

Written evidence submitted by the UK Women's Budget Group and by Just Fair

Introduction

The [UK Women's Budget Group \(WBG\)](#) welcomes the opportunity to contribute to this inquiry. We are an independent network of leading academic researchers, policy experts and campaigners that analyses the gendered impact of economic policy on different groups of women and men and promotes alternative policies for a gender equal economy. We are grateful to [Just Fair](#) who contributed to this submission.

Just Fair is a UK charity that is working to realise a fairer and more just society by monitoring and advocating for economic and social rights in the UK. They work to ensure that law, policy, and practice comply with the international and domestic human rights obligations pertaining to economic, social, and cultural rights. Just Fair is committed to increasing public awareness of human rights law and the capability to use it. We have only answered the questions within the scope of our work.

Summary:

- The economic impact of the crisis is most affecting people already on low incomes or with less accumulated wealth¹. This has a profound impact on inequality experienced by Black, Asian and minority ethnic (BAME) people, disabled people, and women.
- The pandemic exacerbated existing inequalities that should have been anticipated by the Government, which failed to adequately influence the policy response on employment, welfare, childcare, pregnancy, and maternity. An acknowledgement of this offers the Government an opportunity to learn from mistakes and ensure that equality is mainstreamed in policy development across all Government departments.
- When carried out correctly, Equality Impact Assessments (EIAs) are an important tool for understanding how policy impacts different groups. The Treasury should carry out and publish a cumulative impact assessment of financial statements, the Budget every year and of periodic spending reviews. Staff responsible for these impact assessments should be trained in equality impact to ensure that assessments are meaningful.
- Plans to build back better must seek to address the structural inequalities that are baked into our economy. Investing in the care sector does not only create low-carbon jobs and better distribute investment around England, but it also means that individual needs are met, that well-being is put at the heart of Government policy and that gender inequality is addressed.

Disability, gender, and race

¹ Just Fair, 2020, Written submission to the Treasury Committee's inquiry into tax after coronavirus : <https://justfair.org.uk/wp-content/uploads/2020/09/Tax-after-Coronavirus-Written-Evidence-Submitted-by-Just-Fair-to-the-Treasury-Committee.pdf>

1. How has the economic impact of the crisis affected disability, gender, and race inequality?

Economic impact of the crisis on inequality experienced by disabled people.

Disabled people make up nearly half of those living in poverty. Around 4.4 million disabled people lived in families receiving income-related benefits in 2017/18.² Such high levels of disabled people living in poverty are due to a combination of factors, including inadequate welfare support. As households including disabled people were more likely to be in poverty before the crisis, any economic shocks are likely to be disproportionately felt by disabled people. This could lead some into debt and rent arrears precipitating eviction and homelessness.

Prior to the pandemic, disabled people experienced economic disadvantage compared to non-disabled people.

- They were more likely to be underemployed and to be in low-paid jobs.
- Overall, disabled people earned 19.6% less than non-disabled people, equivalent to £3,822 per year³.
- The gap for disabled women was significantly higher at 36% (average median gross earnings compared to a non-disabled man)⁴. This totals an equivalent difference in earnings of £7,020 per year⁵.

The Covid-19 pandemic significantly changed the employment landscape for disabled people.

- From October-December 2020, 53.4% of disabled women were in employment⁶. This figure was 71.8% for non-disabled women⁷.
- In the summer of 2020, 1 in 6 (17%) of the working population were facing redundancy. This rose to 1 in 4 (27%) for disabled people, to 37% for those whose disability substantially impacted their activities, and to 1 in 2 (48%) for those who were extremely clinically vulnerable⁸.
- 42% of employers have claimed to be discouraged from hiring disabled vacancy applicants due to concerns about providing adequate support during the Covid-19 pandemic⁹.

The announcement of 'Freedom Day' by the Government, on 19 July, will bring further challenges for disabled people. Despite the roll out of the Covid-19 vaccine which has seen this group prioritised for

² Joseph Rowntree Foundation, 'UK Poverty 2019/20' (2020) <https://www.jrf.org.uk/report/ukpoverty-2019-20>

³ TUC (November 2020) Disability pay and employment gaps (<https://bit.ly/3IQp3UV>)

⁴ Ibid

⁵ Original calculation with data from TUC (November 2020) Disability pay and employment gaps (<https://bit.ly/3IQp3UV>)

⁶ ONS (February 2021) Dataset A08: Labour market status of disabled people (<https://bit.ly/37Hm2kj>)

⁷ ONS (February 2021) Labour market overview, UK: February 2021 (<https://bit.ly/3bA134n>)

⁸ Citizens Advice Bureau (August 2020) An Unequal Crisis (<https://bit.ly/38PoyH7>)

⁹ Leonard Cheshire (October 2020) Locked out of the labour market (<https://bit.ly/36KUPfQ>)

immunisation, many will now be forced to shield to protect themselves from infection. For those who are unable to transfer to home working, shielding may mean having to claim Statutory Sick Pay (SSP). However, the SSP earnings threshold (£120 per week) mean that many disabled women, who are more likely to be in low-paid work, will not qualify.

The increasing digitalisation of daily life, including access to welfare support, during the pandemic will have impacted more severely on disabled people as a group as disabled people make up a large proportion of adult non-internet users.¹⁰

However, for some disabled people the increased homeworking and flexible working arrangements introduced by the crisis have been a benefit. These ways of working help some disabled people to balance work, health, and caring needs. Disabled people often live with conditions which cause fatigue, pain, and discomfort. Being able to work flexibly at times when the individual feels more able to work, is of great benefit to some disabled workers. Working from home has allowed some disabled workers to manage self-care more easily, in the privacy of their own homes.¹¹ The end of the recommendation to allow home working for those who are able to do so, may make it harder for these disabled people to stay in the Labour market.

Economic impact of the crisis on gender inequality

Employment

Women make up both the majority of key workers, and the majority of those furloughed. The furlough scheme has protected against the widespread job losses among women seen in other countries, but as the furlough scheme ends there is a risk that unemployment rates among women will rise significantly.

- More women than men are key workers at 54% (compared with 42% of men). Key-working roles are also highest among working-class women with 60% of women in ‘Semi-routine’ and ‘Routine’ jobs classed as key workers.¹² An estimated 750,000 young women have had to go to work during the pandemic despite safety fears.¹³
- Across the UK, women make up 52.1% of those on furlough, despite being only 47.3% of the overall UK workforce. Data from HMRC show that 2,337,900 women were furloughed at the end of February 2021, compared to 2,144,700 men.¹⁴ This is explained by the type of sectors that women and men tend to work in. More women than men work in sectors that were shut-down like retail and hospitality or accommodation and food services.

¹⁰ Just Fair, ‘Evidence to the House of Lords COVID-19 Committee inquiry ‘Living online: the long-term impact on wellbeing’ (July 2020) <https://justfair.org.uk/wp-content/uploads/2021/01/House-of-Lords-COVID-19-Committee-Submission-on-Digital-Technology-and-Wellbeing-Submitted-by-Just-Fair-091220.pdf>

¹¹ Just Fair, ‘Written Submission to the inquiry into the unequal impact: Coronavirus and the impact on people with protected characteristics by the Women and Equalities Select Committee’ (January 2021) <https://committees.parliament.uk/writtenevidence/3531/pdf/>

¹² Warren, T. and Lyonette, C. (2020) ‘Carrying the work burden of the Covid-19 pandemic: working class women in the UK, Briefing Note 1: Employment and mental health’ (October). Working Paper No 2020/1, Nottingham University Business School.

¹³ Young Women’s Trust (Nov 2020) Picking up the Pieces: Young Women’s Experiences of 2020 (<https://bit.ly/35Msmqs>)

¹⁴ WBG (March 2021) Gender Differences in Access to Coronavirus Government Support (<https://bit.ly/3sRGoje>)

- Young women aged 18-25 are the largest group furloughed by age and gender. 425,300 of young women workers who are eligible have been furloughed (24%). This compares to 345,100 young men or 20% of those eligible. 40% of eligible female workers under the age of 18 had been furloughed (30% of young men).
- During the Covid-19 pandemic, mothers have been more likely to be furloughed than fathers (35% compared to 30% for fathers),¹⁵ with their overall employment dropping from 80% to 70%.¹⁶
- There are significant class differences in furlough rates. Over half (54%) of working-class women in 'Semi-Routine' (including care workers, retail assistants, hospital porters) and 'Routine'(including cleaners, waiting/bar staff, bus drivers, sewing machinists) jobs had been furloughed by June (compared with 41% of men).¹⁷
- By the end of January 2021 only 28.8% of all Self Employed Income Support Scheme (SEISS) claims had been made by women despite women making up 34.8% of self-employed workers. 632,000 self-employed women (28.8%) made SEISS claims totalling just over £1.4 billion by January 2021. This compares with 1,557,000 claims made by men, totalling nearly £4.8 billion. Only 60% of eligible women claimed SEISS, compared to 68% of eligible men.¹⁸
- For parents who were working prior to the pandemic, 17% of mothers are no longer doing paid work, having lost their work permanently (whether they were laid off, were fired, or quit), compared with 11% of fathers.¹⁹ 72% of mothers have worked fewer hours and cut their earnings due to lack of childcare²⁰

When we look at ONS labour market data in the three months up to April 2021, we see that:

- women's employment rate has held steadier than men's, reducing just 0.6 ppts compared to men's rate reducing 2.3 ppts in the past year. This can be explained by the surge of employment in industries such as healthcare and public administration, where women make up the majority of the workforce.
- Health and social care saw an increase of 110,000 employees.
- Women's part-time employment is falling, whilst full-time employment is rising.

Whilst tracking changes in the employment data is important, it is also crucial to remember that it does not give the full picture as workers on furlough still count as employed:

¹⁵ IFS (May 2020) How are mothers and fathers balancing work and family under lockdown (<https://bit.ly/3nJoKLU>)

¹⁶ Ibid.

¹⁷ Warren, T. and Lyonette, C. (2020) 'Carrying the work burden of the Covid-19 pandemic: working class women in the UK, Briefing Note 1: Employment and mental health' (October). Working Paper No 2020/1, Nottingham University Business School.

¹⁸ WBG (March 2021) Gender Differences in Access to Coronavirus Government Support (<https://bit.ly/3sRGoje>)

¹⁹ IFS (September 2020) Family time use and home learning during the Covid-19 lockdown (<https://bit.ly/381Yj4J0>)

²⁰ Pregnant Then Screwed (2020) The true scale of the crisis facing working mums (<https://bit.ly/2XLPa4R>)

- The Resolution Foundation have calculated that there is an estimated employment gap of 6.2m workers who are on furlough.
- We know that the number of women on furlough is slightly higher than the number of men on furlough.

The hardest impact on employment might come once the government's support measures are lifted in the autumn.

The rate of economic inactivity is also showing interesting differences for women and men:

- economic inactivity for men is up at a record high of 1.6 ppts on the year at 17.5% which is the highest it has been since May-July 2011
- for women, the rate is at a record low of 24.3%, down by 0.2 ppts on the year.

Again, this contrast might be explained by a larger number of women entering the workforce through the health and social care industries during the pandemic.

When it comes to pay growth, the Chartered Institute of Personnel and Development's (CIPD's) winter 2020 to 2021 Labour Market Outlook showed pay expectations improved in the private sector. In contrast, they deteriorated in the public sector, a female-dominated sector.

Childcare

Childcare is an issue for both parents and yet in practice, because of its affordability and accessibility, it has a far greater impact on women's employment. It is the single most important driver of the gender pay and labour market participation gap. The current childcare system in the UK is expensive and formal provision is patchy. Prior to the pandemic, in the early years sector :

- A nursery place for children under two costs between 45% and 60% of women's average salaries in England²¹.
- Supply was not keeping pace with demand. Just over half (57%) of local authorities in England had enough childcare for the children whose parents work full-time and just a fifth (22%) had enough for the children of parents working atypical hours²²

The Covid pandemic, and the government's response to it, has exacerbated the crisis in early childcare with implications for children, parents, providers, and wider society:

- The lack of formal childcare provision during Covid has had 'the biggest impact on the poorest in childcare' with lasting impacts on the attainment gap²³. One in three nursery closures will be in poorer areas²⁴.

²¹ UK WBG (Jul 2020) Crisis of care for women in England as lock down lifts (<https://bit.ly/3iDWJ7p>)

²² Ibid

- 46% of mothers being made redundant said that lack of childcare was a factor in their selection for redundancy and 72% have worked fewer hours and cut their earnings due to lack of childcare²⁵

The childcare closures many feared at the start of the pandemic are materialising. During the Autumn and Winter lockdowns of 2020/21, over 7,500 providers left the sector and in March 2021 there were 64,000 fewer places than in August 2020. Demand is expected to go up after 'Freedom Day' and once people return to the office many parents might struggle to find childcare available for their children. The closures, combined with the ongoing affordability crisis, are likely to have an impact on parents' – especially mothers' – ability to remain in their jobs.

Investment in high-quality affordable childcare is crucial for increasing families' spending power, easing the burden on families living in poverty and improving children's life chances, as well as removing significant barriers to women's equal participation in the labour market.

Unpaid Work in the Home

Women have carried out the bulk of unpaid work, particularly care work as a result of school and nursery closures, and the crisis in social care.

Childcare

- Twice as many mothers report they would have to take time off with no pay due to school closures or a sick child than fathers (15% of mothers compared with 8% of fathers).²⁶
- 57% of fathers compared to 49% of mothers report they would be able to work from home during school closures.²⁷
- 70% of furlough requests from working mothers were tuned down by their employers.²⁸

Care for the elderly or disabled.

- Since March 2020, the number of unpaid carers has increased by an estimated 4.5 million - 58% of them women²⁹. Overall, nearly 3 million unpaid carers are also juggling paid work with care³⁰.

²³ The Sutton Trust (Apr 2020) Social mobility and Covid-19 (<https://bit.ly/3jYmAGe>)

²⁴ The Sutton Trust (Jul 2020) Covid-19 impacts: Early Years (<https://bit.ly/385hm9q>)

²⁵ Pregnant Then Screwed (2020) Covid, Childcare and Career (<https://bit.ly/3jUKu5p>)

²⁶ Ibid.

²⁷ Ibid.

²⁸ TUC (January 2021) Working mums: paying the price (<https://bit.ly/38Hv6He>)

²⁹ UK WBG (2021) Lessons Learned: Where Women Stand At The Start Of 2021
[Where-Women-Stand-Ex-sum-V4.pdf](https://www.wbg.org.uk/Where-Women-Stand-Ex-sum-V4.pdf) ([wbg.org.uk](https://www.wbg.org.uk))

³⁰ Carers UK (2020) Caring behind closed doors: six months on
<https://bit.ly/39vTRW5>

- During the pandemic, almost two thirds (64%) of unpaid carers have not been able to take breaks from their caring role³¹.
- 81% of unpaid carers are providing more care, and 8 in 10 carers have seen the needs of the person they care for increase since the start of the pandemic³².

Social Security

Women are more likely than men to rely on social security for a larger part of their income because of their generally lower earnings, longer lives and greater caring responsibilities. The number of individuals on Universal Credit doubled to 6 million in January 2021 compared to March 2020. Food bank use and lone-parent poverty are also increasing³³.

The Government has acted quickly to protect jobs but not enough has been done to reform the social security system to protect those out of work and/or on legacy benefits, with only a temporary reprieve to sanctioning (to July 2020), uplift for those on UC/WTC (£20 per week to April 2021) and pegging of LHA to 30th percentile of rents (to April 2021)³⁴.

Statutory Sick Pay

The UK's weekly rate for statutory sick pay (SSP) is £94.25 for up to 28 weeks. On average, that is just 20 per cent of a worker's income. Many are still do not earn enough to qualify, putting too much of a financial imperative to carry on working. The UK is also one of only four countries where self-employed people are not eligible for any sick pay³⁵. The low rate of SSP means that people are less likely to test and isolate because they cannot afford to take time off work and live on £94.25 a week.

- WBG calculations find that 15.5% of women and 10.6% of men do not earn enough to qualify for SSP.
- For those who do qualify, over 4 in 10 workers told the TUC that they would be pushed into debt or not be able to pay bills if their income dropped down to £96 per week for just two weeks³⁶.
- Adult social care workers only entitled to SSP could see their weekly income reduced by two-thirds if they have to self-isolate³⁷.

Debt

³¹ Ibid

³² Ibid

³³ UK WBG (2021) Social security, gender and Covid-19 [Social-security-gender-and-Covid-19.pdf \(wbg.org.uk\)](#)

³⁴ Ibid

³⁵ Publications Office of the EU ([Sick pay and sickness benefit schemes in the European Union - Publications Office of the EU \(europa.eu\)](#))

³⁶ TUC (2021) ([Covid-19 and Insecure Work | TUC](#))

³⁷ Institute for Employment Studies (September 2020) Potential impact of Covid-19 government policy on the adult social care workforce (<https://bit.ly/2XER7QK>)

By the end of 2020, a third of households had reported a fall in income, 6 million people had fallen behind on at least one household bill, and 17% of the population had borrowed more or used credit as a result of the coronavirus outbreak³⁸. Covid-debt is gendered:

- 30% of women report being negatively affected financially by the pandemic compared with 26% of men, with mothers, lone parents, BAME women, young and disabled women are most at risk³⁹
- In April 2020, a quarter of BAME mothers reported that they were struggling to feed their children and 32% of young women reported finding it hard to pay for essentials⁴⁰.

Economic impact of the crisis on race inequality

The economic impact of the COVID-19 crisis has fallen disproportionately on the BAME community. Prior to the crisis poverty levels among households in BAME groups were twice as high as white households⁴¹. Therefore, any economic shocks are likely to be disproportionately felt by these communities and could lead some into debt and rent arrears precipitating eviction and homelessness.

According to research by the Trade Union Congress (TUC), BAME workers have experienced much higher rate of job losses than white workers over the course of the pandemic. The proportion of BAME people out of work in January 2021 was 8.5% compared to 4.5% of white people. This inequality intersects with gender with BAME women experiencing the highest rates of unemployment.⁴²

- Migrants, who are more likely to be from BAME communities, are more likely to hold jobs in the gig economy and other sectors more severely impacted the pandemic.
- They are also more likely to not have access to government financial support (no recourse) and are therefore without a safety net.⁴³

Research by Runnymede Trust and ICM Unlimited demonstrated that BAME people were more severely impacted in their household budget by the economic impact of the crisis. Their survey showed that BAME people are:

- more likely than white people to have had to start using savings for day-to-day spending (14% BME vs 8% white British)
- to have found it harder than usual to pay for essentials and meet basic needs (12% BME vs 8% white groups)

³⁸ UK WBG (2021) Household Debt, Gender and Covid-19 [Household-debt-gender-and-Covid-19.pdf \(wbg.org.uk\)](https://www.wbg.org.uk/wp-content/uploads/2021/04/Household-debt-gender-and-Covid-19.pdf)

³⁹ Ibid

⁴⁰ Ibid

⁴¹ JRF (2017) Poverty and Ethnicity in the Labour Market <https://www.jrf.org.uk/report/poverty-ethnicity-labour-market>

⁴² TUC, 2021, Jobs and Recovery Monitor - BME workers : <https://www.tuc.org.uk/research-analysis/reports/jobs-and-recovery-monitor-bme-workers>

⁴³ IPPR (2020) Migrant workers and coronavirus: risks and responses <https://www.ippr.org/blog/migrant-workers-and-coronavirus>

- to have found it harder than usual to pay bills or rent (15% BME vs 8% white groups)
- to have had to start borrowing money from friends and family (6% BME vs 3% white)
- to have had to start skipping meals, or doing so more often than usual, due to financial difficulties (7% BME groups vs 2% white British group).⁴⁴

The research also showed that the people from BAME communities tended to have less knowledge about available financial support from the state.

- “Fewer than half of BME people were aware of the measure to allow those out of work due to the crisis to claim Universal Credit (44%, vs 62% of white people).
- Only around a third of BME people had heard of the measure making Statutory Sick Pay (SSP) available from the first day of self-isolating (34%, vs 52% of white people).”

2. How effectively is the Treasury taking disability, gender and race into account when formulating policies and making decisions on departmental spending allocations?

“Putting equalities at the heart of Government” is one of the main strategic aims of the Government Equalities Office (GEO). However, the UK WBG, as well as the cross-party Women and Equalities Select Committee (WESC), are concerned that the GEO did not anticipate how inequalities were likely to be exacerbated by the pandemic. The UK WBG, like WESC also had concerns that the GEO did not ensure that it influenced the policy response, including in relation to employment, welfare, childcare, pregnancy, and maternity. There is little evidence to suggest that the Government has undertaken any robust or meaningful analysis of the gendered impact of its economic policies during the Coronavirus crisis. This was a devastating missed opportunity to “put equalities at the heart of Government”, by working with Departments to embed gender-sensitive measures in the policy responses to the pandemic. It does not seem that the GEO has either understood this to be their role or attempted to fulfil it. The Government has failed to deliver on:

Disaggregated data from Government

Robust equalities data is essential for effective policy responses. We have been frustrated by the lack of data disaggregated by sex and other protected characteristics which means that meaningful analysis of intersectional government data cannot be done.

Gender, Ethnicity and Disability Pay Gap reporting

It was disappointing that the Government chose to suspend, rather than delay, gender pay gap reporting and enforcement for 2021. Given the high number of women who have been furloughed

⁴⁴ Runnymede Trust and ICM, ‘Under-Protected The Devastating Impact of COVID-19 on Black and Minority Ethnic Communities in Great Britain’ (2020)

or worked reduced hours due to caring responsibilities, and the evidence of continuing gender inequality in other areas, this transparency was needed more than ever.

There have been growing calls for ethnicity and disability pay gap reporting. The unequal economic effects of the pandemic have demonstrated the imperative to introduce these measures.

Disaggregated redundancy data

Research and evidence suggest that women have been, and will be, particularly vulnerable to redundancy. While employers are required to give advance notice to the Government through the HR1 form, the only data the HR1 captures about the employees is their “occupational group”. As such, it is difficult to accurately calculate how women and those with protected characteristics have been (or will be) impacted by job loss, or to conduct any intersectional analysis.

Recommendations:

- The GEO must take a more proactive role in mainstreaming gender equality in policy development across all Government departments. The GEO and the Minister for Women and Equalities must be much more ambitious in co-ordinating equalities strategies and holding departments to account on equalities. The GEO’s strategy plan for 2020–2021 must reflect these proactive policy development priorities and demonstrate clear key performance indicators for achieving them.
 - The Government must require all departments to collect and publish data disaggregated by sex and protected characteristics in a way that facilitates reporting and analysis on how gender, ethnicity, disability, age, and socio-economic status intersect, and can compound disadvantage.
 - We recommend that gender pay gap reporting be urgently reinstated, with reporting for the financial years 2019/20 and 2020/21 required in April 2021.
 - The Government should publish proposals for introducing ethnicity and disability pay gap reporting as a matter of urgency.
3. How can the Treasury better reflect the impact of its policies by disability, gender, and race in its impact assessments?

Under the Public Sector Equality Duty, contained in the 2010 Equality Act, all public bodies in England, Scotland and Wales have to have ‘due regard’ to the impact of their policies on eliminating discrimination and harassment, promoting equality, and fostering good relations through the lens of the nine protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation⁴⁵. Equality Impact Assessments (EIAs) are a tool by which public bodies can do this by providing a means of systematically gathering and analysing evidence on the equalities impact of a decision⁴⁶.

⁴⁵ Government Equalities Office (2013) Equality Act 2010: Guidance <https://bit.ly/3IL22DR>

⁴⁶ UK WBG (October 2019) Equality Impact Assessments: Briefing from the UK Women’s Budget Group on equality impact assessments and the Public Sector Equality Duty <https://bit.ly/3f8sAO3>

The Women's Budget Group recommends that all public bodies, including government departments should carry out and publish equality impact assessments based on the principles set out below. The Treasury should carry out and publish a cumulative impact assessment of the Budget every year and of periodic spending reviews. Staff responsible for these impact assessments should be trained in equality impact to ensure that assessments are meaningful.

Principles of equality impact assessment

Consider cumulative impact.

A cumulative analysis means looking at the combined impact of a number of measures. The effect of some individual measures may be small but taken together the cumulative impact may be substantial.

Look at impacts on individuals as well as households.

Interests within households may differ, so policies that benefit a household's decision-maker may not benefit all household members. It is important to recognise that policy may affect decision-making power within households.

Take a life-time perspective wherever possible.

Policies' long-term effects may outweigh current impacts – for example policies that make it easier for women to stay doing unpaid care may have negative impacts on women's lifetime earnings and pensions in old age.

Take account of effects on unpaid care economy.

It is important to recognise that the fiscal benefits of encouraging women into employment are not 'free' but may have an impact on unpaid care.

Take an intersectional approach.

Different structures of inequality intersect so that it is important to look at differences within particular groups of women and men, for example differences by race, income, and disability. Impact assessments that consider each 'protected characteristic' in isolation (looking at race, gender, disability and so on separately) can ignore these intersectional impacts.

Quantify gender differences in effects where possible.

This means drawing on statistical data to show how policy would impact women and men differently. Where no data is available it is important not to assume that this means that there is no impact.

Please see our briefing on [Equality Impact Assessments](#) for more information.

Regional imbalances

4. Is the UK Infrastructure Bank designed and purposed in a way which will enable it to play an effective role in reducing regional balances?

The announcement of a Leeds-based UK Infrastructure Bank (UKIB) to invest in green infrastructure and levelling up made in the Spring Budget this year, was welcome news. Rishi Sunak announced that the UKIB would have £12bn to accelerate investment in infrastructure that can be deployed “across different sectors”. The Treasury said the UKIB has a mandate to make case-by-case assessments for investments in clean energy, transport, digital, water and waste, in line with the UK’s National Infrastructure Strategy, which was published last autumn.

It already seems that the focus of the UKIB will be to invest in physical infrastructure. However, investment in social infrastructure is just as important. In the US, Biden’s \$2tn Infrastructure Renewal Plan has recognised social care as an essential part of infrastructure as transport and housing. Such investment would not only address the crisis in social care, but it would also create jobs. Work by WBG has shown that investment in the care sector could create 2.7 times as many jobs as the same money invested in construction⁴⁷.

Investing in care as infrastructure does not just create jobs, it also addresses gender inequality, wellbeing, and the climate crisis. Investment in paid care services improves wellbeing through ensuring that people’s care needs are met; it improves gender equality because it raises the overall employment rate and reduces the gender employment gap (which are particularly crucial as we seek to counter the looming jobs crisis), and it is sustainable because care jobs are low-carbon jobs.

Investing in social infrastructure is also an excellent way to ‘level up’. Schools, nurseries, and nursing homes stay fixed in their communities and the workers they employ usually live locally. This means that investment made at a regional level remains, and is redistributed, in the local area. In contrast, physical infrastructure projects, like road building for example, can employ contractors from any part of the country to undertake work. As a result, a significant proportion of the investment in the local area is then shifted out of the region to wherever the contracting firm and its workers are based.

For more information about investing in social infrastructure, see our [Commission on a Gender-Equal Economy](#).

Intergenerational inequality and housing

5. How does housing, and housing finance, impact on intergenerational inequality and regional imbalances?

⁴⁷ UK WBG (2020) A Care-Led Recovery from Coronavirus
[Care-led-recovery-final.pdf \(wbg.org.uk\)](#)

There is a clear divide between asset-owning homeowners and the renting class which drives intergenerational inequality and regional imbalances in this country. In the last few decades, house prices have increased significantly whilst wages have not kept up.

- In 1980, for example, the average working-age family spent one-tenth of its income on housing; today it spends one-fifth⁴⁸.
- This change is larger still for those in the private rented sector. In 1980, the average working-age family renting privately spent 12 per cent of its income on housing; today it spends almost three times this amount at 35 per cent⁴⁹.

The growing gap between wages and house prices has meant that housing affordability has severely decreased in the last two decades, with fewer families now able to own their own home. At the same time, the housing safety net has been eroded by successive governments through policies that have led to fewer social housing units, insecure conditions for people renting privately and social security cuts.

However, not everyone experienced the growing gap between their wages and house prices.

- Housing cost to income ratios (HCIRs) have increased fastest among those working-age families on the lowest incomes (in the bottom quintile), from 15 to 39 per cent between 1980 and 2017⁵⁰.
- This compares to just a 2-percentage point increase (from 7 to 9 per cent) for those on the highest incomes (in the top quintile)⁵¹.

It has always been the case that HCIRs are higher for those on low incomes: in 1980, for example, working-age families in the bottom fifth of the income distribution spent an average of 15 per cent of their income on housing compared to seven per cent for those in the top fifth⁵². Over the past four decades, however, the difference between the top and the bottom has grown even further as housing costs have taken up a disproportionately larger share of income for those on lower incomes.

For those high-income households for whom housing is still affordable, the expectation of future price rises means many people now see property as an investment offering long-term financial security. So would-be home buyers are increasingly competing with speculative buyers, both wealthy overseas investors and asset-rich baby boomers⁵³. The latter group are often buy-to-let landlords who use renting out property as a form of private pension. This scheme has been incentivised by low interest rates, cheaper mortgages and generous tax allowances but has done very little to incentive improving the housing situation. In June 2019, estimates suggest that up to

⁴⁸ Tomlinson D (2019) Inequality Street ([inequality-street.pdf \(resolutionfoundation.org\)](https://inequality-street.pdf/resolutionfoundation.org))

⁴⁹ Ibid

⁵⁰ Ibid

⁵¹ Ibid

⁵² Ibid

⁵³ New Economics Foundation (21 Apr 2016) 'The financialisation of UK homes' (<http://bit.ly/31eKmpm>)

4.5 million Brits were living in buy-to-let properties in the UK⁵⁴. Buy-to let landlords, who already own a profitable asset to use as collateral on the next deal, are well placed to outbid rivals in the pursuit of homes. This was, in part, why the Help to Buy scheme was introduced. However, it diverts focus onto the wrong area – people would not need Help to Buy if it were not so easy to buy-to-let.

In order to mitigate against small tremors in the housing market that can upset their finances, lenders often demand landlords offer tenants only six-month contracts. This is so that landlords can liquidate their assets at the earliest opportunity and pay back the bank. These short-term contracts cause big problems for tenants who are unable to plan for the future when they know they may have to move again after 6 months. As such, buy-to-let landlords serve to undermine the private rental sector as a place for families to bring up children.

The market has failed to deliver on a basic human right – to provide people with a place to live. Our housing system relies on different types of homes to buy and rent, of which social housing is a key part.

- There are about 1.5 million fewer social homes today than there were in 1980⁵⁵
- Annual spending on housing benefit has more than doubled from £9 billion in 1991-92 to £21 billion now⁵⁶

Not enough housing has been built to meet the country's needs and the failure to build social housing has caused issues throughout the system. These include:

- declining rates of home ownership
- a reliance on private housebuilding
- a negative impact on remaining social housing stock
- and strained communities and labour markets⁵⁷

The housing crisis in this country will continue until more social homes are built. This will mean more people will become stuck in unaffordable, overcrowded, insecure housing – especially women, families, and older people⁵⁸.

The Government needs to commit to investing in new homes with guaranteed low rents, rather than continue to support the growing number of families cover the cost of unaffordable private rents through housing benefit.

Please see Q.6 for our recommendations on housing.

6. How successful have Treasury interventions in housing been? Have they led to any market distortions?

⁵⁴ Finder (February 2021) [Buy-to-let statistics - Finder UK](#)

⁵⁵ Ibid

⁵⁶ Ibid

⁵⁷ Shelter ([The story of social housing - Shelter England](#))

⁵⁸ Ibid

The housing crisis is one of the UK's most urgent contemporary public policy issues. House prices rocketed in the last couple of decades and wages have not followed suit. Social housing property numbers have dwindled. This has resulted in a lack of affordable homes for everyone.

- Women face specific challenges securing homes that are affordable and suitable for them and their families. This is a consequence of structural inequalities, including women's lower earnings from employment, due in large part to a disproportionate share of caring responsibilities.
- When it comes to buying a house, women need over 12 times their annual salaries to be able to buy a home in England, while men need just over eight times⁵⁹.

Recent Treasury interventions have done little to improve the situation not only for women but for most people across the country. In fact, policies set out in the Spring Budget represent money spent on the wrong thing – they will only compound the UK's housing crisis, driving up house prices and making it harder to address the issues faced by people in poverty.

The Mortgage Guarantee Scheme whereby first-time buyers can apply for 95% mortgages risks burdening buyers with more debt as well as inflating the housing market. The scheme overlooks the fact that, even with access to more capital, most buyers cannot save at the rate required to buy a home. In Greater Manchester for example, house prices have increased 35 per cent in the past 5 years⁶⁰. High private sector rents are a big factor in making saving difficult for most people – and also mean that in some areas 40% of tenants need state help to pay their monthly housing bills⁶¹.

Recommendations:

Central government should invest in social housing.

We fully support the recommendation from Shelter's commission on the future of social housing for the government to deliver 3.1 million more social homes within 20 years⁶². This will ensure that the benefits of the housing safety net are more widely distributed, while saving the government billions of pounds in housing benefit paid to private landlords⁶³.

The government should make it easier for local authorities to build and invest in housing.

Scrapping the Housing Revenue Account borrowing cap is a good place to start to make sure that councils can invest in social housing to fulfil their homelessness statutory duties and local housing strategies.

Central government funding pots for housing should be streamlined.

⁵⁹ WBG calculations from [WBG19-Housing-Report-full-digital.pdf](#)

⁶⁰ [IPPR North responds to Budget 2021 | IPPR](#)

⁶¹ [IPPR North responds to Budget 2021 | IPPR](#)

⁶² Shelter (2019) Building for our future: A vision for social housing (<http://bit.ly/2E1ce6o>)

⁶³ The programme is estimated to pay for itself in 39 years, and to cost £3.8bn a year (after savings in benefits and tax increases are considered). The Resolution Foundation has calculated that social housing investment should pay for itself by housing benefit savings after 23 years.

This would reduce administrative costs for resource-strapped local authorities while making sure funding is efficiently accessed and used.

Cuts to local government funding need to be reversed and deprivation included in funding formula. Local government funding needs to be urgently restored to a level which enables councils to meet their statutory obligations and also provide the preventive, non-statutory services which are vital to the wellbeing of everyone. This should come from national taxation and central government to avoid a rise in regional inequality.

Conclusion

Covid-19 has exposed and exacerbated the deep inequalities baked into our economy. It has also revealed to everyone that care is the backbone of our society. The Government can 'build back better' and properly 'level up' in the wake of this crisis by investing in a care-led recovery. Investing in the care sector does not only create low-carbon jobs and better distribute investment around England, but it also means that individual needs are met, that well-being is put at the heart of Government policy and that gender inequality is addressed.

For more information about a care-led recovery, please see our [Commission on a Gender-Equal Economy](#).

July 2021