Never mind NICs: gender budgeting reveals the Spring Budget’s true impact on poorer women

Last week’s Spring Budget failed to reverse a series of cuts that effectively take away money from poorer women and give it to better-off men. The Treasury has a duty to pay due regard to the impact of its policies on women, but it is not doing so. Mary-Ann Stephenson and her colleagues at the Women’s Budget Group have carried out their own analysis of the budget – as numerous governments around the world already do.

Will the increase in national insurance contributions for the self-employed in this year’s spring Budget go the way of the ‘pasty tax’? The Chancellor Phillip Hammond certainly came under pressure from his own party to reverse his announcement that class 4 NICs for self-employed people would rise from 9% to 10% in 2018 and then to 11% the following year.

The sound and fury this announcement generated obscured the fact that women on the lowest incomes stand to lose three times as much annually by 2020 as a result of successive changes to tax and benefits as the hardest hit of the self-employed will lose from the NIC increase. According to the IFS the greatest loss from the NIC increase, affecting those with profits over £45,000 a year, will be £589 a year.

Although women are the majority of the newly self-employed, few are likely to be affected by the change to NICs since self-employed women tend to have low average earnings. In contrast a cumulative impact analysis by the Women’s Budget Group and the Runnymede Trust of all the changes in tax and benefits from 2010 up to and including the 2017 Budget showed that Asian women in poorest third of households will be £2,247 worse off by 2020, almost twice the loss faced by white men in the poorest third of households (£1,159). White men in the richest third of households, by contrast, lose only £410. Certain household groups are particularly badly hit. Black and Asian lone mothers stand to lose £3,996 and £4,214 respectively from the changes, about 15 and 17% of their net income.

These cuts are presented by the government as essential to bring down the deficit, but while the Treasury is taking money from the poorest women it is giving money away to better-off men in the form of tax cuts. By 2020 rises to income tax thresholds, cuts to alcohol and fuel duty and cuts to corporation tax will cost the Treasury £40.9bn a year. Corporation tax cuts, which will cost £12.6bn a year by 2020, are almost enough alone to provide...
the £14bn estimated cost of free social care for all critical needs in England by 2025. Women’s Budget Group analysis has shown that the majority of those gaining from these tax cuts will be men.

This sort of impact assessment, which the WBG carries out of the budget every year, should be done by government. Under the Public Sector Equality Duty, public bodies (which includes government departments) are obliged to have ‘due regard’ to the impact of their policies on equality. It is difficult to see how they can meet this obligation if they do not assess who the winners and losers of different policies will be. But if they are doing this assessment, they certainly aren’t publishing it. The only equality impact assessment of any of the policies announced in the budget related to the introduction of loans for doctoral students. This assessment was carried out by the Department for Education, not the Treasury.

The Treasury did publish an analysis of the impact on households of the 2017 budget, but this did not examine individual incomes, that is who in the household actually receives the money. This analysis is important because we know money is not always shared equally within households. Households above the poverty line may contain members living in ‘hidden poverty’, and these are more likely to be women. Control over household spending decisions, access to resources and risk of financial abuse are all influenced by the income a person brings into the household.

Analysing the impact of the budget on individual as well as household incomes has been an important part of the work of the Women’s Budget Group since it was founded in 1989. The group brings together academic researchers, equality campaigners and trade unionists to assess how government economic policy impacts differently on women and men, an approach known as Gender Budgeting, or Gender Responsive Budgeting (GRB).

Initially introduced in Australia in the 1980s, Gender Budgeting was given additional impetus by the Beijing Platform for Action in 1995, which called on governments to take a gender perspective and consider women’s in all areas of policy including budgets. More than 80 countries around the world have now adopted some form of Gender Budgeting initiative and Gender Budgeting is now championed by the IMF, World Bank and OECD.

Gender Budgeting does not involve developing special ‘budgets for women’, nor does it require government expenditure to be split 50:50 between women and men. Instead it involves looking at the budget from a gender perspective to analyse how it will meet the different needs of women and men. This requires consideration not only of the monetary economy (income, assets, paid work) but also unpaid work including both social reproduction (including childcare, care for the elderly, voluntary work) and unpaid subsistence work. This means examining issues that are often excluded from macroeconomic policy such as:

- Distribution and control of assets and resources including time, education, training as well as land and income between women and men as well as between households.
- The impact of economic policy on the distribution of unpaid work between women and men, and the impact that uneven distribution of unpaid work has on economic outcomes for women and men.
- The impact of different gender roles for women and men

In theory, Gender Budgeting should involve assessing the gender impact of the budget at every stage, from analysing policies on revenue raising and spending to auditing whether money is actually spent in line with policy. In practice approaches vary depending on context. One review of Gender Responsive budgeting programmes reported that many initiatives were under-resourced, delivered by people who lacked the technical capacity to carry out meaningful analysis and suffered from a lack of political support at a senior level. Simply calling a process gender budgeting is not the same as delivering a gender responsive budget. However, several Gender Budgeting initiatives such as the South African Women’s Budget Initiative (SAWABI), work by the Zimbabwe Women’s Resource Centre and Network (ZWRCN) and GRB projects in in Kerala, India have been recognised as having led to concrete improvements in services and resources available to women.
These improvements require not only a gender analysis of budgets, but also the political will within government to take action to deliver equality. For the UK Women’s Budget Group, analysing the budget every year is only the first part of the process. Our aim is to persuade the UK government to carry out their own analysis and then take action to reverse the policies that are having such a disproportionately negative impact on women.

This post represents the views of the authors and not those of Democratic Audit.

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