

Budget 2014 - Giveaways to men, paid for by women

A briefing from the UK Women's Budget Group on the gender impact of measures announced in the 2014 Budget. For a full analysis please see our full budget 2014 report at wbg.org.uk

Key findings

- **The majority of tax giveaways such as increases in the personal tax allowance, which alone cost £12bn a year, will go to men and those on higher incomes. This is equivalent to the £12bn additional cuts to social security benefits (the brunt of which are borne by women) to be made in the first two years of the next parliament.**
- **The cap on social security spending (£119.5bn for 2015-16) will have more impact on women who rely on benefits more than men. It will also do nothing to address the root causes of increased need.**
- **Sweeping reforms in pensions and savings do little to help women with low incomes and increase risks of poverty for many pensioners in the future.**
- **Increases in childcare support are welcome but in order to sustain quality and control prices, this help should come in the form of direct public provision of childcare (like early education provision).**

The coalition's latest Budget of March 19th 2014 claims to be '*for the makers, the doers, and the savers*'; to ensure that '*hardworking people keep more of what they earn – and more of what they save*' and to ensure '*economic security for the people of Britain*'.¹ Whilst these claims have popular appeal, this Budget has actually seen carers and those on low incomes – the majority of whom are women – excluded.

Tax giveaways for men...

- The increase to the ISA allowance will benefit men more, given that they tend to have higher savings than women.
- The beneficiaries of the Transferable Tax Allowance are 84% male. This measure also

threatens the principles of independent taxation which for the last twenty years has ensured that a married woman's income was treated as her own and has enjoyed all party support.³

- Cuts in beer duty and the freezing of alcohol duty, not funded by increases in other taxes, will benefit men more than women.⁴

...Paid for by women

- Since 2010, around £14bn in government revenue has been raised through changes to the

³ WBG briefing on the Transferable Tax Allowance (2013) <http://bit.ly/1hnl5w0>

⁴ Gender analysis of the changes in indirect taxes introduced by the coalition government, 2010-2011 (WBG 2011) <http://bit.ly/1mE00Qf>

¹ Chancellor George Osborne's Budget 2014 speech

government's tax and benefits strategy - research from the House of Commons Library shows that almost 80% of this will come from women.⁵

- In January, the Chancellor announced that £12bn more will be cut from social security in the first two years of the next parliament⁶- this is equivalent to the £12bn a year revenue foregone due to rises in the personal tax allowance since 2010.
- The 2014 budget also announced a new fixed cap for "welfare" spending in the future. At £119.5bn for 2015-16, which will include the new spending on childcare, this cap is likely to affect women and the poorest in society disproportionately. The same is true of increases below inflation in 2014 in most working age benefits, including child benefit that has already been frozen for three years.

pension age if they cannot find a job or are unable to manage full-time employment, but such support should be provided by the social security system and not cut into a retirement pension.

Personal Tax Allowance

- Raising the personal tax allowance will only benefit those who pay Income Tax (the majority of whom are men - 57%) and will benefit lower earners – the majority of whom are women - less, as their gains are often partially clawed back through reduced means-tested benefits and tax credits.
- This measure also does nothing for those whose income is already below the current Income Tax threshold. The WBG estimates that at least 21 million such people aged 16 and above will not benefit at all, of whom 63% are women.⁷

Pension flexibility

- Ending compulsory annuities will be popular for those who might be forced to buy them at exceptionally poor rates and may be particularly attractive to women who have a number of small 'pension pots' to cash in on retirement. However, allowing people to use their pension savings in this way is no substitute for proper reform of a pension system that leaves many people, particularly women, with an inadequate pension in old age.
- The right to take the pension as cash from age 55 might help women to survive financially until

'Tax-free' childcare and additional UC support

- The government is proposing a range of measures on childcare: a 'tax-free' childcare scheme; increases in childcare support in Universal Credit; and extension of early years education to 40% of 2-year-olds. Although extra childcare spending is welcome, increased subsidies are likely to increase already over inflated prices, rather than ensuring the supply of sufficient good quality affordable places and well qualified childcare workers. This shortage should be tackled directly by public provision of childcare.
- The newly announced £50 million early years premium for disadvantaged children is very welcome but seems to be a one-off expenditure item. Had it been available earlier, it might have

⁵ House of Commons Library Research quoted in The Independent 8th March 2014.

⁶ Chancellor's New Year Economy Speech 2014

<https://www.gov.uk/government/speeches/new-year-economy-speech-by-the-chancellor-of-the-exchequer>

⁷ WBG calculations based on SPI and LFS (2014)

been used to prevent some of the cuts to well-established and valued Sure Start Children's Centres.

to accommodation with fewer bedrooms. The majority do not or cannot move, meaning that many women who can least afford to do so are receiving lower housing benefit.

Housing

- Budget 2014 includes a range of policies impacting on housing that will affect women and men differently.
- The extension of the Help to Buy scheme will not benefit some of the poorest, including lone parents (predominantly women) who are under-represented as owner-occupiers. The scheme is also expected to increase house prices which will in turn raise rents (already rising faster than inflation) and increase the amount paid out in housing benefit.
- Without building more housing and reform of the housing market, an increasing share of the limited funds allocated to social security will go to private landlords, meaning even more pressure on those women and others on low incomes, who are more likely to be benefit recipients.
- The 'bedroom tax' has not freed up accommodation. Only 6% of people have moved

Investment in the care economy

- A balanced and equal economy can and should be built by investment in social infrastructure, including education, health and child and social care services, alongside spending on public transport, green energy, and other physical infrastructure.
- Reconsidering what 'capital' really is – investing in social rather than just physical infrastructure – will enable people to move into regular and rewarding employment and would generate demand to stimulate the economy. Spending on childcare simultaneously generates jobs and facilitates movement into employment, partially paying for itself through increased tax revenues. Additional finance could come through imaginative and fairer forms of taxation.

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