

# Where do we go from here?

## An intersectional analysis of women's living standards since 2010

### Executive Summary

In the last 14 years, most people in the UK have experienced a decline in living standards. Women on low incomes, women from minority ethnic backgrounds, Disabled women, and families with children are among those hardest hit. The cuts to public expenditure on social security and public services and state departments introduced by the Coalition Government in 2010 and austerity policies pursued by successive governments have played a decisive role and significantly impacted women's living standards, gender and other inequalities, poverty levels, health outcomes, and the essential public services that sustain our economy and wellbeing. In this report, we examine the cumulative impact of changes to social security, taxes, and public service spending between 2010/11 and 2027/28 in England.

### Changes to social security and taxes

Since 2010/11 social security benefits have been cut in real terms. Non-pensioner spending on welfare has decreased from 5.7% of GDP in 2010/11 to 4.7% in 2024/25, according to the latest OBR forecast in 2022<sup>1</sup>.

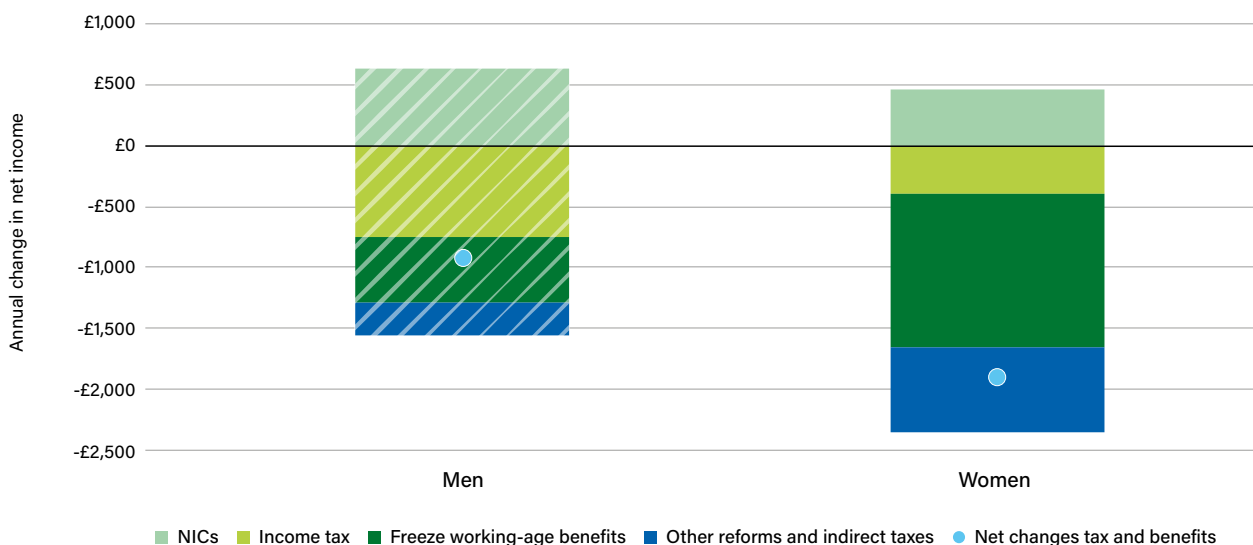
Women tend to rely more on social security and public services than men, which makes them more vulnerable to cuts in public spending. The **on-and-off freeze on benefits since 2010 is one of the main drivers of the negative impact** of changes to benefits for women, representing an income loss of around £1,200 per year (Figure 1). Although the freeze on benefits also impacted men, increases in income tax due to the freeze of the Personal Income Tax Allowance and tax thresholds, and the cuts to National Insurance contributions explain most of the impact on men. Looking at the benefit and tax changes together, women experience an average loss of £1,844 per year versus £1,221 for men.

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1 OBR (2022) [Welfare trends report - May 2022](#)

## Impact on annual net income of changes in social security and taxes from 2010/11 projected to 2027/2028.

*The on-and-off freeze on working-age benefits is the primary driver of income loss for women since 2010.*



Notes: Figures are in April 2024 prices. The sample covers adults over 18 years old in England. Other reforms and indirect taxes includes: changes to VAT, pensioner benefit changes, two-child limit, benefit cap, "Bedroom Tax", Local Housing Allowance, Universal Credit, other changes that do not fit in the previous categories, such as reductions in Council Tax support (in England) after localisation of the benefit in 2013, modellable changes to disability benefits (for example removal of the WRAG premium for Employment and Support Allowance claimants), changes to some benefit rates (e.g. Carer's Allowance).

## Changes in public service spending

Public services across the UK are in a dire state. The Covid-19 pandemic and high inflation levels have put additional pressure on services that were already struggling and facing funding cuts due to austerity measures.

Public services are essential to daily life and well-being; therefore, any reductions in their funding will impact living standards<sup>2</sup>. But their impact will not be felt equally across different groups. By analysing survey data and public spending information, we can assign a monetary value to the public services used by each person.

Women experience a more significant loss than men in cash-equivalent terms due to reductions in public service spending: £1,318 per year compared to £1,174 for men. The most significant cuts for women are in education, reflecting substantial reductions in services primarily used by children in the household. Additionally, cuts to police and law courts, social care, and transport are significant factors affecting men's and women's living standards.

## Intersectional analysis of the cumulative impact of changes to benefits, taxes and public services from 2010/11 projected to 2027/28

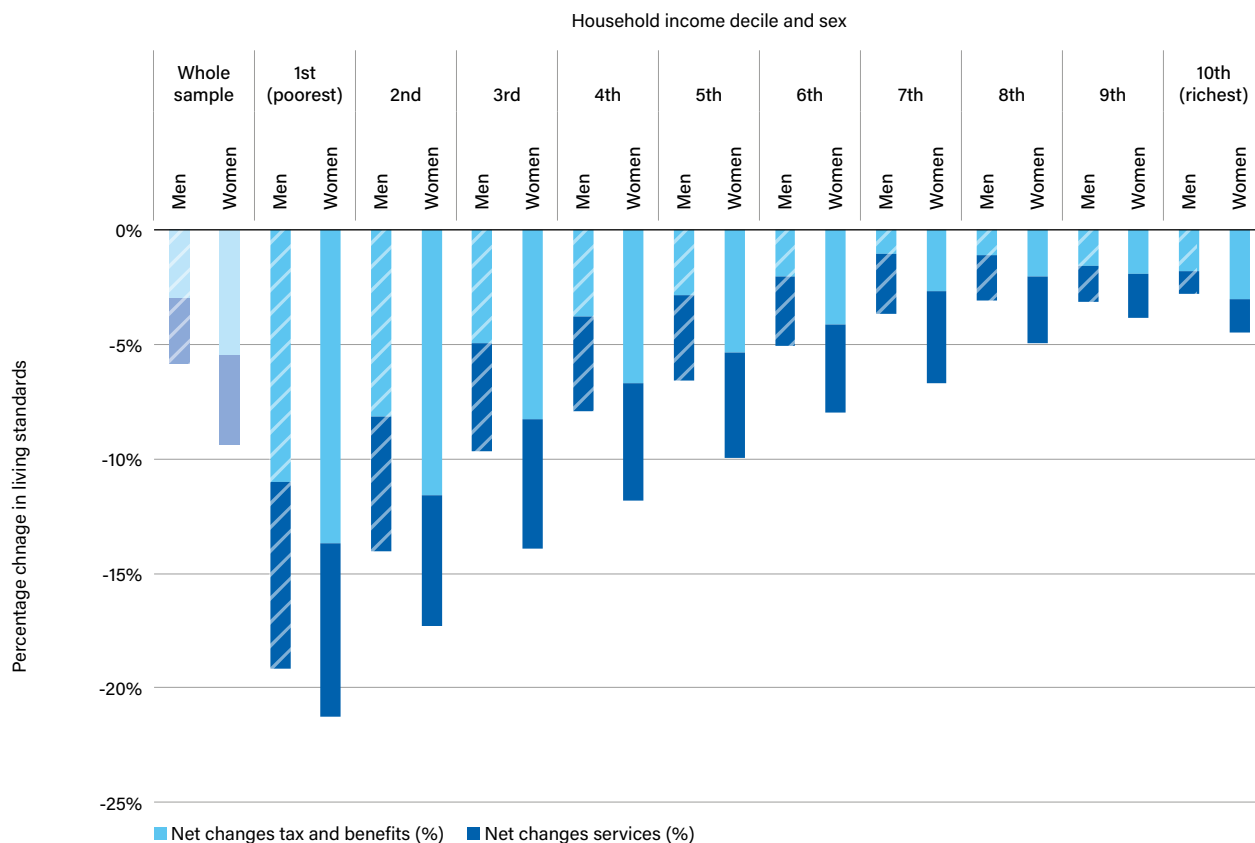
Our analysis of the combined impact of tax and benefits changes and public service spending from 2010/11 projected to 2027/28 shows that, overall, women experience a higher average annual loss in living standards than men, losing 9.4%, equivalent to £3,162 per year, to men's loss of 5.8% (£2,395 per year).

<sup>2</sup> See [Appendix 2: Methodology](#) for more information. The accompanying Technical note describes in detail the modelling and data used in the analysis.

Across the income distribution, women consistently lose more. Those in the lowest income decile suffer the most, with a 21% reduction in their living standards (£5,404 per year), while men in the wealthiest decile experience a 2.8% loss.

**Impact of changes to social security, taxes and public service spending from 2010/11 projected to 2027/28 by sex and income decile.**

*Women in the lowest decile experience a cut of over one-fifth in living standards. Women lose more than men in every income group.*



Notes: Figures are in April 2024 prices. The sample covers adults over 18 years old in England. Living standards account for the sum of average annual net income and the cash-equivalent value of public services per person. Decile of net household income.

Changes to taxes, social security, and public spending have had a particularly negative impact on the living standards of **women from Black and Asian backgrounds, who experience a drop of over 13%**, compared to 8.9% for Asian and Asian British men and 8.2% for men from Black, African, Caribbean and Black British backgrounds. In cash terms, Black, African, Caribbean, and Black British women experience a cut of £5,399 per year, and Asian and Asian British women £4,259.

Disabled people and their families rely more on social security as income replacement and protection from poverty. In addition, they are more likely to be affected by cuts to public services. **Disabled women stand to lose 11% of their living standards** due to austerity cuts, equivalent to over £4,000 per year. Disabled men experience a cut of 8%, nearly £3,500 per year.

**Families with children are among the most affected, particularly lone mothers, who stand to lose 18%** in living standards, equivalent to £10,689 per year. Families with three or more children are particularly impacted by social security changes and the two-child (benefit) limit.

## Policy recommendations

Improving living standards and creating a functioning economy requires greater investment in public services and the restoration of the social safety net. The priority should be to implement changes to the social security system that improve living standards for those who have been most affected.

The economy is fundamentally about people, their capabilities and interactions. Delaying investment under the argument that the economy is not strong enough overlooks a critical point: public services are the cornerstone of a strong economy, not a consequence of it.

The challenge we face is significant but achievable. A stable economy that promotes the well-being of everyone and ensures equality is within our reach, with the right commitment and public investment in the people who keep the economy functioning and the public services that support us.

### Recommendations:

#### Changes to social security

- Increase the real value of benefits to ensure they contribute to an acceptable standard of living and adequately cover essential needs. Retain regular uprating of social security benefits to at least match cost of living increases.
- Abolish the two-child limit and the benefit cap, end the Universal Credit five-week wait and introduce a second-earner work allowance.
- Abolish the High-Income Child Benefit Charge and increase Child Benefit to £50 per child per week. We recommend an above-inflation increase to counter the real-terms decline caused by the benefit freeze and to address the inequality gaps widened by Covid-19 and the cost-of-living crisis.
- Raise the Local Housing Allowance to the 50th percentile of rents with regular uprating to continue to match local average rents.
- Remove the 'No Recourse to Public Funds' condition, which excludes many migrant women from receiving support.
- Retain Personal Independence Payment (PIP) and related disability benefits as cash payments and as a vital contribution towards the additional costs of disability.
- In the long term, the social security system needs to be overhauled taking a life-course and gender-sensitive approach, and designed by and for users.

#### Fairer taxes to increase revenue

- Equalise Capital Gains Tax and Income Tax rates to raise up to £16.7bn per year<sup>3</sup>. Introduce taxation of wealth, with a 1-2% tax on assets over £10m, to raise up to £24bn per year<sup>4</sup>.

#### Invest in public services to promote gender equality

- Investment in the care economy and other vital social infrastructure has the potential of creating millions of jobs and helping close the gender pay gap<sup>5</sup>.
- Prioritise the building of more social housing and constrain the Right to Buy to preserve stock in high-demand areas. The Government must ensure there is enough affordable housing for those in need in order to reduce homelessness, improve housing security, and reduce the social security bill.
- Increase public service spending, aiming to, at least, restore service standards to pre-austerity levels. In the long term, public spending should increase sustainably according to needs, to properly respond to population growth and demographic change.

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3 Tax Justice UK (2024) [Ten tax reforms to raise £60 billion for public services and a fairer economy](#)

4 Ibid.

5 J. De Henau and S. Himmelweit (2020) [A Care-Led Recovery from Coronavirus](#). Women's Budget Group