

## Appendix 1: Impact of the economic crisis on women's equality (See introduction)

Analysis by the Treasury has shown that those in the poorest households lose the most from the cumulative impact of spending, tax and benefit changes.<sup>1</sup> It was also found that in 2012 alone 30% of households with the lowest income will lose three times as much as the richest 30% and that families with children and families on a low income will experience a larger reduction in their net income than households without children and those with high incomes.<sup>2</sup>

The Home Secretary, Theresa May warned the Chancellor of the Exchequer that if spending decisions included in the June 2010 Emergency Budget were not drawn up with a view to their impact on groups such as women, pensioners, minority ethnic groups and disabled people they could be in breach of the Equality Act 2010.<sup>3</sup>

Research by the House of Commons Library, the Women's Budget Group, the Fawcett Society and others has highlighted that women will face more than 70% of the cuts to public spending made in the 2010 Budget and subsequent economic statements. Women will be more likely to lose their jobs and will also be hit hardest by cuts in services and welfare benefits.<sup>4</sup> Women's and equality NGOs have also highlighted the lack of gender equality analysis undertaken during the creation of many new policies and have predicted the impact of a 'feminised recession'<sup>5</sup> but have largely been ignored.

The Public Sector Equality Duty (PSED), contained in the Equality Act 2010,<sup>6</sup> requires that the Government pays 'due regard' (See Article 2) to the impact of their policies and budgetary decisions on equality between men and women. However, the Fawcett Society's legal challenge of the 2010 Budget demonstrated that this process had not been adequately undertaken for measures in the 2010 Budget. The subsequent Section 31 investigation<sup>7</sup> undertaken by the Equalities

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<sup>1</sup> HM Treasury, Distributional impact of tax and welfare changes on households [http://www.hm-treasury.gov.uk/budget2012\\_distributional\\_analysis.htm](http://www.hm-treasury.gov.uk/budget2012_distributional_analysis.htm) Accessed 24/05/2013

<sup>2</sup> Joyce, R. (2011) 'What does yesterday's news mean for living standards?' Institute of Fiscal Studies [http://www.ifs.org.uk/budgets/as2011/tax\\_benefits\\_as11.pdf](http://www.ifs.org.uk/budgets/as2011/tax_benefits_as11.pdf)

<sup>3</sup> Dodd, V. (2010) 'Budget cuts could break equality laws, Theresa May warned chancellor' *The Guardian*, 3<sup>rd</sup> August 2010 <http://www.guardian.co.uk/politics/2010/aug/03/budget-cuts-equality-theresa-may>

<sup>4</sup> Stephenson, M. and Harrison, J. (2011) *Unravelling Equality: A Human Rights and Equality Impact Assessment of the Spending Cuts on Women in Coventry*. A Joint Report of the Centre for Human Rights in Practice, University of Warwick and Coventry Women's Voices <http://www2.warwick.ac.uk/fac/soc/law/chrp/projectss/humanrightsimpactassessments/cwv/>

<sup>5</sup> Gunnell, B. (2012), 'How women are paying for the recession in the UK', *Open Democracy*, 24<sup>th</sup> August 2012 <http://www.opendemocracy.net/5050/barbara-gunnell/how-women-are-paying-for-recession-in-uk>

<sup>6</sup> Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/contents>

<sup>7</sup> Equality and Human Rights Commission (2012) *Making Fair Financial Decisions Final Report*. EHRC: London <http://www.equalityhumanrights.com/legal-and-policy/inquiries-and-assessments/section-31-assessment-of-hm-treasury/the-assessment-final-report/>

The assessment was conducted under Section 31 of the Equality Act 2006 to assess whether decisions were taken in accordance with the duties, whether improvements in the decision making

and Human Rights Commission's (EHRC) into the Treasury's compliance with the PSED (specifically for the 2010 Spending Review) also found that there was much more that the Treasury could do to advance its compliance with its legal duty. In some cases there already exist some relatively simple quantitative models of assessment that the Treasury could be enacting to better understand the impact of its policies on women and men, some of which have been developed by groups such as the Women's Budget Group<sup>8</sup> and the Institute for Fiscal Studies.<sup>9</sup>

The EHRC's Section 31 assessment<sup>10</sup> also found that there was a lack of transparency in some decision making processes and that no department had responsibility for working out the cumulative impact on women of the measures proposed. Specifically with regard to the introduction of a household benefits cap,<sup>11</sup> there is no evidence of any gender analysis or equality screening of the measure provided to Treasury ministers before it was announced in the 2010 Spending Review. Subsequent analysis in 2012 showed that around 60% of those likely to be affected would be single women, but only around 10% would be single men. Most of the single women affected would be lone parents, because the vast majority of households affected by this policy (around 90%) would have children.<sup>12</sup> Guidance provided by the Treasury to other departments did not address all obligations under the PSED, including the duty to promote equality of opportunity. Therefore, in some cases Ministers may have had inadequate information as to the potential impacts of their decisions when they signed them off.

The public spending cuts have hit people and communities across the country with job losses, cuts to benefits and cuts to public services. The independent Office for Budget Responsibility predicts that unemployment will rise to 2.8 million and living standards will continue to fall during 2013.<sup>13</sup> The cuts are disproportionately hitting the poorest and most vulnerable members of society – children and young people, disabled people, pensioners and lone parents are being particularly badly affected. This also has a particularly strong impact on gender equality as women use public services, more than men for a wide range of reasons - including because they have pregnancy and maternity needs, are more likely to be the primary carers for children, frail older people, sick and disabled

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process were needed, and to propose ways to make future exercises more effective, more transparent, and better value for money by ensuring that spending is better targeted.

<sup>8</sup> Women's Budget Group, Gender budget analysis, <http://www.wbg.org.uk/GBA.htm> Accessed 25/05/2013

<sup>9</sup> Browne, J (2011) 'How could the government perform a gender impact assessment of tax and benefit changes?' Institute for Fiscal Studies, June 2011 <http://www.ifs.org.uk/publications/5611%5D>

<sup>10</sup> Equality and Human Rights Commission (2012) *Making Fair Financial Decisions Final Report*. EHRC: London <http://www.equalityhumanrights.com/legal-and-policy/inquiries-and-assessments/section-31-assessment-of-hm-treasury/the-assessment-final-report/>

<sup>11</sup> Measure as announced in the Spending Review para 161 'Cap household benefit payments from 2013 at around £500 a week for couple and lone parent households and around £350 a week for single adult households, so that no workless family can receive more in welfare than median after tax earnings for working households. All Disability Living Allowance (DLA) claimants, War Widows, and working families claiming the working tax credit will be exempt from the cap.' HM Treasury (2010) *Spending Review October 2010* [http://cdn.hm-treasury.gov.uk/sr2010\\_completereport.pdf](http://cdn.hm-treasury.gov.uk/sr2010_completereport.pdf)

<sup>12</sup> Department for Work and Pensions (2011) *Housing Benefit Cap: Equality Impact Assessment* <http://tinyurl.com/438o5yy>

<sup>13</sup> Women's Budget Group (2012) *The Impact on Women of the Autumn Financial Statement 2011*. WBG: London <http://wbg.org.uk/pdfs/The-Impact-on-Women-of-the-AFS-2011.pdf>

people and are more likely to be the victims of domestic and sexual violence.<sup>14</sup> Cuts include a new public sector pay freeze and the freezing of the lone parent and child elements of the Working Tax Credit, at a time when inflation is more than 5% a year.<sup>15</sup> (See Article 11 and 13)

It is the combination of cuts<sup>16</sup> that will be most damaging. Many women will not just be affected by one cut alone: many women risk losing their jobs, suffering a cut in benefits and seeing several different services that they rely on disappear at the same time. For some groups of women, particularly lone parents, pensioners, women victims and survivors of violence and abuse, many black and minority ethnic women, and poor women, this combination of cuts will be particularly devastating and will damage their human rights.<sup>17</sup>

There is a strong relationship in the UK between poverty and inequality and a combination of economic stagnation, the rising cost of living, benefit cuts, falling incomes, rising unemployment, and public service cuts adds up to a 'perfect storm' for the millions already struggling to make ends meet in the UK. This is doing enormous damage to individuals and to society, compounding existing inequalities.<sup>18</sup> We are in danger of seeing the slow progress toward equality made over the last 40 years unravel as women lose jobs, are pushed into poverty and can no longer access vital services.<sup>19</sup> Women are also already more likely to live in poverty than men.<sup>20</sup> (See Article 13)

Other specific impacts on women include:

- Women are more likely to lose their jobs as the majority (65%) of public sector workers are women.<sup>21</sup> (See Article 11 and Appendix: 13)
- Women will lose more in cuts to benefits. The House of Commons Library has shown that of the £14.9bn worth of cuts per year have been made so

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<sup>14</sup> Women's Budget Group reports and responses to the Budget and other measures 2010-2012, Women's Budget Group, reports and responses [http://www.wbg.org.uk/RRB\\_Reports.htm](http://www.wbg.org.uk/RRB_Reports.htm) Accessed: 21/03/13

<sup>15</sup> Richard Abadie, PriceWaterhouseCooper partner for infrastructure projects, quoted in Milmo, D., Collinson, P. and Brignall, M. (2011) 'Autumn statement: George Osborne pledges £6bn for infrastructure projects'. The Guardian, 29<sup>th</sup> November 2011 <http://www.guardian.co.uk/uk/2011/nov/29/autumn-statement-george-osborne-infrastructure>

<sup>16</sup> See False Economy <http://falseeconomy.org.uk/cuts/sectors/all> Accessed: 16/04/13 for more examples of cuts taking place around the UK

<sup>17</sup> Stephenson, Mary-Ann (2011) *TUC Women and the Cuts Toolkit: How to carry out a human rights and equality impact assessment of the spending cuts on women*. TUC: London <http://www.tuc.org.uk/equality/tuc-20286-f0.cfm>

<sup>18</sup> Oxfam (2012) *The Perfect Storm: Economic stagnation, the rising cost of living, public spending cuts, and the impact on UK poverty*. Oxfam: Oxford <http://policy-practice.oxfam.org.uk/publications/the-perfect-storm-economic-stagnation-the-rising-cost-of-living-public-spending-228591>

<sup>19</sup> Stephenson, M. and Harrison, J. (2011) *Unravelling Equality: A Human Rights and Equality Impact Assessment of the Spending Cuts on Women in Coventry*. A Joint Report of the Centre for Human Rights in Practice, University of Warwick and Coventry Women's Voices <http://www2.warwick.ac.uk/fac/soc/law/chrp/projectss/humanrightsimpactassessments/cwv/>

<sup>20</sup> Oxfam (2012) *The Perfect Storm: Economic stagnation, the rising cost of living, public spending cuts, and the impact on UK poverty*. Oxfam: Oxford <http://policy-practice.oxfam.org.uk/publications/the-perfect-storm-economic-stagnation-the-rising-cost-of-living-public-spending-228591>

<sup>21</sup> Trades Union Congress (2010) *The gender impact of the cuts*. TUC: London <http://tinyurl.com/6j7ry7b>

far to benefits, tax credits, pay and pensions, 74% will be taken from women's incomes. The 2012 Budget also announced that a further £10bn of welfare cuts will be made by 2016/17.<sup>22</sup>

- Disabled women are also disproportionately affected by the cuts to benefits.<sup>23</sup> (See Appendix: 36)
- Women will be hardest hit by cuts to public services. It has been shown that the groups that will suffer the greatest reduction in their standard of living due to cuts in public services are lone parents and single pensioners, the majority of whom are women.<sup>24</sup>
- Cuts to the Sure Start Children's Centres in England and the thinner spreading of cash support for childcare support under the new Universal Credit, will particularly affect women.<sup>25</sup> (See Article 13 and Appendix: 18)
- Women are the majority of those providing unpaid care<sup>26</sup> so are likely to be the ones picking up the pieces as social care services are cut. They can also suffer knock-on financial impacts, as in some cases women will reduce their own employment and incomes to make additional work in the home possible.<sup>27</sup>

Although the decision to make public spending cuts has been made by the Coalition Government at the national level, the implementation of many of the cuts (particularly cuts to jobs and public services) is happening locally. The devolution of power and financial resources to local areas has had a huge impact on service provision and accountability. The amount paid from national to local government has been cut, while at the same time the ring-fencing of many budgets, such as for children's centres and violence against women and girls services, has been lifted. This means that councils are free to choose for themselves how to spend the money. This has led to dramatic differences in the pattern of cuts in different parts of the country, with some services almost disappearing in some areas while continuing in others.<sup>28</sup> (See Article 3 and Appendix: 5)

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<sup>22</sup> The Fawcett Society, Benefits <http://www.fawcettsociety.org.uk/benefits/> Accessed 24/05/2013 ; Labour (2011) 'Autumn Statement is the biggest attack on women for a generation – Ed Miliband and Yvette Cooper', Labour website, 1<sup>st</sup> December 2011 <http://www.labour.org.uk/autumn-statement-attack-on-women,2011-12-01>

<sup>23</sup> Willitts, P. (2010) 'Budget Impact on Disabled Women', *The F Word*, 8<sup>th</sup> July 2010 [http://www.thefword.org.uk/blog/2010/07/budget\\_impact\\_o](http://www.thefword.org.uk/blog/2010/07/budget_impact_o)

<sup>24</sup> Women's Budget Group (2010) *The Impact on Women of the Coalition Spending Review 2010*. WBG: London [www.wbg.org.uk/RRB\\_Reports\\_4\\_1653541019.pdf](http://www.wbg.org.uk/RRB_Reports_4_1653541019.pdf)

<sup>25</sup> Oxfam (2012) *The Perfect Storm: Economic stagnation, the rising cost of living, public spending cuts, and the impact on UK poverty*. Oxfam: Oxford <http://policy-practice.oxfam.org.uk/publications/the-perfect-storm-economic-stagnation-the-rising-cost-of-living-public-spending-228591>

<sup>26</sup> The NHS Information Centre (2010) *Survey of Carers in Households 2009/10*. NHS: London [http://www.esds.ac.uk/doc/6768/mrdoc/pdf/6768\\_survey\\_of\\_carers\\_in\\_households\\_2009\\_10\\_england.pdf](http://www.esds.ac.uk/doc/6768/mrdoc/pdf/6768_survey_of_carers_in_households_2009_10_england.pdf)

<sup>27</sup> Oxfam (2012) *The Perfect Storm: Economic stagnation, the rising cost of living, public spending cuts, and the impact on UK poverty*. Oxfam: Oxford <http://policy-practice.oxfam.org.uk/publications/the-perfect-storm-economic-stagnation-the-rising-cost-of-living-public-spending-228591>

<sup>28</sup> Stephenson, Mary-Ann (2011) *TUC Women and the Cuts Toolkit: How to carry out a human rights and equality impact assessment of the spending cuts on women*. TUC: London <http://www.tuc.org.uk/equality/tuc-20286-f0.cfm>

There is a pressing need to rethink the Government's overall economic strategy. Austerity policies that focus primarily on expenditure cuts rather than, for example, raising only a minority contribution from tax increases, are undermining gender equality and making the lives of low and middle income women harder. In the Autumn Financial Statement at the end of 2011 Chancellor George Osborne said that the economic policies will require six more years of austerity, lasting beyond the end of this parliament and well into the next one and the UK economy remains stagnant: the Office for National Statistics reported overall growth levels in 2012 of just 0.3%.<sup>29</sup>

Greater equality is good for society, but it is also good for the economy as a whole.<sup>30</sup> The World Bank<sup>31</sup> and IMF<sup>32</sup> have both produced evidence showing that reducing income inequality is likely to be important in reducing the likelihood of future economic crises. The focus on cutting public spending rather than, for example, raising taxes or investing in growth is deeply regressive.<sup>33</sup> By improving women's economic equality, the economic recovery can be faster, deeper, more sustainable and fairer. Women, particularly those on low incomes, tend to spend their incomes back in their communities thus increasing economic growth. The World Economic Forum also reports that greater gender equality correlates positively with per capita gross national product.<sup>34</sup>

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<sup>29</sup> Women's Budget Group (2012) *The Impact on Women of the Autumn Financial Statement 2011*. WBG: London <http://wbg.org.uk/pdfs/The-Impact-on-Women-of-the-AFS-2011.pdf>

<sup>30</sup> Oxfam (2012) *The Perfect Storm: Economic stagnation, the rising cost of living, public spending cuts, and the impact on UK poverty*. Oxfam: Oxford <http://policy-practice.oxfam.org.uk/publications/the-perfect-storm-economic-stagnation-the-rising-cost-of-living-public-spending-228591>

<sup>31</sup> Milanovic, B. (2010) *The Haves and the Have Nots: A Brief and Idiosyncratic History of Global Inequality*. Basic Books: USA

<sup>32</sup> Kumhof, M. and Rancière, R. 'Inequality, Leverage and Crises', op. cit. International Monetary Fund: <http://www.imf.org/external/pubs/ft/wp/2010/wp10268.pdf>

<sup>33</sup> Oxfam (2012) *The Perfect Storm: Economic stagnation, the rising cost of living, public spending cuts, and the impact on UK poverty*. Oxfam: Oxford <http://policy-practice.oxfam.org.uk/publications/the-perfect-storm-economic-stagnation-the-rising-cost-of-living-public-spending-228591>

<sup>34</sup> Bachelet, M. (2012) *The Time is Now: A letter to UN partners from UN Women Executive Director Michelle Bachelet*. March 2012 [http://www.unwomen.org/wp-content/uploads/2012/03/EN-UNW-LetterToPartners\\_2012-REV\\_3-9-12.pdf](http://www.unwomen.org/wp-content/uploads/2012/03/EN-UNW-LetterToPartners_2012-REV_3-9-12.pdf)