

Fawcett Society Spring 2015

Budget Report

What's New for Women?

Fawcett
closing the inequality gap
wo **since** **men**
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Introduction

The Chancellor's Budget in March 2015 marks the final spending plan of this Government prior to the 2015 General Election.

The past five years have seen women under huge pressure in the economy. The Government's commitment to reducing the deficit with a 20:80 tax to spending cut ratio has led to public spending being cut back dramatically. In total, public spending has been cut by 9.7% from its 2010 peak – but as some departments have been protected (i.e. Health, Schools, and International Development), the average cut for those departments which have seen reductions has been 20.6%^{1,2}. Whilst the Government has been in power for five years, the Chancellor has made clear that the Conservative programme of austerity is not yet over, and this strategy will continue if the Conservatives are re-elected.

As has been shown by the Fawcett Society and other organisations and researchers, this strategy has meant that women are bearing the brunt of these cuts. The House of Commons Library has calculated that 85% of all the cuts have been at the expense of women rather than men. Whilst women are more dependent on public spending than men and would therefore be more sensitive to cuts regardless, the strategy chosen by the Government has also hit services women are particularly reliant on.

However, the political context of the General Election is all-important. Whilst Osborne refrained from new, deeper cuts, he also refused to change course towards a looser fiscal policy. This steady-as-she-goes approach has left only a little room for tinkering with tax and spending.

This approach continues to concern Fawcett. Further cuts to welfare and local government look set to continue under this strategy, posing more risks to women's living standards and material welfare. So far the recovery has under-delivered for women, 25% of women are working part-time vs. 7% of men, and whilst the number of unemployed men has been falling since 2010, it has only been since 2013 that the number of unemployed women has stopped increasing and began to fall³. Should the Government stay the course, it will continue to under-deliver for women.

Summary

- The key announcement, ***the adjustment to the income tax personal allowance***, is a regressive policy which will benefit few low-income women, cut taxes for almost all income tax payers - the majority of whom are men - and will need to be financed with further cuts to the welfare state.
- The ***elimination on the tax on interest payments*** will immediately under-deliver for women as men have higher savings than women, but it has the potential to help close the savings gap once savers' interest rates return to historical trend.

¹ Institute for Fiscal Studies. Public Spending - Election 2015 - IFS. (2015). at <<http://election2015.ifs.org.uk/public-spending>>

² Keynes, S. *Public Services Spending - Budget 2015*. (2015). at <http://www.ifs.org.uk/uploads/budgets/budget2015/budget2015_sk.pdf>

³ The Fawcett Society. *The Changing Labour Market 2: Women, Low Pay and Gender Equality in the Emerging Recovery*. (2014). at <http://www.fawcettsociety.org.uk/wp-content/uploads/2014/08/The-Changing-Labour-Market-2.pdf>

- Whilst the **gender pay gap** is narrowing over the long term, problems remain relating to women's balance of unpaid care and domestic work.
- The **increased spending on mental health**, with a focus on areas such as women in pregnancy and children with mental health problems, is welcome.
- **Gender segregation in apprenticeships** has become a major problem which could potentially entrench the gender pay gap in certain occupations.

1. Taxes

The Government in its 2015 Budget has introduced a number of tax reforms:

- The bank levy has been increased, and will part-finance the other cuts, bringing in £4.4 billion over the next Parliament.
- The most notable cut is the increase in the basic personal allowance for income tax and the elimination of the tax paid on interest for 95% of savers.
- Another important tax cut is the scrapping of the tax on interest on savings. Other minor tax cuts include tax relief for musical ensembles and cuts in duty for beer, whisky and petrol.
- Of all the tax cuts mentioned in the Budget, only the cuts to alcohol duty will come into effect before the election, but it is estimated they will cost £8.7 billion over the next Parliament.

Income Tax Personal Allowance

The income tax personal allowance will rise above inflation in 2016-2017 to £10,800, and then on to £11,000 in 2017-2018, almost twice the level it was in 2010 at £6,475. The Higher Rate threshold will rise above inflation too, from £41,865 a year now to £43,300 by 2017-2018, slightly below its 2010 level of £43,875.

Through to 2017-2018, the increase in the personal tax allowance will mean that 588,000 people are lifted out of paying income tax. Of these, 342,000 or 58.1% are women, as women are the majority of the low paid⁴.

As a raise in the personal allowance will apply to all tax payers, it is also the case that 29.1 million people in 2016-2017 and 29.6 million in 2017-2018 will experience a tax cut. The Institute for Fiscal Studies estimates that basic rate tax payers will gain £48 a year by 2017-2018, whilst higher rate taxpayers with incomes below £121,520 will gain £72 a year⁵. Of these, 42.5% are women, and 57.5% are men, as more men than women pay tax.

Concerning the increase in the higher rate, just 20.7% of those who will pay more tax are women at 109,000 compared to 419,000 men in 2016-2017, and 20.6% will be women in 2017-2018.

This means that whilst most of those exiting income tax altogether are women and only a minority of those who will see their incomes reduced by the higher rate are women, women are underrepresented in the generalised small cut for all taxpayers who do not exit income tax.

Additionally, there is also debate about whether raising the personal tax allowance is a progressive policy. Whilst those on low incomes who are lifted out of paying income tax benefit hugely, those on yet lower incomes will feel no benefit at all as they are already not paying any tax. Women are 2/3 of

⁴ *Income tax personal allowance and basic rate limit for 2016-17 and 2017-18* - at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/413970/TIIN_4168_income_tax_personal_allowances_and_basic_rate_limit.pdf

⁵ Joyce, R. *Household Incomes: Overall Trends and the Impact of Tax and Benefit Changes*. at http://www.ifs.org.uk/uploads/budgets/budget2015/budget2015_rj.pdf

those on low incomes, and will therefore compose the majority of those who will not see their income increase as a result of this policy⁶.

Further, much more public money will be spent funding the small tax cut to all income tax payers than will be spent lifting people out of income tax altogether. The raising of the tax allowance from £6,475 to £10,000 from 2010 to 2015 had a total cost of £17 billion – of this, £1 billion (6%) was spent on lifting people out of tax, whilst the other £16 billion (94%) financed the generalised tax cut which predominantly benefitted men⁷. This suggests that the value for those on low incomes is overstated – the opportunity cost of spending over £1.5 billion on this policy over the next Parliament could be spent on policies which are far more economically progressive and helpful for women on low incomes. For example, VAT reform paired with compensation for poorer households could raise both living standards for women on low income and government tax revenue⁸.

In other words, a cut to income tax must reflect the composition of the population which pays income tax – as men shoulder most of the burden of income tax, this means that raising the personal allowance primarily benefits men in the economy. There are more women than there are men in select groups which enjoy special effects from the policy – those who have been lifted out of income tax and those who are not paying higher rates – but most of those not benefitting at all, including those already lifted out of income tax, are the poorest women in our society.

Tax on Interest Payments

The Chancellor has largely eliminated taxes on interest payments on savings in ordinary accounts in the medium term.

Under the new plans, those who earn less than £16,800 a year won't pay any tax on interest; up to an income of £42,700 savers won't pay tax on their first £1,000 paid on interest; and up to £150,000 savers have an allowance of £500.

As interest rates are currently so low for savers, this means that 95% of people won't pay any tax on their savings⁹.

As well as the gender pay gap, there is also a gender savings gap. Research carried out by Santander shows that the gender savings gap currently stands at £15,009, which has more than doubled since 2012's figure of £7,552¹⁰. Men have an average of £24,272 deposited compared to women who have an average of £16,720. 21% of women currently lack savings accounts as opposed to 17% of men.

The gendered impact of the de facto elimination of the tax on interest is complicated. Immediately, the proposal is likely to benefit men more than women. As men have higher savings, they earn more

⁶ Women in the Labour Market. at <http://www.ons.gov.uk/ons/dcp171776_328352.pdf>

⁷ Horton, T. & Reed, H. *Think Again Nick - Why Spending £17 billion to raise the personal tax allowance would not help the poorest.* at <http://leftfootforward.org/images/2010/03/Think-Again-Nick-FINAL.pdf>

⁸ <http://www.ifs.org.uk/budgets/gb2009/09chap10.pdf>

⁹ Morris, S. Has the tax-free savings Budget reform killed the cash Isa? *This is Money* (2015). at <http://www.thisismoney.co.uk/money/saving/article-3010018/Has-Chancellor-George-Osborne-s-radical-Budget-reform-killed-cash-Isa.html>

¹⁰ <https://www.politicshome.com/document/press-release/santander/savings-gender-gap-worsens-womens-savings-are-less-half-mens>

interest, so they benefit more from the removal of the tax. But there is a second effect working in the opposite direction over the longer term – interest rates on savings accounts will not stay as low as they are forever, and eventually they will begin to rise. When this happens, the caps of £1,000 and £500 will quickly be reached. For instance, in an account paying 3 per cent, it would mean savings of £35,000 would put someone over the limit as a basic-rate taxpayer, and at 4% it would be reached at £25,000, close to the average man's savings account¹¹. Interest rates would have to reach 6% before the £1,000 cap was breached for the average female saver at £16,720 on the basic tax rate.

Because men have on average much higher savings than women, men are likely to meet these thresholds before women and therefore start paying tax before them. In the long run, this could begin to help close the gender savings gap by increasing the return women get on their smaller savings relative to the larger savings of men. This will only be the case though if the policy is sustained over the long term however; it is still the case that men will disproportionately benefit so long as interest rates are low. But interest rates will eventually climb, and whilst a full gender assessment of the policy would be required to see exactly how this tax cuts affects men and women, it appears plausible that this could have a positive effect for economic gender equality.

Abolition of the Annual Tax Return

This policy will especially benefit the self-employed, of whom the majority of newly self-employed workers are women, and will likely be a help in reducing red tape and increasing the ease of doing business. However, Fawcett would question this given the explanation is that the annual tax return is largely obsolete given modern communications technology why similar efforts to ease red tape for recipients of benefits are not under consideration. Fawcett's research into women applying for Jobseeker's Allowance report women finding the application procedure with its various forms and requirements to be intimidating and confusing¹².

The Government should consider means of simplifying and clarifying the application process for recipients of benefits as a separate goal from its plans to reduce benefit spending, as the benefit system should be easy to navigate and clearly understood by applicants regardless of the level of benefits they are entitled to.

2. Social Security

Immediate further reforms to benefits and the welfare state were largely absent from the 2015 Budget, and the most significant changes were the rolling out of a secondary market for pension annuities for people who are already retired, and an increase in mental health provision for children to the cost of £1.25 billion.

Pensions

Annuities are a kind of financial service where retirees can sell their pension pot in return for a permanent annual stipend. In 2012 the Government introduced more flexibility in allowing future

¹¹ Morris, S. Has the tax-free savings Budget reform killed the cash Isa? *This is Money* (2015)

¹² The Fawcett Society. Where's the Benefit? An Independent Inquiry into Women and Jobseeker's Allowance. (2015). at <http://www.fawcettsociety.org.uk/wp-content/uploads/2015/02/Wheres-the-Benefit-An-Independent-Inquiry-into-Women-and-JSA.pdf>

retirees access to annuities and their pension pots – however, similar flexibilities were not introduced for retirees who were already drawing on their pension.

The measure announced at the 2015 Budget effectively creates a secondary market for these annuities. In other words, people who have already sold their pension pot for an annuity can now sell that annuity to a third party in return for a lump sum. Whilst this was technically possible before, this lump sum was taxed at a rate of 55%, making it unappealing in most circumstances. The new reforms now tax this lump sum at the same rate as other kinds of income, making a market more feasible.

Fawcett is pleased to see that the Government is conscious that the dependants of those who possess the annuities being sold to third parties are disproportionately likely to be women¹³. The average woman has a pension pot that totals £107,000, whilst the average man has a pension of £201,000, and as a result women are less financially independent than men in retirement¹⁴. Partly to account for this, annuities frequently provide payments to dependants in the event of the holder's death, and the sale of annuities in secondary markets could therefore jeopardise the future income of retired women. The pension gap also means that as annuities paid out to women are smaller, income derived from selling annuities in the secondary market will also be smaller.

However, the pensions gap means that women face a serious risk from the creation of a secondary market in annuities. As women's pensions are smaller, women will receive a smaller gross payment than men if they decide to sell their annuity which will have to stretch over their longer lifespans. Whilst selling annuities is the right choice for some retired women, there is a concern women might be particularly vulnerable to being left with a much reduced income later in their retirement. We are pleased to see Government has issued a call for evidence to look into ways to help prevent this.

Mental Health Services

That the Government is planning to spend £1.25 billion over the next Parliament on mental health services is a good first step, and Fawcett is pleased to see that particular weaknesses of mental health services relating to women are being granted Government attention¹⁵.

Access to perinatal and antenatal mental health services is simply not possible for expectant and new mothers across almost half of the UK¹⁶. When one out of ten new mothers develops mental health problems, that the Government is planning to spend £75 million on improving such care is good news and we endorse the Government's policy.

¹³ *Creating a secondary annuity market*. (2015). at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/413764/Creating_a_secondary_annuity_market_web_file.pdf

¹⁴ *LV= State of Retirement report 2015*. (2015). at <http://www.lv.com/retirement-plan/love-retirement/retirement-news/march-2015/state-of-retirement-report>

¹⁵ <https://www.gov.uk/government/news/budget-2015-some-of-the-things-weve-announced>

¹⁶ Shocking gaps in maternal mental health services | Mind, the mental health charity - help for mental health problems. *Mind* (2014). at <http://www.lv.com/retirement-plan/love-retirement/retirement-news/march-2015/state-of-retirement-report>

However, as the majority of the £1.25 billion has been allocated to children's mental health, we worry that adults suffering from mental health problems including women will be left behind by this Budget. Whilst women are the majority of carers of children and will therefore stand to benefit from these measures, too narrow a focus on children is risky¹⁷. Mental health spending has fallen by 8% over this Parliament even as demand for those services has increased by 20%¹⁸.

Social Security

Reforms to social security over this past Government have hit women hard. For instance, the reforms to Jobseeker's Allowance which have increased sanctions for non-compliance mean that women with extenuating circumstances, including domestic violence, being single mothers, and women with difficulties with English are being penalised when it seems apparent this is not the Government's intention. In a context where women are more reliant on benefits than men are, more cuts to social security which do not take into account the gendered nature of the benefits system will mean women continue to lose out¹⁹.

Whilst no immediate cuts were included in the 2015 Budget, Osborne has stated he is aiming for a further £12 billion in cuts to benefits by 2017-2018. Fawcett is concerned that some of the options the Government is considering would mean that benefits policy would continue to disproportionately affect women. Some of the measures being considered include £1bn from the Carer's Allowance; £1.5bn from Disability Benefit due to changes to their tax status; £1.3bn from contribution based payments to people on the Employment Support Allowance; a £1bn liberalisation of the Industrial Injuries Compensation Scheme; and restrictions on Child Benefit to the first two children²⁰.

Some of these cuts will probably have gendered effects. Workplace accidents mostly occur to men, and men will lose out the most if the transfer of workplace insurance to the private sector results in a loss compensation²¹. However, women are the majority of carers at 57%, and reducing the Carer's Allowance only to those on universal benefit would stunt the living standards of women who face a choice between paid work in the labour market and unpaid work in the home²². Further, this would roll back some of the Government's earlier reforms aimed at boosting the incomes of carers and the quality of life of the cared – the Carer's Allowance will be raised to £110 a week by April 2015, but if

¹⁷ The Fawcett Society. Where's the Benefit? An Independent Inquiry into Women and Jobseeker's Allowance. (2015). at <http://www.fawcettsociety.org.uk/wp-content/uploads/2015/02/Wheres-the-Benefit-An-Independent-Inquiry-into-Women-and-JSA.pdf>

¹⁸ <http://www.communitycare.co.uk/2015/03/20/mental-health-trust-funding-8-since-2010-despite-coalitions-drive-parity-esteem/>

¹⁹ The impact of tax and benefit reforms by sex: some simple analysis – IFS, 2011 <http://www.ifs.org.uk/bns/bn118.pdf>

²⁰ Election 2015: Conservative benefit cut options leaked - BBC News. at <http://www.bbc.co.uk/news/uk-32084722>

²¹ Occupational injuries, illnesses, and fatalities among women – Hoskins, 2005 <http://www.bls.gov/opub/mlr/2005/10/art4full.pdf>

²² Women's Budget Group. *Response to the Autumn Financial Statement 2014*. (2014). at <http://wbg.org.uk/wp-content/uploads/2015/01/WBG-AFS-final.pdf>

it is eliminated some carers will be forced into more paid work when they have already decided the amount of paid work which is appropriate for them and their responsibilities. Considering unpaid carers save the economy £87 billion a year, the £1 billion saved from reducing the Carer's Allowance may be more than wasted if it is needed to fund an expansion in paid care as unpaid carers take up more work and less care²³. Likewise, child benefit is usually paid to mothers, and a cap on the number of children for whom the parent can claim benefits for will penalise mothers in the largest households.

Crucially, the biggest area of benefit spending – state pensions – has been ring-fenced by the Government. As a result, smaller and more targeted areas of benefit spending must experience deeper cuts. Considering some of these policies help some of the most vulnerable women in our society, Fawcett would urge the Government to reconsider and look for ways of balancing the budget which are more gender-neutral.

3. Employment

Several proposals were announced during the Budget with intent to address unemployment, improve skill sets, and make the labour market more flexible. They were presented in a context of the Government claiming notable successes for women's equality in the economy.

The Government's Record

The Chancellor made two specific claims about the gender gap in the labour market – firstly, that the pay gap was at its lowest ever, and that secondly, more women were in work than ever before. That these figures are the best *ever* would imply that the Government's record in *advancing* the status of women has been unparalleled. Unfortunately, these two statistics do not reveal the whole picture.

The Government has stated that more women than ever before are in employment. This is something to be welcome, but the Women's Budget Group are right to express concerns about the quality of this employment, noting that up to 2014 80% of the growth in the women's workforce had been in part-time work²⁴. Whilst quantity enjoys a quality all of its own, the Government would be wise to ensure that women are not just parked in part-time work for the duration of the recovery. The pay gap between part and full-time work is large, with median full and part-time weekly earnings currently sitting at £518 and £161.1 respectively²⁵. Career progression is difficult in part-time work, which is concentrated in unskilled and low-skill work.

The Chancellor said the full-time gender pay gap fell to 9.4%, and the overall gap to 19.1% its lowest ever but in the short term this has been primarily due to a greater fall in men's wages than women's²⁶. This is however indicative of longer term structural changes to the economy which are

²³ Valuing Carers 2011 Calculating the value of carers' support, Carers UK 2011, <http://circle.leeds.ac.uk/files/2012/08/110512-circle-carers-uk-valuing-carers.pdf>

²⁴ Women's Budget Group. *The impact on women of Budget 2014*. (2014). at <http://www.wbg.org.uk/wp-content/uploads/2014/03/FINAL-WBG-2014-budget-response.pdf>

²⁵ Office of National Statistics. *Annual Survey of Hours and Earnings, 2014 Provisional Results*. (2014). at http://www.ons.gov.uk/ons/dcp171778_385428.pdf

²⁶ Women's Budget Group. *Response to the Autumn Financial Statement 2014*. (2014). at <http://wbg.org.uk/wp-content/uploads/2015/01/WBG-AFS-final.pdf>
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closing the gender pay gap – the full time gap is now 9.4% when it was 17.4% in 1997, and the overall gap is 19.1% from 27.5% in 1997. For part-time workers there is even now a small pay gap *in favour* of women at 5.5%, but this statistic is volatile and could close again easily²⁷ and the hourly pay gap between part time and full time remains worryingly large.

Whilst Fawcett is disappointed that the recent convergence has been driven by a fall in men's wages rather than a rise in women's, we are pleased that the gender pay gap has continued to slowly narrow over the long term, with the gap for all employees dropping from 27.5% in 1997 to 19.1% today²⁸. However, it may be the case that the easiest fruit has all been picked. The overall gender pay gap is effectively closed for young women with women under 30 experiencing a gap of less than 5%. Where the gap really opens up is amongst women over 30, with 30-39 year old women experiencing a gap of 12%, and 40-59 year old women experiencing a gap of 26%²⁹.

The so-called 'cohort effect', whereby the increased education of women in each generation has a lagged effect on narrowing the gender pay gap in each age group will likely serve to narrow the gap for older women in the long term, but it will not affect other structural problems women face. In particular, women disproportionately take time off in order to care for children, and this results in a loss of earnings, skills, and promotion opportunities. This is most obviously manifest when the pay gap is broken down by earnings – the gap has narrowed the most for women in the lowest earnings decile, but it has remained the most stubbornly high for women in the highest decile since 1997³⁰.

National Insurance Contributions

More young women than men are not in employment, education or training (so-called NEETs), so scrapping national insurance contributions for under 21s and apprentices would be a helpful way of increasing the employment rates and employability of young women³¹. Still though, the Government appears prepared to tolerate a stark gender divide within apprenticeships, with women overwhelmingly segregated into the lowest paid positions. For example, whilst in 2012/2013 over 58,000 women took up apprenticeships in health and social care, and almost 25,000 in children's care, only 400 took up a position in engineering³². Skilled trades are the occupational area where the

²⁷ Office of National Statistics. *Annual Survey of Hours and Earnings, 2014 Provisional Results*. (2014). at http://www.ons.gov.uk/ons/dcp171778_385428.pdf

²⁸ Ibid.

²⁹ Department for Culture Media and Sport. *Secondary Analysis of the Gender Pay Gap*. (2014). at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/295833/Analysis_of_the_Gender_Pay_Gap.pdf

³⁰ Department for Culture Media and Sport. *Secondary Analysis of the Gender Pay Gap*. (2014). at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/295833/Analysis_of_the_Gender_Pay_Gap.pdf

³¹ The Young Women's Trust. *Young Women: The Real Story*. (2013). at http://www.youngwomenstrust.org/assets/0000/0002/YWT_Report.pdf

³² The Fawcett Society. *The Changing Labour Market 2: Women, Low Pay and Gender Equality in the Emerging Recovery*. (2014). at <http://www.fawcettsociety.org.uk/wp-content/uploads/2014/08/The-Changing-Labour-Market-2.pdf>

gender pay gap remains highest, and if the Government continues to encourage apprenticeships as a pathway into trades for young people it runs the risk of worsening this gap in the future so long as it is prepared to tolerate this occupational segregation³³.

Women make up the majority of newly self-employed, and we welcome the Government's efforts to help them through the scrapping of Class 1 National Insurance Contributions. However, we fear that nothing is being done to tackle the 40% gender pay gap between self-employed women and men³⁴. Self-employment is often the only option available to carers, and as carers are mainly women, such self-employed women are concentrated in low-paying jobs – more government action to help carers would be a necessary step to close the self-employed pay gap.

4. Local Government

Local government was largely absent from Budget aside from an experimental policy devolving revenues from further increases in business rates to Manchester and Cambridge absent from the Budget. However, local government is a key area of government spending on which policy changes have had a severe impact upon women.

The Women's Budget Group assessed the consequences of planned and implemented budget cuts on women between 2010 and 2015. According to the WBG, social care has been cut by 23.4%, transport by 5.2% social housing by 33.8%, early years education and care by 19.0%, schools by 10.9%, higher, further and adult education by 32.6%³⁵. The cumulative impact of the numerous cuts to local government services creates a “death by a thousand cuts” situation for vulnerable women such as single mothers as they are especially reliant on many or most of these services.

Further cuts were announced last year by the Government, with an average cut in spending power of 1.8% - however, this figure obscures that various councils will experience increases, and others cuts of up to 6.4%³⁶. The councils experiencing cuts are predominantly poorer local authorities which are more reliant on Central Government funding, and yet more local government cuts will exacerbate the problems for women already outlined by the WBG.

5. Recommendations

1. The increase in the personal income tax allowance is a regressive policy which has a minimal impact upon women – we would encourage the Government to encourage alternative tax cuts such as to VAT in order to maximise the gain to women who have lost the most from Government fiscal policy.

³³ Department for Culture Media and Sport. *Secondary Analysis of the Gender Pay Gap*. (2014). at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/295833/Analysis_of_the_Gender_Pay_Gap.pdf

³⁴ *Personal Incomes Statistics 2011-2012*. (2014). at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284786/tables3-12_3-15a.pdf

³⁵ <http://www.lgiu.org.uk/wp-content/uploads/2014/09/The-impact-of-public-spending-cuts-on-women.pdf>

³⁶ <http://www.bbc.co.uk/news/uk-politics-30537288>

2. The elimination of the tax on interest has the potential to be a beneficial policy for women – so long as the Government resists the pressure to increase the cap from £1,000 or reintroduce taxation at a later date. Those with high savings, mostly men, have benefitted the most from the immediate introduction of this policy, but in the longer term a tax free allowance for interest payments on savings could pay off for women and help close the savings gap.
3. We urge the Government to advance on its record of reducing the pressures of women in the workforce through increased parental leave by considering ways to help women balance domestic and paid labour such as through increased childcare provision.
4. The pay gap is also not the only index of women’s economic inequality. As mentioned earlier, the savings and the pension gaps remain very large, and whilst the narrowing of the gender pay gap will eventually contribute to a narrowing of these two separate indexes, the Government should be considering policies to help close them in the meantime and in the eventuality that the narrowed pay gap does not succeed in narrowing them.
5. We look forward to the implementation of Section 78 which will force companies with more than 250 employees to publish their pay gap data and hope companies will be compelled to act on their findings.

Conclusion

On the whole, the Budget could have done more for women. The increase in the personal allowance for income tax will come mostly at the expense of women, the effects of the elimination on the tax on interest payments will not begin to benefit women for some years, and the planned £12bn cuts to social security spending is seriously concerning.

There were though measures which will benefit women – the pay gap has fallen over this Parliament, there will be more spent on mental health services for pregnant women and new mothers, and the increased flexibility for annuities will benefit some female pensioners.

Fawcett is concerned about the disconnect between the reality of how public spending cuts have put particular pressure upon women, and how the political parties in the run up to the election are neglecting the role of women in the economy. Regardless of the merits or faults of austerity as a policy, we are concerned that this neglected debate will pigeonhole women into “women’s issues” such as the marriage allowance and rhetoric about families which will result in women in the economy continuing to be ignored.

As the Chancellor mentioned, there are now more women in work than ever before. They deserve policies which recognise their crucial contribution to the economy and wider society. As of yet, these policies are missing, as is the debate which will produce them.