



2013 spending review: watch points for women

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Key context

Since coming to power in May 2010 the Coalition Government has overseen significant reductions to public spending in order to progress the goal of deficit-reduction. In particular, a vast array of cuts to both welfare and public services have been implemented.

The 2010 Comprehensive Spending Review (CSR) announced an £81bn package of spending cuts for the period 2011-12 to 2014-15 and set out significant reductions in spending across many government departments – including a 27 per cent reduction in funds for local government, a 23 per cent reduction in the Justice budget and a 25 per cent reduction in funding for the department of Business, Innovation and Skills.

The resultant scaling back of public services has affected women disproportionately as they tend to use public services - such as children's centres, social care services and support services for victims of sexual and domestic abuse, more intensively than men.

Furthermore, as women work in the public sector in greater numbers than men, they are being affected most as hundreds of thousands of jobs are shed from the sector.¹

On welfare, the government has thus far introduced around £22bn of cuts per year to spending on benefits and tax credits (relative to 2010-11 levels) with the most significant reductions announced in the 2010 budget, the 2010 CSR and the 2012 autumn financial statement. Given that women tend to rely on welfare payments – such as tax credits, child benefits and maternity grants - more than men, they have inevitably been disproportionately affected by the raft of reductions brought in since 2010.² Overall, research by the House of Commons Library reveals that 74 per cent of the cuts made to welfare in the 2010 budget, 2010 CSR, 2011 budget, 2011 AFS and 2012 budget are being taken from women's incomes.³

The combination of these cuts are having severe implications for women, and many now face:

- *Reduced prospects in the labour market* – where cuts to public sector jobs and a drive to 'rebalance' the economy towards the private sector has led to a 25-year high in women's unemployment, record levels of underemployment and the proportion of women in low paid work set to increase.
- *Reduced incomes* – where around three-quarters of the money cut from welfare spending to date has come from women's pockets with single mothers hit particularly hard. 1 in 5 mothers have been reported as missing meals to protect their families from the impact of inadequate incomes.

¹ For detailed analysis and projections on the impact of the current cuts to public sector jobs on women see our comprehensive report '*The changing labour market: delivering for women; delivering for growth*', April 2013: <http://www.fawcettsociety.org.uk/wp-content/uploads/2013/04/Fawcett-The-changing-labour-market.pdf>

² For a comprehensive breakdown of all welfare changes announced to date see: <http://www.guardian.co.uk/news/datablog/2013/apr/01/every-welfare-cut-listed>

³ Source: House of Commons Library: <https://docs.google.com/spreadsheet/ccc?key=0AonYZs4MziZbdHA1M2JJVF8tZTBvYWUzeFRnRU1yOHc#gid=0>

- *Access to vital support services undermined* – as funding for services such as those that provide childcare, social care, legal aid and support for victims of sexual and domestic violence is reduced.
- *A reduction in their financial independence* – as benefits that provide financial autonomy for women - including those that provide choices around combining work and childcare - are rolled back and incentives to work are reduced.⁴

Despite evidence that spending cuts are hitting women harder and widening inequalities between women and men as well as many other equality groups, the 2013 budget signalled that there will be no deviation from austerity and deep spending cuts in the coming years and indicated that a range of further cuts will be set out in the 2013 spending review, both for the 2015-16 period, and beyond.

Thus we can expect the 2013 spending review to set out further deep cuts to spending on both public services and welfare. The review is also likely to set out further plans for investment in capital spending and may also outline more detail on recently announced childcare plans.

This briefing paper explores the potential and likely implications of these measures on equality between women and men and makes recommendations for actions that would better consider and support women's equality.

⁴ With increased support for childcare outline in the 2013 budget only kicking-in in 2015-16.

Further cuts to public services

The 2013 budget set out that the 2013 spending review will announce full details of a *further £11.5bn of cuts to be made to public spending in 2015-16*.

Reports suggest that much, if not all, of this £11.5bn will be cut from departmental budgets (DELs). Research by the Institute for Fiscal Studies (IFS) calculates this will equate to an across-the-board reduction to departmental expenditure of -2.8per cent. However, given indications from government that spending on health, aid and the schools budget will be protected, remaining departments are more likely to face an average cut of around -8per cent.⁵

Furthermore, if these cuts are carved up in line with the approach taken for the 2010 spending review, certain departments could face even higher reductions to their budgets. In particular the IFS predict that the Department for Communities and Local Government (DCLG) – which provides core funding to all local authorities across the country, is likely to face cuts of between 10-12 per cent. Thus many core local frontline services that are funded by local councils – such as adult and children's social care, waste collection and disposal, social housing, road maintenance and libraries provision, will face yet further reductions to their already stripped-back budgets.

The Local Government Association (LGA), which represents more than 370 local authorities in England and Wales, has modelled the likely impact on local services of a 10 per cent reduction to local council funding.⁶ This shows that the average council (in terms of the level of funding they receive and level of deprivation in their constituency) would have to find somewhere in the region of another £30 million in savings in 2015/16.

In particular, further cuts to two key front line services would be particularly damaging for many women: Sure Start Children's Centres and support services for victims of sexual and domestic violence. These are discussed in more detail below.

Sure Start Children's Centres

Sure Start Children's Centres provide a range of low-cost and free services for parents including early education, health and family support services. Crucially the centers also offer affordable childcare – this provision has been vital in enabling many women to successfully combine work with childcare responsibilities.

To date, reductions in local authority funding, combined with the removal of the 'ring-fence' that previously protected funds for Sure Start, has led to a reported closure of 401 centres around the country since the election of the coalition government in 2012.⁷ Further, a census of 500 centres published by the charity 4Children in July 2012 reveals that 55per cent of

⁵See: http://www.ifs.org.uk/docs/pre_spendinground_ce2013.pdf

⁶ See: http://www.local.gov.uk/web/guest/media-releases/-/journal_content/56/10171/3984939/NEWS-TEMPLATE

⁷See: <http://www.theyworkforyou.com/debates/?id=2013-02-13b.1009.0&s=401+sure+start#g1009.2>

centres have abandoned onsite childcare and a fifth are now charging for services that were formerly free.⁸

This reduction in the provision of affordable childcare has huge implications for many women who may either be forced to reduce their working hours or give up work entirely, or take on ever-increasing levels of financial burden and debt as they turn to the far more expensive private childcare sector.

The LGA have predicted that a further 10 per cent reduction to funding for local authorities could mean that each 'average' council will be forced to close up to five Sure Start Centres.⁹ Any further closures will further strip back the service and contradict David Cameron's commitment to maintain and improve Sure Start.¹⁰

We are calling for the government to:

- ***Reinstate the ring-fence around funding for Sure Start as matter of urgency***

⁸See: <http://www.4children.org.uk/News/Detail/4Childrens-2012-Census-of-Childrens-Centres>

⁹ See: http://www.local.gov.uk/web/guest/media-releases/-/journal_content/56/10171/3984939/NEWS-TEMPLATE

¹⁰ David Cameron, Conservative Party Conference, *Putting Britain back on her feet*, October 2009: http://www.conservatives.com/News/Speeches/2009/10/David_Cameron_Putting_Britain_back_on_her_feet.aspx

Specialist services for victims of sexual and domestic violence

Specialist services for victims of sexual and domestic violence such as rape crisis centres, refuges and domestic violence outreach centres provide vital support and can literally be life-saving for some women. Services are, in the main, run by voluntary organisations many of which rely considerably on funding from local authorities.

A report last year by Lancaster University revealed that, due to cuts to local authorities made in the 2010 spending review, specialist services received a 31 per cent reduction to their funding from local authorities between 2010-11 and 2011-12. This has led many services to cut essential services such as outreach and children's workers and to reduce the provision of refuge spaces for women seeking to escape violent relationships.¹¹

The LGA have predicted that a further 10 per cent reduction to funding for local authorities could mean that councils have to drastically reduce their funding for voluntary sector organisations.¹² This would signal ever deeper cuts to vital specialist services for sexual and domestic violence and would further undermine the moral imperative and duty of the State to address the harm of sexual and domestic violence and protect women from abuse.

We are calling for the government to:

- ***Ring-fence funding for specialist services for victims of sexual and domestic violence services as matter of urgency***

¹¹ J. Towers and S. Walby, Lancaster University Report for Northern Rock Foundation and Trust for London, *Measuring the impact of cuts in public expenditure on the provision of services to prevent violence against women and girls*, February 2012: <http://www.nr-foundation.org.uk/wp-content/uploads/2012/01/Measuring-the-impact-of-cuts-in-public-expenditure-on-the-provision-of-services-to-prevent-violence-against-women-and-girls-Full-Report-2.pdf>

¹² See: http://www.local.gov.uk/web/guest/media-releases/-/journal_content/56/10171/3984939/NEWS-TEMPLATE

Further cuts to welfare

Annually Managed Expenditure (AME) is expenditure that automatically responds on an annual basis to external factors, such as the numbers claiming unemployment benefits or in low paid work. It covers many areas including welfare, debt interest and EU contributions and currently accounts for around 50 per cent of total government spending.

The 2013 budget set out that the 2013 spending review will announce a '*firm limit*' on much AME, including for the area of welfare. Whilst it is stated that any reforms made to AME will be '*designed in a way that allows the automatic stabilisers to operate to support the economy*', it is not clear how the objective of essentially capping the pot of money available for welfare can be married up with the maintenance of automatic adjustments.

However this is achieved, any further wholesale reductions in welfare spending will further drive down the incomes of many women already struggling to make ends meet. The impact of the recent introduction of a one percent limit to the up-rating of all working-age benefits provides a clear illustration that any across the board reduction in the value of welfare payments hits women harder: 66 per cent of the savings made as a result of this cap are coming from women.

We are calling for the government to:

- ***Undertake and publish full and robust analysis on the impact of any reduction to the welfare budget on equality between women and men, and to take action to ameliorate any negative impacts where feasible***

Further investment in infrastructure

To date, the government has introduced a range of measures and initiatives in order to help drive economic growth in the private sector including on measures to support business and investment in a number of capital investment projects, particularly in the science, engineering and technology (SET) sectors and in construction. For example, the 2011 Autumn Statement announced £5 billion capital investment as part of the National Infrastructure Plan, including initiatives such as road building, energy and telecommunications.

Such investment in measures for growth – which we can expect more of in the 2013 spending review - is welcome. However given the vast under-representation of women in these sectors they are not be able to take up and benefit from the job opportunities created by this investment at the same rate as men. For example, women currently make up only 12.3% of the SET workforce and 13.5% of the construction industry.

Unless more is done to address the gender segregation in these industries such investment will do little to help either the record numbers of women out of work or those women having to settle for low paid, low grade work in the private sector due to a lack of better opportunities.

Furthermore, wider strategies for job creation must consider and respond to the demographics and skills of the latent workforce. As such, as well as taking measures to address the under-representation of women in the SET sectors, government could better recognise the value of investing in the equally important social infrastructure – including childcare, elder care and social care which would do much more to help many of the million plus women currently out of work, many of whom already have skills in these areas.

We are calling for the government to:

- ***Ensure that women are able to benefit from employment opportunities created by government investment by taking robust action to address the under-representation of women in male-dominated SET industries¹³***
- ***Ensure that wider job creation strategies consider and respond to the demographic and skills of the latent workforce***
- ***Invest in the equally important social infrastructure, alongside investment in physical infrastructure, in order to help create jobs and boost economic growth***

¹³ See Fawcett's recent report *The changing labour market: delivering for women, delivering for growth* for specific actions that government can take to address the under-representation of women in the SET industries:
<http://www.fawcettsociety.org.uk/new-report-warns-of-female-unfriendly-labour-market-as-womens-unemployment-continues-to-rise/>

Childcare plans

In recognition of the pressing need to reduce childcare costs for families - which currently stand amongst some of the highest in the world, the government announced two key interventions on support for childcare costs for dual-earning couples/working lone parents in the 2013 budget.

This considerable level of investment - totalling around £1 billion, is extremely welcome. Investing to help support women into work is good for women themselves and good for the overall economy. However, it is vital that government gets the detail right and that an adequate level of support is targeted at those most in need.

In particular, increased support for low-income families on Universal Credit (UC) (where up to 85 per cent of costs will be covered) must be made available to those families most in need of support. As the proposals currently stand, those who earn too little to pay income tax (i.e. those that fall under the personal allowance threshold - currently £10,000 p/a) will not be eligible for the increased level of support.

Analysis by the Resolution Foundation shows that whilst there will be around 1.5 million families on UC in which all adults work, only 570,000 of these will earn enough to reach the taxable threshold. Thus, *around two-thirds of low-income working families will not benefit* from the 85 per cent uplift in childcare support. In cash terms the difference between the current 70 per cent and 85 per cent level of support could equate to as much as £1,365 per year for families with one child in childcare, and £2,340 for families with two or more children in childcare.¹⁴ Overall, as proposals currently stand they leave out almost a million low-income working families. It is precisely these families - who are very likely to have at least one parent in low paid, part-time work, who struggle the most to meet childcare costs.

Insufficient levels of support will reduce work incentives for both single mothers and women in couples in this group (who are more likely to be in low paid part-time work) and means that they may have to forgo the choice to work as the gains of paid employment are cancelled out by the costs of childcare. The government is clear that it considers work to be the best route out of poverty – it is vital therefore that work does indeed pay for this group who are at considerable risk of falling into poverty, despite bringing in paid income.

We are calling on the government to:

- ***Ensure that the increased support for childcare costs announced in the 2013 budget extends to all low-income working families on Universal Credit through removing the eligibility criteria that all parents in a household must be earning above the income tax personal allowance threshold to qualify***

¹⁴See: <http://www.resolutionfoundation.org/publications/resolution-foundation-analysis-2013-budget/>

- ***In its longer term review of childcare policy, consider the limitations of investing solely in costs (i.e. the demand side), which could have the longer term affect of pushing up prices, and explore the comparative benefits of investing to increase the supply of affordable and quality childcare places***

Further, it is essential that work to improve availability and reduce the costs of childcare is part of a *wider cross-government strategy on women's employment* that seeks to address the wide and intersecting range of issues that women face to entering and progressing in the workforce, where issues include the dominance of women in low-paid work and the persistent lack of decent flexible work opportunities.¹⁵

¹⁵ See Fawcett's recent report *The changing labour market: delivering for women, delivering for growth*, for a comprehensive analysis of the current status and challenges that women in the UK labour market face and action that government could take to address these concerns: <http://www.fawcettsociety.org.uk/new-report-warns-of-female-unfriendly-labour-market-as-womens-unemployment-continues-to-rise/>

Longer term commitment to austerity

As well outlining an additional £11.5bn of cuts to be made in 2015-16, the 2013 budget also set out the governments longer term commitment to austerity where it is stated that total government spending will continue to fall over the periods 2016-17 and 2017-18 '*at the same rate as over the Spending Review 2010 period*'.

The IFS note that these plans imply a further reduction of -7.6 per cent across departmental spending over this period (equating to £23bn in today's terms) and will equate to a total reduction to all departmental spending of -18.5 per cent since 2010-11.¹⁶

Progressing further with a long-term agenda of fiscal austerity and deep spending cuts will only continue to entrench the multiple disproportionate impacts that many women are already facing and will further undermine equality between women and men.

In particular many women with children, especially single mothers, face having to manage on ever-diminishing incomes. The IFS recently predicted that, due to the changes to tax credits and benefits made since 2010, one in four children will be living in relative poverty by the year 2020 - the year that the 2010 Child Poverty Act sets as the target for ending child poverty in the UK.¹⁷

Implications of austerity for the wider economy:

Women's economic equality is not only crucial for women themselves but it is crucial for a stable and prosperous economy. For example, the increasing numbers of women in work in recent years has helped to offset the effects of flat wages from male employment.

The current approach to reducing the deficit, along with a lack of targeted measures to ensure that women are part of, and can fully benefit from, the drive for a private sector led recovery is not only damaging women's economic equality but is also hampering the UK's prospects for economic growth:

- Taking money out of women's pockets through reducing welfare payments - which particularly hits those already struggling on low incomes, means less money will be spent back into shops and businesses, thus hampering private sector growth and employment.
- Reducing wages in the public sector also takes money directly out of the economy. The TUC reports that for every reduction in public sector pay of 1 per cent, around £1.7 billion per year is effectively taken out of local economies.¹⁸ By this approximation, the current three-year 1 per cent cap on pay (as opposed to being up-rated by the CPI measure of 2.1 per cent) will take over £5 billion out of the nation's economy.

¹⁶ See: http://www.ifs.org.uk/docs/pre_spendinground_ce2013.pdf

¹⁷ See: <http://www.guardian.co.uk/society/2013/may/07/uk-children-poverty-2020-thinktank>

¹⁸ See: <http://www.tuc.org.uk/industrial/tuc-20805-f0.cfm>

- High and persistent levels of female unemployment (which currently stands at 1.09 million) - caused in part by widespread cuts to public sector jobs, mean lower tax revenues and a higher welfare bill for government. As the Home Secretary Theresa May MP has noted, if the skills and qualifications of women who are currently out of work were fully utilised the UK could deliver economic benefits of £15 to £21 billion pounds per year, more than double the value of all our annual exports to China.
- Reducing the prospects for women to take up decent paid work opportunities through cutting public sector jobs also has higher cost implications for the state as insufficient wages in the private sector need to be supplemented through the tax credit system.
- Failing to fully utilise the full potential of women to participate and prosper in the labour market also has wider implications for growth: for example, the current lack of women engaged in entrepreneurial activity represents huge untapped potential. The government itself reports that if women set up businesses at the same rate as men, there would be an extra 150,000 start-ups in the UK each year and if the UK had the same level of female entrepreneurship as the US, there would be approximately 600,000 extra women-owned businesses, contributing an extra £42 billion to the economy.¹⁹

We are calling for the government to:

- ***Re-evaluate its deficit reduction strategy in light of the clear and robust evidence that the level and type of cuts to public spending and services it is pursuing is widening inequalities between women and men and , in turn, hampering growth in the wider economy, where the options of tax rises, more effective revenue collection and greater investment in growth could instead be explored in greater depth.***

"Austerity pushes the responsibility for, and cost of, social and public goods back onto households, and in effect, onto women".

UN Assistant Secretary-General John Hendra, June 2013

¹⁹ The Home Secretary, Speech: Women and the economy, 4 November 2011: <https://www.gov.uk/government/speeches/the-home-secretarys-speech-on-women-and-the-economy>

Assessing what the spending review means for women

Equality law requires that public authorities, including central government departments, pay due consideration to the impact that proposed policies may have on equality of opportunity between women and men and wherever possible seek to ensure that policies do not undermine, but rather advance gender equality.

Fawcett has consistently raised the importance of this legal duty and has called upon public authorities to routinely build robust gender analysis into their policy development processes right from the initial stages of policy formulation. Such an approach enables those ultimately responsible for taking decisions – including Ministers of State in the case of central government departments, to be fully informed of any potential equality impacts as they weigh up and consider in the round the likely merits and pitfalls of any given policy. Such an approach also enables policy makers to build in thinking about how any potential negative impacts on gender equality can be mitigated against both as policy is designed and when it is implemented.

Fawcett's legal challenge of the 2010 emergency budget confirmed that this legal duty also applies to spending decisions drawn up in central government, including those announced in annual budgets - such as decisions on capping and freezing welfare benefits and cuts to departmental spending.

Analysis (in the form of 'impact assessments' or screenings) for individual measures should be undertaken by respective departments as per the policy area – e.g. the DWP would be responsible for undertaking for such analysis for welfare measures. It is also imperative that a 'global' assessment, which considers how the total package of measures set out in a spending plan is likely to implicate equality between women and men, is undertaken – responsibility for this lies with the Treasury who are responsible for pulling together and setting out the total package of fiscal policy measures for any given spending plan.

However, to date, much of the analysis undertaken for the spending decisions announced in the seven major economic statements announced since the Coalition Government came to power has been partial, inconsistent or in many instances missing entirely.

We are calling for the government to:

- ***Publish a full and robust analysis of the individual and cumulative impact of all measures outlined in the 2013 spending review on equality between women and men – particularly on moves to further reduce departmental spending and to cut AME, and to take action to ameliorate any negative impacts where feasible.***
- ***Make a clear and renewed commitment to its legal duty to adequately assess the potential impact of all proposed spending reforms on equality between women and men.***

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