at recruiting women.

Further, given the decline in real wages, the cuts to in and out of work benefit payments, and rise in housing costs and utility bills, real disposable incomes are unlikely to improve. Taking wages, taxes and benefits together, real disposable incomes for working people were lower in 2012 than in 2010 or 2008. The Chancellor has indicated an entrenchment of the benefit cuts, with £12bn extra planned for 2016/17. This will only make matters worse, especially for women.

6. Employment measures

Once again the job creation measures announced by the Chancellor have not been accompanied by a gender impact assessment or any accompanying measures to ensure that women benefit equally with men. The headline measures to create jobs include measures to help small businesses and the retail sector (including pubs, cafes, restaurants and charity shops). These will not be the better quality jobs needed to replace the public sector jobs which are being lost. Indeed the AFS heralds yet more job losses in the Civil Service by taking a further 1.1% out of departmental budgets. It also places more pressure on public sector pay.

The investment announced for new infrastructure, if realised, does have the potential to create higher paid jobs. However, being focussed entirely on physical infrastructure such as roads, railways and power stations, these jobs will be mainly in the engineering and technical sectors, which currently have poor records in employing women. For these investments to benefit women they must be accompanied by investment in promoting STEM (Science, Technology, Engineering & Mathematics) careers to women.

a. Youth employment

WBG welcomes measures designed to improve the prospect of employment for young people, such as the additional investment of £10m in apprenticeship places for 16 and 17 year olds. However, currently young women of this age tend to enter apprenticeships in lower paying sectors of the economy such as hairdressing, whereas young men tend towards engineering and other higher paying sectors. This investment therefore needs to be accompanied by stronger efforts to reduce occupational segregation.

On the face of it, the announcement of the abolition of National Insurance Contributions (NICs) for under-21 year olds should help create jobs for young people. However, its impact may be limited due to the great preponderance of jobs in this age group being paid at the minimum wage of £5.03 per hour. NICs only kick in at £148 per week (equivalent to 29 hours of work), which means that many employers of unqualified young workers will not find their NICs reduced. Restricting this measure to those employed full-time makes it unlikely to help to create employment for those with caring responsibilities, who are more likely to be women. The maximum benefit to an employer who extends a young person's

hours to 37 will in any case be only £7 per week. It is important to monitor whether this measure just leads to older workers being replaced by younger ones, or indeed young workers being replaced by yet younger ones when they reach their 21st birthday. Help to Work scheme

b. Help to Work Scheme

The AFS confirmed the government's plan to spend £700m over four years on the 'Help to Work' scheme. This scheme aims to get people into employment by putting pressure on those who have problems in finding employment to suit their circumstances. If it is implemented without gender sensitivity, it will lead to many women losing benefits designed to lift them out of poverty, simply because they are unable to attend mandated daily activities, be they employment, training or unpaid volunteering. The issues for many women in engaging with such daily activities include:

- the poor availability of affordable childcare;
- the poor availability of affordable transport;
- the lack of opportunities to participate at hours which suit them and their families;
- the culture of expectations about what women should be prepared to do for a living.

These are problems that women are also more likely to encounter in taking employment too, but at least then they will be paid and therefore have some resources to ameliorate their situation. To expect women with lives already busy with caring responsibilities to engage in the required activities just to prove their willingness to work is vindictive, unnecessary and likely to be counterproductive. The real problem for many women is the poor pay associated with much of 'women's work', meaning that employment pays little more than benefits but demands considerable more time and work-related expenditure. Until that changes, the threat of sanctions will do little but cause considerable misery to many women as well as the children and others for whom they care.

7. Benefits/tax credits

The government says it wants to provide a benefit system that is fair to those who need it and to those who pay for it, and that increases incentives to work.³⁰ Yet separating those who pay for the benefit system from those who use it makes an artificial divide, which does not in practice exist. All benefit claimants pay, at least, indirect taxes and many pay income tax too.

The WBG has already outlined earlier in this document why the benefit cap is a gender-inequitable policy, which if implemented would be highly divisive and unfair, especially to women and children³¹. It is possible to achieve the government's deficit reduction goals by raising taxes rather than cutting public

³⁰ Autumn Financial Statement p.5

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263942/35062_Autumn_Statement_2013.pdf

³¹ Information taken in part from briefing given by Institute for Fiscal Studies following the Autumn Statement.

expenditure, as the Chancellor himself acknowledges in the AFS. Instead the government has made a gendered choice to focus on benefits cuts and not tax increases; this advantages men more than women, as they tend to have higher incomes than women. Whereas a higher proportion of women's income is made up of benefits and tax credits – the areas of public expenditure most under attack. It is a choice, yet again, to make women pay far more than men for the government's deficit reduction plans.

a. Universal Credit (UC)

The day the AFS was published, the DWP announced that the roll-out of UC would be further delayed. Within the AFS documents – though not in the Chancellor's speech - the government revealed that the earnings disregards, the amount that can be earned before UC begins to be withdrawn, will be frozen for 3 years, from 2014/15 to 2016/17 (para. 1.283). This cut will save £600m/year when UC is fully in place in 2017/18.

This directly contradicts one of the principles the Chancellor claims motivate his reforms: increasing incentives to work (whereby 'to work' the Chancellor means to take paid employment, ignoring the vast amount of unpaid caring work that women do for their families and others). Work allowances are important because they affect both employment incentives and income for those claiming UC. They are particularly important for lone parents and second earners in couple families who are likely to be more sensitive to how much they gain from employment, especially when children are young and employment entails childcare costs. The WBG, noting that most second earners are women, has criticised the introduction of UC because it will result in a higher withdrawal rate ('taper') for many second earners compared with both that of first earners and the current situation under tax credits.³² Transferable tax allowances for married couples and civil partners will only exacerbate this inequality further, as explained elsewhere in this report and in a separate briefing.³³

The freeze in UC work allowances contradicts the Chancellor's claim to be helping people into work and rewarding 'hardworking families'. This is presumably why he did not include it in his speech to Parliament. It will not affect many people at first, because of the delayed rollout of UC; but by 2017/18, if UC goes ahead as planned, its impact will be much greater. This move weakens employment incentives for single people and those without a partner in employment. It does strengthen incentives for some second earners, whose earnings would increase family earnings to a level that takes them outside the scope of UC altogether - meaning that they no longer suffer a 65% taper on any additional income earned. So freezing work allowances results in the poverty trap being sprung at a lower level of income. But the lower work allowance also means that families on UC will have a lower total income than they otherwise would. Despite the government's rhetoric, this measure is a hit on the poorest of the families that the government claims it is there to support: families with at least one person in employment.

³² Universal Credit Issues for Second Earners (House of Lords: meeting on Welfare Reform Bill, 25 October 2011) <http://www.wbg.org.uk/economic-social-policy/universal-credit/>

³³ Women's Budget Group briefing on Transferable Tax Allowance (2013) <http://www.wbg.org.uk/wp-content/uploads/2013/10/WBG-briefing-on-TTAs-final.pdf>

If the government is serious about helping people into employment, it must reduce rather than increase the amount of income that is subject to means testing. As the WBG has pointed out, one way to do this is to provide an individual work allowance for second earners.³⁴ Another is to put additional resources into universal benefits, such as child benefit, which do not suffer from these policy tensions; and to build on services such as free early-years education, which do not carry costs needing to be subsidised through additions to means-tested benefits such as UC.

Instead, on childcare, the government is proposing to increase the subsidy under UC to 85%, but only for better off UC recipients, who both pay income tax. This will produce some highly perverse employment incentives. It is a pity that the government didn't use the AFS to extend the 85% subsidy to all UC recipients. Not to do so goes against two of the government's key aims for the tax/benefit system; its simplification and increasing employment incentives.

b. Benefit uprating

The triple lock ensures that pensions will be uprated by 2.7% in April 2014. Any gains for women from the pensions triple lock need to be contextualised further. Women live longer than men - their longer period of old age is more likely to be characterised by disability, and they are more likely to live alone. As such, women have much greater need of long term care, leaving them vulnerable to cuts that could be made in other areas of welfare provision.

With a few exemptions, all other social security payments will only increase by 1%, far below the level of inflation. As already noted, because a larger proportion of women's income is made up of benefits and tax credits this will have a more significant impact on women than men. In addition, because women are more likely to be responsible for the household budget in low-income families where spending is tight, and more likely to go without in order to try to protect their children from poverty, they are likely to suffer disproportionately within the family.

As the WBG has shown in its briefings and evidence, the upcoming introduction of UC threatens to exacerbate this for many, because it will be paid monthly, and into one bank account for couples. Although evidence from the UC pathfinder areas (where UC has been introduced for single childless unemployed people only) shows that at the initial survey interview three in four claimants were confident they could manage a monthly payment, this means one in four were not; and in practice, a third of claimants were having to borrow more to get by, compared with one in five comparable JSA claimants and one in four JSA claimants nationally. As this involves largely loans from family and friends, many extended families are already being affected - again mothers and other female relatives are more likely to be called on to give help. And when UC is eventually extended to those with children, problems caused by monthly payments will increase.

³⁴ Women's Budget Group briefing on Universal Credit and second earners (2011) http://wbg.org.uk/pdfs/Notes-on-second-earners_final.pdf

c. Housing Benefit and the Bedroom Tax

The Chancellor confirmed that the £40m increase in discretionary housing payments (DHPs) would continue into 2014. This policy is required because of the 'bedroom tax', a reduction in Housing Benefit for those deemed to be occupying social housing with more rooms than they need. It was introduced in April 2013 with the four key aims being to: 'contain growing Housing Benefit expenditure; encourage mobility within the social rented sector; strengthen work-incentives and make better use of available social housing'³⁵.

The AFS said government would increase DHPs by £40m in both 2014/14 and 2015/16. The discretionary housing payment funds are distributed to local authorities and intended to top-up the housing benefit of disabled tenants. The bedroom tax has been criticised for disproportionately affecting disabled groups who tend to need additional space for storing medical equipment, or adaptations to their home. Adaptations may also make it more difficult to find other suitable accommodation to move to.

Many other kinds of vulnerability are not included in the scope of DHPs, particularly long term health problems or invisible disabilities such as chronic fatigue and long-term depression. For women suffering health issues or providing care for someone with a disability, this measure will be of little comfort.

DHP is also an opt-in system, which the most vulnerable groups may not have taken up unless they have received support to do so. More worryingly, the DWP seems to be failing even those it first and foremost promised to protect. Take Habinteg Housing Association for example, 56% of their tenants living in wheelchair-accessible properties had still not yet been granted DHP by December 2013.³⁶

The government's own equality impact assessment conducted in 2012 admits the bedroom tax would have most impact on women, but dismisses this as an issue worth addressing:

"...because there are higher numbers of female Housing Benefit claimants, any change to Housing Benefit would be expected to have a bigger impact on female claimants. [...] As there is no differential impact by gender, no mitigation has been specifically considered to address gender differences."

(DWP, 2012)

The WBG is concerned that this seriously misunderstands the role of equality impact assessments. A measure targeting social housing that will affect more women than men should be considered as a policy with strong gender implications.

More specifically, a measure which penalises those whose family size changes over time - i.e., those responsible for supporting children as they grow up - will disproportionately affect women, who are more likely to be in that position. What is more, these families and single women are being penalised at

³⁵ Housing benefit: Under occupation of social housing, impact assessment Department for Work and Pensions, 2012, pp. 3-4 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/214329/social-sector-housing-under-occupation-wr2011-ia.pdf

³⁶ Habinteg Housing Association (2013) What price independent lives? Benefit cuts and disabled tenants. <http://www.habinteg.org.uk/main.cfm?type=WHATPRICEINDEPENDENCE>

a time in their lives when they may be less able to re-enter the labour market or take on more hours, having potentially been under-employed or outside the formal labour market while children lived at home.

Many of this age group nevertheless have other dependents for whom they still care for and who need to be factored into decisions about moving.³⁷ For example, they may be looking after grandchildren to allow their children to take employment without paying prohibitive childcare costs, or supporting children or family members in ill health nearby. In reducing welfare to a 'needs basis' the DWP assume 'need' can be defined on an individual household level, ignoring the networks of care and support within which respondents make decisions about their housing. Moreover, in transferring risk and responsibility to the individual, risk is being transferred to neighbourhoods and communities - and particularly the women who provide most of the unpaid care.

8. Transferable tax allowance

The Chancellor confirmed the introduction from April 2015 of a new transferable tax allowance for married couples and civil partners (sometimes called the marriage tax allowance). Partners not using all or any of their personal tax allowance will be able to transfer up to £1,000 to their spouse/civil partner. In his speech, the Chancellor said the amount would be uprated annually in line with the personal allowance. The transferable tax allowance will cost £780m in 2015/16 (rising in subsequent years) - adjusted to £495m, to take into account an assumption of partial take-up.³⁸ The justification for this measure was not articulated clearly by the Chancellor; but the Prime Minister has said he believes marriage should be recognised in the tax system.³⁹

In practice, the transferable tax allowance is not what it says on the tin. This is not a general recognition of marriage. Only 31% of married couples will receive it and just 18% of families with children.⁴⁰ The lowest income couples, where neither partner has taxable income or both partners earn below the level of the personal allowance, will get nothing. Those couples with one partner earning enough to pay higher or additional rate tax will not qualify. Neither will cohabiting partners.⁴¹ Neither will future universal credit claimants, who will find 65% of any additional income clawed back by a reduction in their benefit.

³⁷ Steedman Thake, H. (2013) "More than just four walls": early experiences from the 'bedroom tax'. Dissertation submitted as a course requirement for the MA Cities, King's College London, August 2013.

³⁸ HM Government (2013) *Autumn Statement 2013: Policy costings*, London: HMG.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263434/autumn_statement_2013_policy_costings.pdf

³⁹ *The Guardian*, 4 December 2013.

⁴⁰ Institute for Fiscal Studies (2013) 'The new tax break for some married couples':

<http://www.ifs.org.uk/publications/6869>. The IFS also supplied additional figures to the WBG used here.

⁴¹ See website of 'Don't Judge My Family' group.

The married couples who *will* benefit - apart from pensioners - are those with one partner earning and the other at home (or earning very little). In the majority of cases, the woman is the partner at home. In 85% of cases it will be the man who gets this additional money, and in only 15% of cases the woman. In conjunction with other policies analysed in this response, this further reduces the incentive for one partner to enter paid work.

There is no guarantee that the extra money would be shared fairly. The lower earner/non-earner will not benefit directly. The supporters of the policy often cite situations in which people earning little or nothing would be helped. But in such scenarios allowing a spouse to reduce their tax bill is not the best way to help those people. For example, those caring for children require an independent income themselves, which could be achieved through better paid parental leave and rights to return to work that facilitate future earning, unlike transferable tax allowances.

Many commentators besides the WBG have criticised transferable tax allowances for marriage as having no valid justification. The Conservatives recognised the serious criticisms of the policy when they considered introducing it during the 1980s and abandoned the idea. Marriage and civil partnership creates no financial need in and of itself. In addition, the transferable tax allowance breaches the principle of independent taxation, which has enjoyed all-party support since its introduction in 1990.

The proposal should be withdrawn, and the money spent instead on restoring the value and universality of child benefit (paid direct to mothers), extending the additional help with childcare costs to all universal credit claimants, or improving paid leave for those at home looking after children or disabled and elderly people. More broadly, there are many other pressing social priorities, including making good the many cuts said to be essential to reduce the deficit, that could be achieved with the £700m to be spent on transferable tax allowances.

9. Public services

Central government departments will have been cut by just over 8% by the end of 2013/14. Without further cuts to spending on social security, or tax rises, the plan announced in the AFS imply cuts of more than 20% in spending on public services by 2018/19.⁴² This implies an acceleration in cuts, from 2.3% a year between April 2011 and March 2016, to 3.7% a year between April 2016 and March 2019, according to the Institute for Fiscal Studies.⁴³ The AFS did include some increases in funding for public services, but these should be seen in the context of the overall intensification of cuts.

a. Free school meals

Funding was announced of £0.62bn in 2014/15 and £0.8bn in 2015/16 to provide free school meals for *all* children in reception, year 1 and year 2 in primary school starting in September this year. There was

⁴² Paul Johnson, Introductory Remarks, http://www.ifs.org.uk/budgets/as2013/openingremarks_AS13.pdf

⁴³ Paul Johnson, Introductory Remarks, http://www.ifs.org.uk/budgets/as2013/openingremarks_AS13.pdf

no mention of funding beyond 2015/16, which suggests that from 2016/17 on this policy is likely to be financed from cutting other spending.

The WBG welcomes the introduction of universal free school meals for primary school children. We also support the extension of free school meals to disadvantaged young people in further education and sixth form colleges. Similar provisions for young children have already been introduced in some disadvantaged areas, with positive effects. Extending it will provide welcome relief to families struggling with the rising cost of living but not currently eligible for free school meals. It will be particularly valued by mothers, who are often responsible for the household budget and for ensuring that children's needs are met in low-income families, and who find the cost of school meals or alternative provision a growing concern.

The policy should be built on in future years to include more age-groups. Widening universal free school meals also reduces the problem of passported benefits within universal credit, an issue still unresolved. The government should also clarify how it will decide on entitlement to the pupil premium and other additional resources that have hitherto been based on free school meal eligibility.

b. Higher education

A surprise announcement in the AFS was that the removal of the cap on student numbers at publicly funded higher education institutions (HEIs) in England by 2015/16. The aim is to increase the number of places available at HEIs to meet demand, 'from an estimated 60,000 young people a year who have the grades to enter higher education but cannot currently secure a place'.⁴⁴ As an interim measure the government will increase the cap for HEIs by 30,000, at a cost of £410m between 2014 and 2016.

The Chancellor justified the expansion of student places as a way of ensuring 'high quality career paths' to as many people as possible in order to enhance individual earning capacity and to meet the demand for high skilled workers to boost the UK economy. In this vein the government has prioritized particular areas of higher education: 'To ensure that institutions provide places in the subjects most needed in the economy, the government will provide extra funding for STEM students of £50m per academic year from 2015-16.'⁴⁵

Women are now equally represented in Higher Education as a whole, but men considerably outnumber women in Science, Technology and Engineering (though not Medicine). Women comprise around 65% of students on language and social studies courses but applications for engineering degrees by women is at the lowest of all STEM disciplines at just 12%, and the UK's graduation rate for women from Engineering

⁴⁴ HM Treasury (2013) Autumn Statement 2013 (p.54)

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263942/35062_Autumn_Statement_2013.pdf,

⁴⁵ HM Treasury (2013) Autumn Statement 2013 p. 54.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263942/35062_Autumn_Statement_2013.pdf

degree courses (15%) is significantly below the European (20%) and World (19%) average rates.⁴⁶ Although STEM graduates are well paid, many female STEM graduates are put off from taking careers in these sectors.

Not only is the government investing in extra student places for STEM subjects, it has additionally announced investment in a series of STEM industry initiatives: a network of Quantum Technology Centres (£270m over 5 years); Global Collaborative Space Programme (£80m over five years); development of driverless cars (a £10m prize fund for a town/city); the establishment of the Higgs Centre at Edinburgh University, for astronomy and particle physics and investment in electric vehicle-readiness (£5m in 2014/15).

In short, the WBG is concerned that women will not benefit equally from additional funding for student places, given the focus on STEM subjects, or the STEM-focused jobs, emerging from government policy. We call for concerted action to promote girls and women in STEM subjects, to make these subjects and occupations more female and family friendly, and to breakdown gender stereotyping.

c. Public housing

The Chancellor emphasized promotion of home ownership through the 'Help to Buy' scheme, announced in the 2013 Budget, and other measures to support private sector developers. There were also some measures to support provision of social housing for rent: the government will give local authorities additional flexibility through the Housing Revenue Account (HRA) to support provision of new, affordable housing. In principle, support for provision of new local authority housing is welcome, since women are the majority of tenants.⁴⁷ However, the WBG has concerns about the adequacy of the funding, the conditions attached, and the reference to affordable, rather than social tenancies.

Local authorities can make bids to borrow from a £300m pot over two years 2015/16 and 2016/17 to build new housing. The National Housing Federation expects this to lead to building of 10,000 new properties.⁴⁸ The pot is small when divided by the 326 local authorities.⁴⁹ The government expects bids to contribute public sector land, and proceeds of selling high-value vacant housing stock. Councils have for a long time been able to sell off their assets where housing departments consider the cost of upkeep as outweighing the use value of the properties as social housing. However, the emphasis on expectation of such sales as a condition for accessing the new funds implies a new level of pressure on councils. High value council housing invariably lies in central urban areas, close to amenities such as schools,

⁴⁶ Briefing on women in engineering by Engineering UK (2010)

http://www.engineeringuk.com/_resources/documents/Women_in_Engineering_and_Technology_FINAL.pdf

⁴⁷ Department for Work and Pensions (2012) 'Housing Benefit: Size Criteria for People Renting in the Social Rented Sector. Equality Impact Assessment'.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220154/eia-social-sector-housing-under-occupation-wr2011.pdf

⁴⁸ National Housing Federation (2013) Response to the autumn statement. Published 5 December 2013, available online at <http://www.housing.org.uk/media/press-releases/response-to-the-autumn-statement>

⁴⁹ Shelter Policy Blog (2013) Must try harder: a response to the autumn statement. Published 5 December 2013, available online at <http://blog.shelter.org.uk/2013/12/must-try-harder/>

healthcare and nurseries, and is likely to be larger properties appropriate for families. There needs to be caveats put in place to preserve this type of housing, in order to protect the ongoing needs of lower income families to access good quality housing in inner city areas. Councils must also be made to ensure that the tenancies that replace lost stock are social tenancies - with the same rights - rather than less secure and higher rent affordable tenancies.⁵⁰

The stock of social housing will also be reduced through funding to support tenants' 'Right to Buy', with £100m set aside to continue the government's pledge of giving incumbent council housing tenants discounts of up to £75,000 (or £100,000 in London) on the purchase of their council house. This is the second time the government has increased the cap on the discount offered to incumbent tenants wishing to buy their property. The previous cap of up to £50,000 off the value of the property meant that in some areas of London, the discount only equated to 13% (rather than the intended discount of up to 60% on houses or 70% on flats).⁵¹ Increasing the cap rather than the percentage discount has the greatest impact on facilitating the sale of council housing of the highest value, which are likely to be larger homes in central areas.

Single women have historically been less likely to take up this option. Right-to-buy has been disproportionately taken up by younger couples or couples of pensionable age,⁵² and this is likely to continue. The pressure to move council house tenants into home-ownership is likely to leave women behind, while diverting funding streams from other means of support.

Moreover, since its inception in 1980, the Right-to-Buy policy has removed almost two million properties from the social rented sector⁵³ without adequate like-for-like replacement. The government's current policy is that the receipts from the sale of the property can be used to fund up to 30% of the cost of acquiring a new social home. The rest of the funding for that home is intended to come from future rents and revenue, with rents set at a higher affordable rather than social rent.⁵⁴ It is imperative that these homes are replaced to avoid a net loss of public housing. But without appropriate measures to keep replacement housing as social tenancies, replacement housing rents are likely to be at a level that will cause larger families to fall foul of the Housing Benefit Cap and thereby destined to disadvantage women and families on low incomes in housing need.

⁵⁰ Shelter Policy Blog (2013) Must try harder: a response to the autumn statement. Published 5 December 2013, available online at <http://blog.shelter.org.uk/2013/12/must-try-harder/>

⁵¹ Department of Communities and Local Government (2012a) Reinvigorating Right to Buy and One for One Replacement: Consultation Summary of Responses, and Government response to consultation, p.5 . Available online at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8424/2102921.pdf

⁵² Gilroy, R. and Woods, R. (eds.) (2002) *Housing women*. New York: Routledge, p.41-43.

⁵³ DCLG (2012a) Reinvigorating Right to Buy and One for One Replacement: Consultation Summary of Responses, and Government response to consultation. Published March 2012, available online at

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8424/2102921.pdf

See also <https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales#right-to-buy-sales>

⁵⁴ DCLG (2012b) Reinvigorating Right to Buy and One for One Replacement: Information for Local Authorities, p.8-10. Available online at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5937/2102589.pdf

10. Conclusions

In his Autumn Financial Statement speech the Chancellor declared we needed to continue to take 'difficult decisions' in order to achieve a 'responsible recovery'. The Chancellor is making difficult decisions but they are the wrong ones for a responsible recovery. It is possible to achieve the government's deficit reduction goals by raising taxes rather than cutting public expenditure, as the Chancellor himself acknowledges in the AFS.

Continued cuts to social security, public sector jobs and social services will only deepen poverty and financial insecurity. A balanced and equal economy can be built by investment in social infrastructure, such as education, health, and child and social care services, alongside spending on in public transport, green energy, and other physical infrastructure. Social infrastructure investment generates many more jobs for women and counterbalances the predominantly male job creation opportunities of current policy.

In particular, the WBG suggests that the creation and state-funded maintenance of high quality child and social care provision would have an immediate, positive impact on the economy. The high cost and low quality of current care provision is another barrier to women using their skills in the labour market, at great, and ultimately unsustainable, cost to the economy. To ensure economic recovery is broad based and benefits lower and middle income groups as well as the higher income groups, it is essential that women's labour force participation rate rises.

The investment in social infrastructure can be financed through imaginative and fairer forms of taxation. This can be done by taxing wealth more effectively using policies such a mansion tax, or through the revaluation of properties to make council tax more progressive. The WBG would also like to see a financial transactions tax introduced, and rules on tax allowance revised, together with a far more effective and ambitious crackdown on tax avoidance and evasion.

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