



OXFAM

EXAMPLES OF TAX AND GENDER WORK

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Assessing intersectional impacts of austerity in the UK

In the UK, there is a legal duty on public bodies to undertake an assessment of the likely impact their work will have on different groups of people. The UK Treasury failed to publish an equality impact assessment of the June 2010 budget and subsequent budgets, and spending reviews contained limited or no equality impact assessments. In 2016 the Parliamentary Women and Equalities Select Committee criticized the Treasury's lack of transparency in this area and urged reform. And yet, the 2017 Budget documents contained no equality impact assessment at all.

Individual government departments have published the occasional equality impact assessment of cuts or changes to some benefits and services, but these have often been of poor quality, with little evidence to support conclusions. These efforts involve minimal or no consultation, and demonstrate limited understanding of – or concern for – equality impact.

In response to this situation, the UK Women's Budget Group and the Runnymede Trust with Coventry Women's Voices and RECLAIM, produced a cumulative gender and intersectional impact assessment of the changes to taxes, benefits and public spending by the UK Government since 2010. This was the first such analysis, using both qualitative and quantitative data.

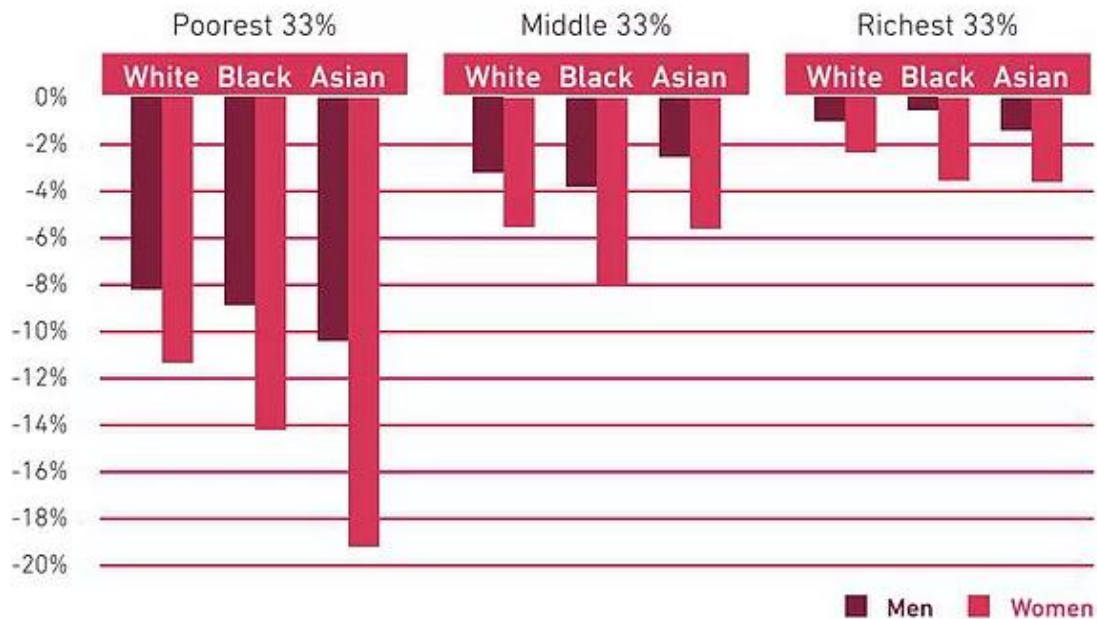
The calculations of the distributional effects of tax and transfer (benefit, tax credit and Universal Credit) policies were made using a tax-benefit microsimulation model. The model uses data from the Family Resources Survey (FRS) to analyse the impact of direct taxes, benefits, tax credits and Universal Credit, and the Living Costs and Food Survey (LCF) to analyse the impact of indirect taxes. The information in the FRS and LCF allows payments of direct taxes and receipts of benefits and tax credits to be modelled with a reasonable degree of precision, using either the tax/benefit system which is in place at the moment, or an alternative system of the user's choice. For example, the user can look at what the impact of an increase in the income tax personal allowance would be. Using a 'base' system and one or more 'reform' systems, the model can produce several types of outputs, for example:

- Aggregate costings of each system (i.e. amount received by the state in direct and indirect personal taxes, and amount paid out in benefits and tax credits).
- Distributional impacts of a reform system compared with the base system (e.g. change in incomes of individuals or households in cash terms and as a percentage of income in the base system). The distributional effects can be broken down according to several different variables.
- Proportions of savings/costs to government due to a particular reform or set of reforms paid for by, or going to particular family types.
- Average impact of reforms on the household incomes of particular types of individuals, e.g. children, working-age adults and pensioners.
- Winners and losers from a particular reform or set of reforms (grouped according to size of cash or percentage gain).

- Impact of reforms on overall inequality of disposable household incomes and other measures (Gini coefficient).
- Impact of reforms on household and child poverty rates (using various definitions, e.g. proportion of children below 60% of median income).
- Impact of reforms on the number of families below Minimum Income Standards.

The findings reveal that the poorest third of society will lose most by 2020 as a result of tax and benefit changes and spending cuts since 2010. Women will lose more than men, and black minority ethnic (BME) women will lose most of all. In cash terms, the poorest black families are set to lose £8,400 every year in tax and benefit changes and loss of services. In effect, BME women who are already more likely to be living in poor households and facing multiple disadvantages (including sexism and racism in the labour market), and who are more likely to live in households with dependent children and large families, are pushed further into poverty by austerity measures that hit them the hardest.

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



For further information please contact Mary-Ann Stephenson, Director, UK Women's Budget Group at maryann.stephenson@wbg.org.uk