

## THE IMPACT OF AUSTERITY ON WOMEN IN THE UK

Programmes of austerity measures have been rolled out in many points of the globe as a response to the financial, economic and sovereign debt crises that started in 2008. Public services and welfare benefits have been slashed and public-sector jobs have been cut. This has had a disproportionate impact on women, BME households and households on lower incomes. This is because these vulnerable groups tend to rely more on public services and benefits for their income. Cuts to public spending thus disproportionately affect the lives of people from these groups.

Austerity has a disproportionate impact on women's lives. When it comes to cuts in public spending, women are affected by a 'triple whammy':<sup>1</sup>

- **Women use more public services and are the majority of welfare benefit recipients.** This is because women are more likely to be poor, a consequence of a looser attachment to the labour market due to their traditional role as unpaid carers<sup>2</sup>, they have a longer life expectancy, and their responsibility to manage care for children, elderly people and sick and disabled people.<sup>3</sup>
- **Women make up the majority of the public-sector labour force.** Cuts to public spending and to public sector jobs have thus sent many women into unemployment or low-paid and temporary job positions, increasing their financial insecurity.<sup>4</sup>
- **Women are more likely to have to make up for lost services** by increasing the amount of unpaid care work they perform in looking after elderly, disabled or young family members.<sup>5</sup>

BME households also face persistent structural inequalities in education, employment, health and housing meaning that they have also been disproportionately affected by these cuts.<sup>6</sup>

For BME women, gender inequalities intersect with and compound racial inequalities making these women particularly vulnerable to cuts to benefits, tax credits and public services.

From a human rights' perspective, austerity measures are impinging on women's socio-economic rights in several ways. The UN human rights covenants and interpretation from its higher commissioners have stated that, among other principles, states must avoid retrogression, something which spending cuts to public services run the risk of happening.<sup>7</sup>

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<sup>1</sup> Expression coined by Fawcett Society: <https://www.fawcettsociety.org.uk/>

<sup>2</sup> WBG (2017) *Austerity is reducing social security for women* (<http://bit.ly/2kd8JTI>)

<sup>3</sup> Elson, D (2012) The reduction of the UK budget deficit: a human rights perspective, *International Review of Applied Economics*, 26(2), 177-190

<sup>4</sup> WBG (2017) *Women, employment and earnings* (<http://bit.ly/2EOwyXZ>)

<sup>5</sup> WBG (2017) *Social care: a system in crisis* (<http://bit.ly/2AKJe8r>)

<sup>6</sup> Reed H and Portes J (2014) *Cumulative Impact Assessment: A Research Report by Landman Economics and the National Institute of Economic and Social Research (NIESR) for the Equality and Human Rights Commission (EHRC)*. (<http://bit.ly/2nW8s6j>)

<sup>7</sup> Elson, D (2012) The reduction of the UK budget deficit: a human rights perspective, *International Review of Applied Economics*, 26(2), 177-190

They also state the importance of fiscal policy, and taxation in particular, in mobilising the maximum available resources to fulfil human rights in each country.<sup>8</sup> It is recommended therefore that states avoid spending cuts on public services or tax cuts that are critical for funding services that support the fulfilment of socio-economic rights.<sup>9</sup>

In terms of non-discrimination and women's rights, CEDAW states that it is not sufficient for a discriminatory legal framework to be absent; policies must also not be discriminatory in effect. Given the blatant evidenced disproportionality of austerity measures impacting women and minority groups, there is a clear violation of CEDAW and of the right to protection from discrimination (Article 26 of the International Covenant on Civil and Political Rights). The heavier burden of unpaid care work performed by women due to cuts to public services impacts on women's ability to enjoy their right to participate in public life (Article 25 of the ICCPR). Moreover, cuts to the safety net of women and BME people constitute a violation of their economic and social rights, such as the right to work (Article 6 of the International Covenant on Economic, Social and Cultural Rights), right to social security (Article 9 of ICESCR), protection and assistance to the family (Article 10 of ICESCR), and adequate standard of living (Article 11 of ICESCR).

The present contribution provides a cumulative impact assessment of the changes to taxes, benefits and public spending on services since 2010 on women in the UK. The assessment takes an intersectional approach by analysing the impact of public cuts by gender, race and income. It focuses particularly on Black and Minority Ethnic (BME) women, as they are the group hardest hit by austerity measures implemented since 2010. The full findings can be found in the 2017 report '[Intersecting Inequalities: The impact of austerity on Black and Minority Ethnic women in the UK](#)' by the Women's Budget Group and by Runnymede Trust.

## **WOMEN AND AUSTERITY IN THE UK**

In the 2010 Emergency Budget, George Osborne, the then Chancellor, announced a programme of public spending cuts totalling £83bn.<sup>10</sup> The seven years since the 2010 Emergency Budget have been characterised by further cuts to social security and public services.

### **Social security**

Cuts to spending on social security will total £37bn a year by 2020.<sup>11</sup>

- There has been a freeze to working age benefits, while the cost of everyday goods is increasing.

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<sup>8</sup> Balakrishnan, R et al (2011) *Maximum available resources & human rights: Analytical report*. Rutgers University: Center for Women's Global Leadership

<sup>9</sup> CESCR (1990) *General comment 3. The nature of States parties obligations*, Art. 2. para. 1 of the Covenant (<http://bit.ly/2Ez7JIV>)

<sup>10</sup> BBC (2010) *Government Spending Review*. (<http://bbc.in/2EsN4je>)

<sup>11</sup> WBG (2017) *Gender impact of social security spending cuts*. (<http://bit.ly/2F22Q1J>)

- Local housing allowance is no longer linked to actual rents and the bedroom tax reduces housing benefit for families judged to have a “spare” room.
- Cuts to work allowances for Universal Credit and an increased taper rate for second earners (mainly women) reduce work incentives and increase vulnerability to poverty.
- Benefits and tax credits for children have been capped for the first two children, which disproportionately affects large families.
- As a result of freezes and cuts to working age benefits it is estimated that 5.1 million children will be living in poverty by 2021/22.<sup>12</sup>

BME women are more likely to be affected by cuts to benefits and tax credits because they are more likely to be living in poverty, more likely to be living with dependent children and more likely to be living in large families.

### **Tax**

Tax cuts since 2010 will cost £41bn a year by 2020.<sup>13</sup> These will come from raising the personal tax allowance (the amount of income a person can earn without paying tax on) (£19bn), from cuts to corporation tax (£13bn) and fuel duty (£9bn). These tax cuts show that austerity measures and cuts to public spending are a political choice, not a financial one. Men will disproportionately benefit from these tax cuts as they earn more, are more likely to be business owners and shareholders and more likely to drive and drive longer distances.

It is relevant to mention again, as reiterated by the UN human rights policy, the importance of states avoiding tax cuts that are critical to fund public services that are crucial for the fulfilment of human rights, and the restated importance of taxation in mobilising maximum available resources. Tax cuts, implemented in parallel with austerity measures, run contrary to both of these principles.

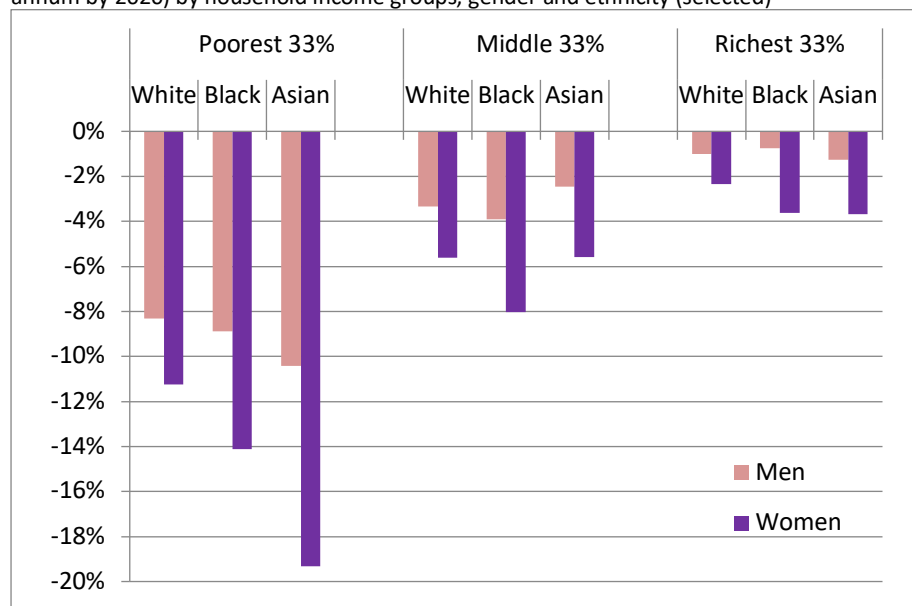
Figure 1 shows the cumulative impact of changes in taxes and benefits by gender, ethnicity and income percentile. Women will lose more than men and Asian women in the poorest third of households lose on average 19% of their incomes by 2020 (over £2200) compared to if the policies in place in May 2010 had continued to 2020.

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<sup>12</sup> IFS (2017) *Living Standards, Poverty and Inequality in the UK: 2016-17 to 2021-2022*. (<http://bit.ly/2BWM0av>)

<sup>13</sup> WBG (2017) *Gender impact of taxation*. (<http://bit.ly/2Gdgiza>)

Figure 1: 2010-20 cumulative individual impact of changes in taxes and benefits (percentage of net individual income per annum by 2020) by household income groups, gender and ethnicity (selected)



Source: Women's Budget Group 2017

By 2020 benefits and tax credit cuts will cost the poor £37bn by 2020. £41bn of tax cuts will mainly benefit the better off.

### **Public Services**

There have been a series of cuts to funding for public services. Central government funding for local government, which is responsible for a range of local services, fell by over 50% between 2010/11 and 2015/16<sup>14</sup> and then by a further 30.6% in 2017/18.<sup>15</sup>

Between 2010/11 and 2014/15, excluding spending on schools, the most deprived areas saw the largest cuts, averaging around £222 per head. The most affluent local authorities saw the lowest cut (around £40 per head).<sup>16</sup>

- The NHS was required to make £20bn of 'efficiency savings' between 2011 and 2015.<sup>17</sup>
- There were severe cuts to Legal Aid coverage for debt, education, employment, housing, immigration, welfare benefits and family law cases.
- Spending on social care for older and disabled people has fallen by 11% in real terms and the number of people receiving state funded help has fallen by at least 25%.<sup>18</sup>

<sup>14</sup> IFS (2016) *Council-level figures on spending cuts and business rates income*. (<http://bit.ly/2nYfPKf>)

<sup>15</sup> Local Government Association (2016) *LGA responds to the Local Government Finance Settlement*. (<http://bit.ly/2CkcERg>)

<sup>16</sup> Joseph Rowntree Foundation (2015) *The cost of the cuts: the impact on local government and poorer communities*. (<http://bit.ly/2AWxKG2>)

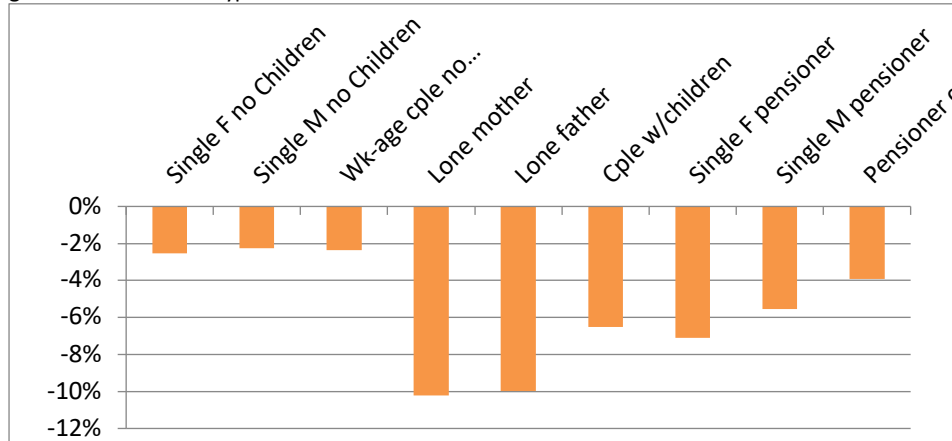
<sup>17</sup> Department of Health (2013) *Making the NHS more efficient and less bureaucratic*. (<http://bit.ly/2o8w2f8>)

<sup>18</sup> King's Fund and Nuffield Trust (2016) *Social care for older people: home truths*. (<http://bit.ly/2o3zuYy>)

- By 2015 programmes to young children had been cut by a third, with 84% of local authorities reporting cuts to funding for Children’s Centres.<sup>19</sup>
- Since 2010, 17% of specialist gender-based violence refuges in England have closed. A third of all referrals to refuges are turned away (155 women and 103 children a day), normally due to lack of available space.<sup>20</sup>

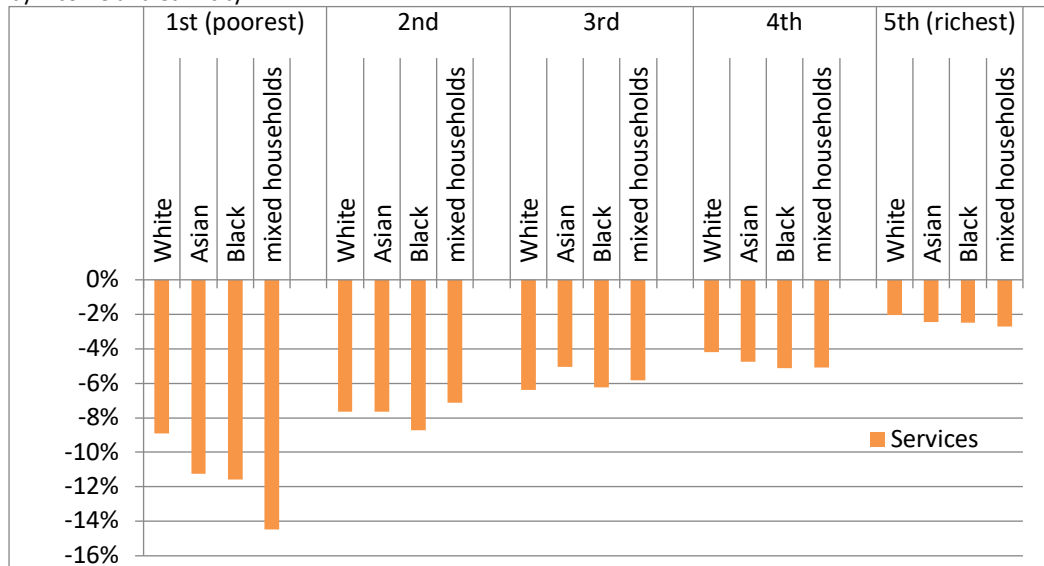
Figures 2 and 3 show the value of the public services that have been cut since 2010 and the groups that stand to lose the most.

Figure 2: Cumulative real-term impact of spending cuts to services as a % of living standards between 2010 and 2020 by gendered household type.



Source: Women’s Budget Group 2017

Figure 3 Cumulative real-term impact of spending cuts to services on living standards in % terms between 2010 and 2020 by income and ethnicity



Source: Women’s Budget Group calculations using the Landman Economics spending models. ‘Mixed households’ are those with adults from different ethnic backgrounds.

<sup>19</sup> Public Sector Executive (2015) *Council funding for children’s centres cut by a third under coalition*. (<http://bit.ly/2Ernozo>)

<sup>20</sup> Women’s Aid England and Wales (2016) *Save Refuges, Save Lives*. (<http://bit.ly/2sqskTE>)

- Black and Asian families will lose more in public services than White families, with their average living standards cut by 7.5% and 6.8% respectively, compared to 5% for White families.
- Female lone parents, who make up 92% of all lone parents, will lose on average services worth over £4,900 (over 10% of their standard of living). Black women are overrepresented among single parent households.
- Among the poorest 20% of households, Black and Asian households see their living standard cut by 11.6% and 11.2%, while the living standard of White households will fall by 8.9%. In cash terms for these households, this represents a cut of £5,090 for Black households, £6,526 for Asian households, and £3,316 for White households.

## CONCLUSION

Our research clearly shows that the injustice of inequality has been exacerbated by cuts to benefits and services that have hit the poorest hardest. Public-spending cuts have disproportionately affected women, who are more likely to need public services, and more likely to be caring for children and other family members who need services. Women are also more likely to have to make up to cuts to services through unpaid work. These cuts have also disproportionately affected the poorest families, including BME families, who are more likely to be poor. Through the triple whammy, public spending cuts disproportionately impact women's socioeconomic human rights. The UK government has continuously ignored its duty to equality, as enshrined in the Equality Act 2010, and Equality Impact Assessments to its fiscal policy are not conducted in an evidenced and thorough manner, or at all. The evidence that women have been hardest hit by the austerity measures, along with tax cuts that disproportionately benefit men, means that UK "fiscal policy was not 'reasonably calculated' to realize women's economic and social rights on an equal basis with men."<sup>21</sup>

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### UK Women's Budget Group, February 2018.

WBG is an independent, voluntary organisation

made up of individuals from Academia, NGOs and trade unions.

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<sup>21</sup> Elson, D (2012) The reduction of the UK budget deficit: a human rights perspective, *International Review of Applied Economics*, 26(2), p. 184