



The Gender Impact of the Cuts
A TUC cuts briefing
November 2010

“The Government is obliged by equality legislation to assess whether its policies will have an impact on gender equality”

The gender impact of the cuts

It is clear that the government’s deficit reduction strategy is unfair and will disproportionately disadvantage women and families, particularly those on low incomes.

This briefing explores the ways in which women in both the public and private sectors will be hit by the public sector cuts, as workers, as benefits claimants and as service users.

While the worst of the cuts are yet to come, much of the damage is already being done. According to the Chartered Institute of Personnel and Development, four in ten public sector employers were already making redundancies. The GMB has reported that almost 50,000 job cuts have already been announced in 43 councils¹. According to the Recruitment and Employment Confederation, at least 12,000 temporary jobs were cut in the three months prior to the Comprehensive Spending Review². Many services, including nurseries in HE and FE institutions, after-school clubs, and libraries are already facing closure.

Unions are already at the forefront of the campaign against the cuts. This briefing aims to provide some useful facts and statistics to support trade unions’ campaigns against the cuts.

Equality Impact Assessments

The government is obliged by equality legislation to assess whether its policies will have an impact on gender equality. The government failed to carry out an equality impact assessment of the budget in June 2010 – which led to the Fawcett Society seeking a judicial review of the budget.

Perhaps as a result of this high profile legal challenge, and the negative publicity that accompanied it, the government did produce an equality impact assessment of the spending decisions announced in the Comprehensive Spending Review

¹ www.gmb.org.uk/newsroom/latest_news/10000_more_job_cuts.aspx

² www.rec.uk.com/press/news/1264



(CSR) in October 2010. However, the TUC does not believe that these impact assessments are sufficiently thorough. The Treasury provides very little in the way of quantitative data on the gender impact of spending cuts. Many aspects of the CSR are neglected on the basis that either there is no impact or that the impact is impossible to measure.

Public sector unions are already playing a crucial role in ensuring that public sector organisations carry out full and meaningful equality impact assessments when spending and staffing decisions are being made.

We are likely to see more and more instances of equalities legislation being used to question the legitimacy and fairness of the government's actions. At the end of November 2010, The Equality and Human Rights Commission launched a process to carry out a formal, independent assessment of the extent to which the Treasury has met its legal obligations to consider the impact on protected groups of decisions contained in the Spending Review. The assessment is to be conducted under powers granted to the Commission under section 31 of the 2006 Equality Act.

Benefits and tax credits

Over recent months the Government has announced £18bn of cuts to social security and welfare. The changes are clearly going to hit women hard – particularly pregnant women and single mothers.

An analysis of the June budget by the House of Commons Library has already told us that that women will pay for roughly 72 per cent of the net cost of the changes in taxes, benefits and tax credits set out in the budget. The Comprehensive Spending Review in October 2010 ushered in further cuts and welfare reforms which have shifted yet more of the burden onto women and families.

Specific cuts that will affect families with children include:

- the abolition of the Health in Pregnancy Grant, a universal payment of £190 for pregnant women who are 25 weeks pregnant and have received health advice from a medical professional
- a three-year freeze in the value of Child Benefit, in addition to the withdrawal of Child Benefit from women living in a household where one adult is a higher rate taxpayer
- the abolition of the Baby Element of Tax Credits (worth a maximum of £545 to eligible families) and a reversal of previous Government's commitment to introduce a Toddler Tax Credit (worth a maximum of £208 for eligible families)
- a cut in the proportion of childcare costs that are covered for families eligible for Working Tax Credit, from 80 per cent of costs to 70 per cent of costs
- a three-year freeze in the value of Working Tax Credit



“Many families will be significantly worse off as a result of wider welfare cuts”

- significant cuts to Housing Benefit, which the Department for Work and Pension's own assessment has indicated will hit families the hardest
- a cap on the total amount of out of work benefit that a family will be entitled to, which will mean that large families experience greater losses

Although the government has announced above inflation increases in Child Tax Credit, many families will be significantly worse off as a result of wider welfare cuts.

The table below outlines the cuts that have been announced since the June budget and the October Comprehensive Spending Review that are specifically detrimental to women and families.

Cuts relating specifically to women and families	Who this affects	What this will cost
Requiring lone parents with young children to look for work	All unemployed lone parents who have children aged 5–7	Lone parents will be moved from Income Support to Jobseeker’s Allowance, which will require them to actively seek work or face benefit sanctions. Those who remain out of work for 12 months and are receiving help with housing costs will, as a result of wider changes, also face a cut in their Housing Benefit.
Abolition of the Health in Pregnancy Grant	All pregnant women reaching the 25th week of pregnancy	The grant is a universal payment of £190 intended to support mothers with additional costs in the period before childbirth. It will be completely cut from January 2011.
Cut in Sure Start Maternity Grant	Low income mothers reaching the 29th week of pregnancy	The grant is worth £500 to low income women who are expecting a baby. From 2011/12 it will only be payable for a mother’s first child.
Child Benefit freeze and cuts	Child Benefit payments will be frozen for all families for three years from April 2011. Families where one adult member of the household is a higher rate taxpayer will not be entitled to Child Benefit from January 2013.	Freezing Child Benefit will mean that its real terms value falls for millions of households across the UK, and withdrawing it from households with a higher rate taxpayer will mean mothers in these homes are left with lower and less secure incomes.

cuts briefing



Abolition of Child Trust Fund	All families with young children	The Child Trust Fund currently provides parents with a voucher worth up to £500 for them to invest on behalf of their newborn children, with an additional payment being made at age 7. The entire scheme will be phased out from 2011.
Tax Credit taper steepened	All working households receiving Tax Credits	The way that Tax Credits are calculated is changing, so that for every £1,000 earned over £6,420 an extra £20 will be lost from a households' Tax Credit award.
Tax Credit income threshold reduced	All households receiving Tax Credits and earning between £40,000 and £50,000	From April 2011 the Family Element of Tax Credits will start to be withdrawn as earnings reach £40,000 rather than £50,000.
Tax Credit Family Element withdrawn immediately	Any household currently only receiving the Family Element of Tax Credits	From April 2012 the Family Element of Tax Credits will be withdrawn immediately after the rest of the Tax Credit award tapers off, and will cease to be made to a second income threshold.
Tax Credits Baby Element abolished	Any household with a child aged 0–12 months in receipt of Tax Credits	From April 2011 the Baby Element of Tax Credits (worth a maximum of £545 to lower income households) will be abolished.
Tax Credits Toddler Element will not be introduced	Any household with a child aged one or two	In April 2012 the Toddler Element of Tax Credits (which was to have been worth a maximum of £208 to lower income households) will not be introduced.
Tax Credits income disregard for falls in income	Any household in receipt of Tax Credits whose income falls during the year	From April 2012 if household income falls during the year the first £2,500 of the income reduction will not be taken into account when the new Tax Credit award is calculated. This means that households who face income falls will also face an effective cut in their annual Tax Credit entitlement.
Tax Credit income disregards reduced	Any household in receipt of Tax Credits whose income rises compared to the previous year	From April 2013 the amount of income disregarded for Tax Credit purposes when household incomes rise will be reduced to £5,000. This means that families whose incomes rise above this amount will be at a high risk of Tax Credit overpayments.
Tax Credits backdating	Any household making a new or changed Tax Credit claim	From April 2012 Tax Credit awards will only be backdated to one month prior to the claim (currently the backdating period is three months).



Childcare element of Working Tax Credit cut	Any household receiving the Childcare element of Working Tax Credit	The percentage of childcare costs that can be covered by Tax Credits will fall from 80 per cent to 70 per cent. This will mean significant cuts in income for working households.
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“Research commissioned by the TUC shows that female lone parents will lose 18.5 per cent of their net income”

Both working and non-working families will lose from these cuts. Many of the welfare changes will reduce work incentives for those in low-paid jobs. For example, changes that require couples to work for 24 hours between them before they qualify for Working Tax Credit will mean that those who cannot increase their hours may find that they can no longer afford to work. This is the opposite to the government’s stated intention of getting more people off benefits and into work.

As Ruth Lister, professor of Social Policy at Loughborough University and member of the Women’s Budget Group, explained on a recent blog for the TUC, *“although lower income women will benefit from the increase in child tax credits, the eligibility test for means-tested financial support for children cannot take account of where income is not shared fairly within families and hence of any hidden poverty within families. In contrast, child benefit provides mothers directly with a secure source of income, which particularly important if they do not have an independent wage.”*³

Even discounting benefits and tax credits related to children, women still pay £3.6bn (66 per cent) compared to men paying £1.9bn (34 per cent) because women will also be hardest hit by housing benefit cuts and the switch to CPI uprating for public sector pensions.

Single women are the main recipients of housing benefit. Between 2005 and 2008, 53 per cent of housing benefit claimants were women, compared with 22 per cent of couples and 25 per cent of men⁴. As the Women’s Budget Group has pointed out *“Caps on Housing Benefit, increased rents for social housing and cuts in expenditure on social housing will impact disproportionately on women, particularly lone parents and those with larger families, many of whom are from minority ethnic backgrounds”*⁵

Amongst those hardest hit by the CSR will be lone parents. Ninety per cent of lone parents are women⁶. Research commissioned by the TUC shows that female lone

³ www.touchstoneblog.org.uk/2010/07/did-the-budget-pass-the-fairness-test-from-the-perspective-of-women-and-families/

⁴ www.dwp.gov.uk/docs/housing-benefit-and-council-tax-benefit.pdf

⁵ wbg.org.uk/RRB_Reports.htm

⁶ www.gingerbread.org.uk



parents will lose 18.5 per cent of their net income (-£3,121 in cash terms, from an average net income of £16,868). Female single pensioners are set to lose 11.7 per cent of their net income (-£1,326 from an average net income of £11,341).

Since the CSR, the government has announced the introduction of a Universal Credit⁷. At present the government has not provided enough information for us to assess precisely how families' incomes will change as the Universal Credit is introduced (for example, childcare cost entitlements under the Universal Credit are not determined and the extent to which support with mortgage interest will be available to families in work is unclear).

However, we do know that while the amount of income earned before benefits are withdrawn will increase, and while the rate at which some benefits are tapered will fall, the total maximum award for many working families will also fall (as a result of Working Tax Credit being abolished and no equivalent payment being introduced). This means that there are likely to be many losers as the Universal Credit is brought in, particularly among those earning at or slightly above median household incomes (around £23,500) and those working 16 or 30 hours (where additional Working Tax Credit payments would current become available). We also know that families working more than 16 hours are likely to lose further childcare entitlements as a result of the Universal Credit. In relation to childcare costs the White Paper states that *"the aim would be to allocate some of the current support to those working fewer than 16 hours"*.

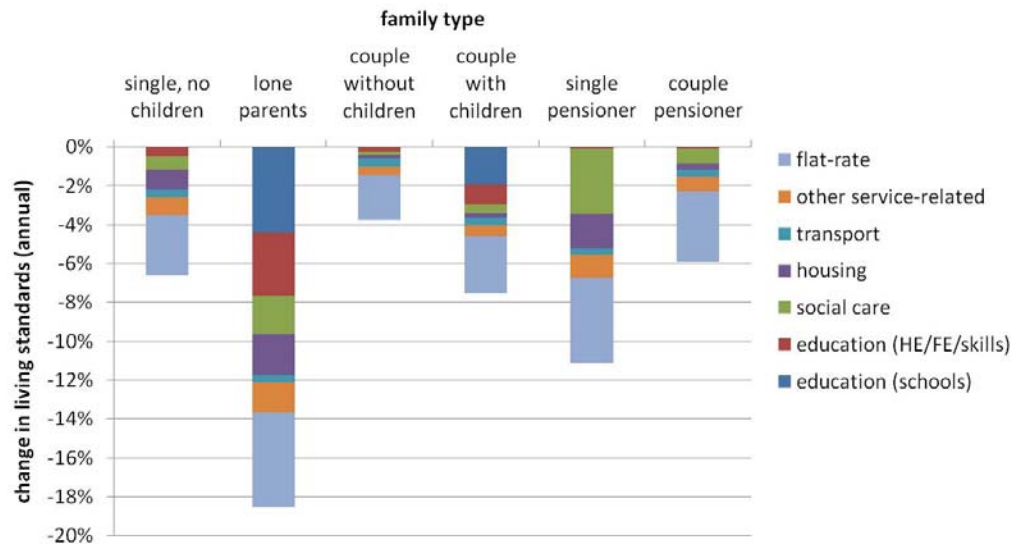
Another worrying aspect of the Universal Credit for women is that the payment will be made to one person within the household (apart from Child Benefit). In a two-parent family, the man is more likely to receive benefits related to work such as Jobseekers Allowance, whereas the mother is more likely to receive Child Tax Credits as well as Child Benefit. If the man becomes the "main applicant", the mother may well lose out. Research has shown that money going into a family via the mother is more likely to be spent on the children than money going into a family via the father⁸.

⁷ www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/universal-credit/

⁸ Goode, J, Callender, C, and Lister, R, 1998 *Purse or Wallet? Gender inequalities and income distribution within families on benefit*, Policy Studies Institute



Effects of spending cuts by family type as percentage of net income, all services⁹:



The research by Howard Reed and the Women’s Budget Group¹⁰ shows clearly that women are hit hardest by the cuts.

Lone parents and single pensioners are hit hardest by cuts to public services. Over ninety per cent of lone parents and the majority of single pensioners are women. Lone parents are affected more by cuts to further and higher education as well as cuts in housing and social care than couple parents.

Female pensioners lose more than male single pensioners. Among households without children, single women are harder hit than single men or couples with no children. This is largely due to the fact that single women use more social care services than men and are more likely to be in further or higher education.

Public sector pay freezes and job cuts

Not only will women be worse off as a result of benefit cuts, but women are also likely to be the biggest losers when it comes to public sector pay freezes and job cuts. The main reason for this is the fact that women make up 65 per cent of the public sector workforce. Just under 40 per cent of women’s jobs nationally are in the public sector, compared to around 15 per cent of men’s jobs. Women’s employment in the public sector is strikingly high in some regions. In Merseyside

⁹ Howard Reed http://wbg.org.uk/RRB_Reports.htm

¹⁰ http://wbg.org.uk/RRB_Reports.htm



almost 50 per cent (47.7 per cent) of the total female working population are employed in the NHS, schools and caring services.

With 500,000 public sector jobs to be axed as a result of the government's spending review, it is likely that at least 325,000 of those losing their jobs will be women. In local authorities, which will take the biggest cut, women make up 68 per cent of the workforce.

Women will also feel the impact of cuts in hours or pay more than men because women already tend to work fewer hours and for lower wages than men. According to UNISON, in 2009 around 1 million public sector employees – the vast majority of them women – were paid less than £7 an hour, accounting for a quarter of all such employees in the UK as a whole. In local government the lowest rates start at £12,145 a year in England and Wales, equivalent to £6.31 an hour for the 37-hour standard working week common to councils. The lowest rate in the NHS is £6.79 an hour¹¹.

In addition, the two-tier code, which ensures that new employees delivering contracted-out services alongside transferred staff benefit from broadly comparable pay, terms and conditions, is likely to be abolished. Given that women make up a large proportion of the workforce in many of these services – such as cleaning and catering – this is likely to impact negatively upon women workers delivering public services.

While the government maintains that the effects of the public sector pay freeze will be mitigated by an exemption for those paid less than £21,000, in reality this is no more than a token gesture.

More women will be affected by the pay freeze than men. Women represent 58 per cent overall of those earning more than the pay freeze threshold, and 73 per cent¹² of those earning more than the pay freeze threshold in those sectors that the government has claimed are protected from cuts (e.g. frontline health and education professionals).

Furthermore, for a public sector employee earning £20,000, the £250 flat rate increase only represents a 0.125 per cent increase. At a time of high inflation and when VAT is set to rise to 20 per cent, a 0.125 per cent pay rise for low income workers will represent a decrease in real terms.

It is also worth noting that there is no compulsion on employers such as local government to actually give employees the £250 flat rate increase.

¹¹ Figures from the Unison submission to the Hutton review on Fair Pay
www.unison.org.uk/bargaining/index.asp

¹² Women's Budget Group



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Women as service users

In the context of 27 per cent cuts to local government funding by 2014–15, a wide range of services that benefit women and families will inevitably be cut or scaled back.

Women are more likely than men to use many services including social care, libraries, education (further education and higher education), early years care services, sexual/reproductive health services, and healthcare services in general.

Although the Sure Start budget has been protected in cash terms, this in fact means a reduction in real terms due to inflation. According to the Day Care Trust and the Financial Times, this translates as a 9 per cent cut in real terms over the four-year period.

Furthermore, the ring-fencing of Sure Start grants will end in 2011/12, which means that many local authorities may choose not to prioritise expenditure on childcare services.

On 16 November the government announced that there would no longer be a requirement to offer full day care facilities at Sure Start children’s centres in the most deprived areas of the country. The government also announced that it would be removing the requirement for Sure Start Children’s Centres to hire someone with both Qualified Teacher and Early Years Professional status and that it would abolish the Children’s Workforce Development Council. Cutting back on high quality, subsidised childcare will inevitably have the effect of keeping women out of the workplace.

Reductions to bus subsidies and increases in rail travel costs will have a disproportionate effect on women as women are more reliant on public transport – particularly buses – than men.

Many campaign groups and voluntary organisations that work on women’s rights fear for the future of services used by women. Services from women’s refuges, rape and domestic violence support services, abortion and sexual health services, and other services that many women depend upon may all be under threat. For example, the pressures on NHS budgets may well lead to family planning services being reduced, which will have consequences for women’s choices and wellbeing.

London Councils has already announced that it is considering axing or reducing the grants that it provides to voluntary sector organisations offering a range of services from refuge accommodation, rape crisis services, and counselling. Karen Moore, head of policy at the Women’s Resource Centre explains that “any cut or reduction in the London Councils budget for violence against women and children services would have a devastating effect on the most vulnerable women and children in London and the organisations that work so hard to support them.”



Even if services are not cut altogether, certain treatments which particularly benefit young women at risk of unwanted pregnancy (for example, the contraceptive implant) may be deemed too expensive or there may be reductions in services (such as only opening for one day a week), severely curtailing women's access to services.

Although many NGOs and voluntary organisations working in these areas are already reporting cuts to funding, it is unlikely that the full effect of the CSR and the squeeze on local authority spending on women's services will be known until 2011 at the earliest.

Unpaid work and the Big Society

Much has been made of the government's notion of a Big Society which will step in to provide some of the services which will inevitably be lost or reduced as a result of the attacks on the public sector and the welfare system.

According to Carers UK, 6 million people in the UK do unpaid care work. Over a lifetime, 7 out of 10 women will be carers¹³. Carers UK warns that with local authorities receiving an overall reduction in revenue from central Government of 26 per cent "There is a real risk that care and support services will still see deep cuts, unless local authorities prioritise care. Unless they do so, the dignity and independence of older and disabled people will be undermined and more families will be forced out of work and pushed to breaking point to care for them."

Women are more likely than men to plug the gaps caused by reduced funding for care, by becoming informal, unpaid, voluntary carers. Women are also more likely than men to find themselves caught between caring for young children and elderly or infirm relatives.

Women are also more likely to work as paid volunteers in the charity sector. However, with funding for charities and voluntary organisations being squeezed hard (the NCVO website has been collecting data from charities on funding cuts that they have already experienced and has published the results in a spreadsheet: Crowdsourcing the Cuts¹⁴) it seems improbable that the voluntary sector will have the capacity or the resources to fill the gaps left by cuts to public services. It is highly likely that the Big Society will in fact mean increasing numbers of women working as unpaid volunteers and carers.

¹³ <http://www.carersuk.org>

¹⁴ <http://www.ncvo-vol.org.uk/cuts>



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Pensions

The government’s announcement that the state pension age will increase to 66 for men and women from 2020 – thus speeding up the timeframe for equalisation of women’s retirement age with men’s – will have a disproportionate impact on women. The changes will cost some women up to £15,000 in lost income.

According to pensions specialists Towers Watson “The extra three years of income could be worth more than £15,000 just looking at the basic state pension, and could be much higher for women with substantial entitlements to Serps or the state second pension.”¹⁵

Women are already at a disadvantage with regard to state pensions and are more likely to face pensioner poverty than men.

As well as changes to state pensions, women face cuts to their work-based pensions. For instance, pensions will be uprated according to the CPI measure of inflation rather than RPI, significantly reducing their value to members over time as CPI tends to be lower than RPI.

In the public sector the government has indicated their intention to save £1.8bn per year by 2014-5 by increasing employee contributions to public service pensions. Further changes are likely to follow Lord Hutton’s commission on public service pensions, which will report in March 2011 and could include changes to the age people can claim their pension, the structure of pension schemes and the protections for contracted-out workers.

No evidence that casualties of public sector cuts will find jobs in the private sector

The coalition government has been optimistic about the private sector’s ability to generate new jobs which will offset public sector job losses. There is no reason to believe that the private sector will create enough jobs to offset the drastic job cuts faced by the public sector. There simply is not any evidence to support the government’s optimistic expectation that the private sector will keep the jobs market afloat.

In fact, all the evidence points to a reduction in private sector jobs over coming months. A recent CIPD/KPMG survey of employers¹⁶ found that 30 per cent of private sector employers were planning to cut jobs in the next three months. It is widely anticipated that at least as many jobs will be lost in the private sector as in

¹⁵ www.towerswatson.com/united-kingdom/press/3066

¹⁶ www.cipd.co.uk/NR/rdonlyres/DE1D59DA-2424-4ABC-931E-ADD8CC87329/0/5302_LMO_report_Summer10.pdf



the public sector. The Chartered Institute for Personnel and Development have predicted job losses across both public and private sector of 1.6 million jobs by 2016.

Public sector workers who face a pay freeze, have been made redundant or are living in fear of losing their job will have less to spend in their local shops and businesses. As businesses lose profits and people lose jobs, they pay less tax. And cuts will hit the 38p in every £1 of public spending which currently goes to the private sector through buying services and supplies.¹⁷

According to the TUC's analysis, even if the next decade sees private sector jobs grow at a faster rate than they did before the recession, it will take over a decade for the jobs lost during the recession, and the public sector job losses that are to come, to be replaced.

There is a fairer alternative

We have been bombarded with the message that we must accept this bitter medicine because it is for our own good and there is simply no alternative. But there are alternatives.

The TUC believes that a fairer and more economically sound approach to bringing down the deficit would be to focus on taxes rather than cuts. While cuts are likely to impact on those on middle and low incomes, taxes can be raised in a way that does not disadvantage the poorest in society and has a less gendered impact. The TUC estimates that £25bn is lost to tax avoidance by wealthy individuals and companies each year.

It is crucial that we question not just the depth of the cuts but also the timetable for the cuts. There is no clear logic to the government's plan to eliminate the deficit by 2014/15. We need look no further than Ireland to see that such deep and immediate cuts actually risk derailing the recovery altogether and tipping us back into recession. The TUC would like to see decisions on deficit reduction being made on a year-by-year basis.

Trampling on women and low income families is not the way to clamber out of the deficit.

¹⁷ www.touchstoneblog.org.uk/2010/09/private-sector-will-be-hit-by-cuts/



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Summary

We have seen how the government’s attacks on the public sector will hit women harder than men in three main ways:

- More women will lose their jobs simply due to the fact that significantly more women than men are employed in the public sector.
- Women are more reliant on the services that the public sector provides and therefore stand to lose more from cuts to services.
- Women are more likely to depend on the welfare system and will be hit hard by cuts to benefits.

The unfairness of the government’s attacks on the public sector has been widely recognised, not just by the trade union movement, but by much of the national press, the NGO and charity sector, community groups, religious organisations, many academics, and a range of think tanks.

On an almost daily basis, the government announces new policies that will have a negative impact upon women. The abolition of the Women’s National Commission, cut backs and a review of the functions of the Equality and Human Rights Commission, and cuts to legal aid are just a few examples of recent government announcements, before and since the CSR, which will have a direct, negative effect on women.

Further sources of information on women and the cuts

The TUC website has an Altogether for Public Services campaign page with resources and articles to download. Further information can also be found on the gender equality pages of the TUC website. Documents offering more detailed analysis of the gender impact of welfare reforms and links to external articles on this subject will soon be available in the gender equality pages of the TUC website www.tuc.org.uk

Blogs relating to the cuts, welfare reform and equality can be found on the TUC’s Touchstone blog website www.touchstoneblog.org.uk

There is also a new TUC campaign website which helps users to lobby their MPs www.GoingToWork.org.uk

The TUC will also be launching a campaign website where trade unionists and other users can write about their own experience of the cuts and post details of demonstrations, individual union campaigns, and regional campaigns and activities. www.falseeconomy.org.uk



Many unions have produced factsheets, briefings, and resources on the cuts and the impact on vulnerable groups. Please check individual union websites for further information.

Many campaign groups, charities, community groups, and NGOs have also published responses to the budget and CSR. A selection of these can be found at the following websites:

The Fawcett Society

www.fawcettsociety.org.uk

Women's budget group

www.wbg.org.uk/

Working Families

Comprehensive Spending Review: The Impact on Working Families

www.workingfamilies.org.uk/articles/pdf/article/341

Child Poverty Action Group

www.cpag.org.uk/info/briefings_policy/cpag_spending_review_2010_submission.pdf

Oxfam

A Gender Perspective on Welfare Reform

www.oxfam.org.uk/resources/policy/gender/gender-perspective-welfare-reform.html

Gingerbread

Response to CSR

<http://www.gingerbread.org.uk/content.aspx?CategoryID=518>

