



Women's Budget Group

February 2020

Budget Representation to HM Treasury: Invest in *Social* Infrastructure

1. The Women's Budget Group is a network of academic researchers, civil society organisations, activists and policymakers who analyse the intersectional impact of economic policy on women and men and promote alternatives for a more gender equal future. We welcome this opportunity to submit to the HM Treasury Budget Representation consultation.
2. We have been pleased to hear commitments from the Government to end austerity. Cuts to public services and social security have disproportionately impacted women especially poor, [Black, Asian and Ethnic Minority \(BAME\) women](#) and [disabled women](#) across the UK.
3. For these women, an end to austerity means more than just an end to public service cuts: the public services which help redistribute unpaid care and support marginalised groups need dramatic and sustainable reinvestment. An end to austerity must mean an end to poverty for all women and men up and down the UK.
4. Investment in infrastructure is a vital part of this restoration. This should include not only physical infrastructure but social infrastructure such as health, education and care services. These are as integral to the wellbeing of people and productivity of the economy. It is not just roads and rail that enable people to get to work and live fulfilling lives, but childcare and social care for example.
5. Equality Impact Assessments are an integral way of evaluating policy for its impact on different groups of society, including women. [More information on Equality Impact Assessments is available in our briefing here.](#) [For more information on gender responsive budgeting please see our online resources.](#)

Policy recommendations

Free Universal Childcare

6. High quality universal free childcare is a form of social infrastructure integral to the productivity of the economy and wellbeing of families. A lack of good quality affordable childcare is hindering the ability of women in particular to participate in the paid economy. Childcare costs the average couple 30%¹ of their monthly income and only 57%² of local authorities have enough childcare hours to keep up with demand. This contributes to gender inequalities as well as economic inefficiency.
7. Public investment in a system of high quality, free universal early education and childcare provided to all children in the UK between the age of 6 months and primary school by qualified staff would have long-term benefits for children, parents and the economy.
8. Women's Budget Group member research³ finds that much of the initial investment required has the potential to be recouped quickly through additional tax revenue generated by additional jobs created. Modelling various staff qualification/payment models we found that if childcare workers providing free

¹ WBG (2019) Childcare policy brief <https://wbg.org.uk/wp-content/uploads/2019/10/CHILDCARE-2019.pdf>

² WBG (2019) Childcare policy brief <https://wbg.org.uk/wp-content/uploads/2019/10/CHILDCARE-2019.pdf>

³ De Henau, J. (2019) 'Employment and fiscal effects of investing in universal childcare: a macro-micro simulation analysis for the UK', IKD Working Paper No. 83, March (<https://bit.ly/2C8E8vQ>) All figures updated for 2018. Figures are not simply higher compared to 2014 because the child population is slightly lower but also teacher pay rise was slightly less than inflation while GDP and living wages have increased, so differential between the two scenarios is less than in 2014.

universal childcare were paid equivalent salary of primary school teachers and **all 3.1m children were offered 40 hours a week for 48 weeks, the annual gross cost would be £57bn (2.7% of GDP)**; if pay rates were based on wage levels by qualification, the investment would be £38bn (1.8% GDP.) **This would create between 1.4 million and 1.5 million full-time equivalent jobs**, raising women's employment rate by between 5.6 and 5.9 percentage points. **Direct and indirect taxation on income and consumption has the potential to recoup between 72% and 76% of this annual investment leaving between £9bn and £16bn net funding figure.** Funding can also be recouped through the reduction of single mothers claiming social security.

Impact and Implications: Although there would be initial revenue implications and administrative costs for the Exchequer, free universal childcare would quickly take effect as a means of enrolling more parents into the paid economy as well as producing millions of new high-skilled jobs thus improving macroeconomic performance. In terms of distributional impacts, the current childcare system is most acutely failing low-income families which includes working class, single, BAME and disabled mothers. The system of free universal system proposed above would drastically help these marginalised groups bringing huge swathes of people into the labour market either as childcare workers or, with time freed up to participate in the paid economy. It would also ease the burden from women who currently taken on most unpaid childcare labour and, cost of additional childcare allowing them to participate equally in the labour market.

Adult social care

9. We welcome this Government's commitment to solving the social care crisis during this parliament. We hope to see action on this area in the forthcoming budget. **Immediate funding is needed to keep current services afloat until a cross-party consensus is reached.** In the short term, restoring local government funding (as below) is integral to meeting huge demands for social care in the elderly, disabled and vulnerable as well as allocating emergency funds.
10. As women make up the majority of paid and unpaid carers as well as those requiring social care, it is also a matter of gender equality⁴.
11. Investment in social care would be another form of social infrastructure investment to create millions of jobs and reap millions in tax revenue. **Women's Budget Group research finds that investing 2% of GDP in the care sector would create 1.5 million jobs, double the 750,000 that would be created if the same amount was invested in construction**⁵. The gender gap in employment would also be reduced by investment in care, but increased by investment in construction, unless mitigating measures to combat gender segregation in the industry were put in place.
12. Solving the social care crisis with free personal care for the elderly and independent living provisions for disabled people would also help meet enormous demand for care without forcing women out of the workplace therefore bringing more of the workforce into the paid economy and redistributing the burden from women's unpaid labour.
13. In the long term the **Women's Budget Group calls for a National Care Service**, fully integrated with the NHS and with provisions for independent living for disabled people, as the solution to the social care crisis and we look forward to consulting with the government in the future. The Kings Fund has estimated that additional funding for free personal care at the highest level of need would need to be £7 billion by 2020/21 and £14bn by 2030/31⁶. This estimate is for a very targeted group. Many other countries cost and provide access for those with moderate needs also.

⁴ WBG (2019) Gender and social care <https://wbg.org.uk/analysis/uk-policy-briefings/2019-wbg-briefing-social-care-and-gender/>

⁵ ITUC & WBG (March 2016) *Investing in the Care Economy: A gender analysis of employment stimulus in seven OECD countries* (<https://bit.ly/2SO4Cxx>)

⁶ The Kings' Fund (2018) A fork in the road: Next steps for social care funding reform <https://www.kingsfund.org.uk/sites/default/files/2018-05/A-fork-in-the-road-next-steps-for-social-care-funding-reform-May-2018.pdf>

Impact and implications: Our research finds that investment in social care will alleviate the burden of unpaid work from women and create jobs therefore having positive effects on macro-economic forecasts as well as gender equality. We welcome the government's commitments to setting up cross-party mechanisms to solve the social care crisis and emphasise that the administrative and legal costs of doing so in the short term will be beneficial to all members of society in the long term.

Universal Credit reform

14. Social security is a necessary part of the social infrastructure on which a caring economy and society is based.⁷ The current system is failing vulnerable people and compromising the aims of Universal Credit: women particularly are worse off under Universal Credit and disincentivised from working by the single taper rate as they tend to be the majority of second earner. This decreases women's participation in the labour market and increases their economic dependence, undermining the Government's ambition that under Universal Credit it 'pays to work'. [For more on the disproportionate impact of Universal Credit on women see our policy briefing.](#)
15. There is an urgent need to pause the managed migration process in order to meaningfully review specific problems disproportionately impacting women and other marginalised groups.
16. WBG welcomes the end to the benefit freeze. Over successive years the freeze has broken any link between benefit levels and the cost of living. This needs to be restored.
17. The five-week wait is forcing claimants into poverty and debt. Our work has also shown how it traps women in violent and abusive relationships since they fear being left destitute once they leave and have to make a new claim for UC.
18. The benefits cap and the two-child limit particularly disadvantage single mothers, disabled people and BAME families who are statistically more likely to have three or more children⁸. The two-child limit leaves third and subsequent children without entitlement to government support and should be ended. We also call for an end to the benefits cap – social security payments should be based on need not an arbitrary limit.
19. The link between housing allowances and actual rents must be restored to end homelessness and rough sleeping in the UK⁹. A third of all statutory homeless people are women.¹⁰ 90% of private renters claiming housing benefit are facing a shortfall between benefit levels and actual rent, with 20% facing a shortfall of more than 50%.¹¹
20. The social security system should promote well-being for all, decent living standards and opportunities for everyone to fulfil their potential in life.¹² In the long term, the Women's Budget Group Commission on a Gender-Equal Economy will be making recommendations about a Human Rights based social security system which protects all people from social risks and destitution.

⁷ WBG (November 2018) *Social Security and Women* (<https://bit.ly/2CzJ0vv>)

⁸ WBG (2019) The Women's Budget Group (WBG) calls on the Department for Work and Pensions to assess and publish the impact of Universal Credit on women and men before 'managed migration' <https://wbg.org.uk/wp-content/uploads/2019/10/Policy-note-EIA-of-UC-before-MM-FINAL.pdf>

⁹ WBG (2019) A Home of Her Own: Housing and Women <https://wbg.org.uk/analysis/reports/a-home-of-her-own-housing-and-women/>

¹⁰ WBG (2018) Housing and gender (<http://bit.ly/2UoWROu>). Calculations based on MHCLG (2018) Livetables on acceptances and decisions

¹¹ IFS (2017) The cost of housing for low-income renters (<http://bit.ly/2uUVj0t>)

¹² Ibid.

Impact and implications: clearly meaningful changes in the short and long term will require more funding directed towards the Department of Work and Pensions but aside from ethical and democratic motivations, a social security system that provides a safety net against harm will help people into work and society.

Restore funding to local government

21. We welcome plans for an ‘English devolution white paper’. Local government is often best placed to support the needs of people, especially women in communities as they provide vital services and social infrastructure to redistribute care and support survivors/victims of domestic abuse. Both proximity and familiarity with local needs make local government best placed to promote growth and productivity.
22. Central government funding for local authorities fell by over 49% between 2010/11 and 2017/18¹³ with councils in the most deprived areas suffering the greatest cuts. Cuts since 2010 have been detrimental to local government’s ability to provide life-saving and life-changing services so if this Government is serious about restoring prosperity in English towns, funding local government adequately is a fundamental first step.
23. This means moving away from plans to make local authority funding entirely dependent on **locally raised revenue (council tax and business rates-based funding) and towards more centralised grants** to ensure funding is distributed based on need not local affluence or destitution as in the current system which is augmenting regional inequalities.
24. Local government funding needs to be urgently restored to a level which **enables councils to meet their statutory obligations as well as providing the preventative, non-statutory services which are vital to the wellbeing of women, children and those in need of care**. Adequate funding should come from central government to ensure that local authorities in poorer areas, often with a higher need for services, have the funding that they need.¹⁴

Impact and implications: as with social care, this is an ongoing conversation which we do not anticipate will be solved in the 2020 budget. Nonetheless, it must be made completely clear that adequately and fairly funded local government is integral to macroeconomic growth and stability and reduced regional disparities. Devolved funding will allow local authorities to assess their idiosyncratic distributional, sectoral and environmental needs also.

Meaningful Equality Impact Assessments

25. Finally, the Women’s Budget Group calls for HM Treasury to **ensure a comprehensive and meaningful cumulative equality impact assessment** is undertaken before the budget is finalised, in line with the requirements of the Public Sector Equality Duty and the recommendations of the Equality and Human Rights Commission and Treasury Select Committee¹⁵.
26. A meaningful equality impact assessment must take account of the impact of a policy or budget allocation on all people and groups with protected characteristics including age, disability, sex, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation.
27. For gender sensitive policy it is particularly important to **take account of how policy will impact individuals as well as households** as we know resources are not always equally distributed between women and men within households.

¹³ WBG (March 2019) *Triple whammy: The impact of local government cuts on women* (<https://bit.ly/2GWnRP4>)

¹⁴ See WBG report for further discussion and recommendations: WBG (March 2019) *Triple whammy: The impact of local government cuts on women* (<https://bit.ly/2GWnRP4>)

¹⁵ For more detail on EIAs as well as an example of a policy which requires assessment see: WBG (2019) The Women’s Budget Group (WBG) calls on the Department for Work and Pensions to assess and publish the impact of Universal Credit on women and men before ‘managed migration’ <https://wbg.org.uk/wp-content/uploads/2019/10/Policy-note-EIA-of-UC-before-MM-FINAL.pdf>

28. A gender equality impact assessment also requires policymakers to take account of how any policy reform will interact with **unpaid care work and, to take lifetime and cumulative approaches to policy reform**. For example, pension policy must take account of people's lives across a lifetime not in a snapshot. To avoid disadvantaging one group, policies must be considered together as well as individually.

Impact and implications: equality impact assessments are already the most common way public bodies meet the requirements of the Public Sector Equality Duty (to have 'due regard' for equality impact) so administrative and operational mechanisms to undertake them should be well established. The Women's Budget Group is available should further consultation with feminist economists be needed. Distributional considerations underpin the need to do meaningful equality impact assessments. The need to provide cumulative analysis can also help different sectors of government work together to consider how their policies will work together and impact different groups therefore promoting cross-sectoral communication and efficiency.

For more information on any of the above please contact:

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WBG consents to our submission being made public.

Further reading

Ahead of the election last year, we updated our policy briefings where you can find more in-depth analysis of the gender impact of the below areas as well as policy recommendations for a more gender equal future:

[Childcare and gender](#)

[Employment, earnings and gender](#)

[Equality Impact Assessments](#)

[Household debt, austerity and gender](#)

[Housing and gender](#)

[Local government and gender](#)

[Maternity, paternity and parental leave](#)

[Pensions and gender inequality](#)

[Tax on savings and investments: gender issues](#)

[Social care and gender](#)

[Taxation and gender](#)

[Public transport and gender](#)

[Violence Against Women and Girls \(VAWG\)](#)

[Disabled women and austerity](#)

[Education and gender](#)

[Gender impacts of trade and investment](#)