

Budget 2021- Are we once again forgetting the women?

By Vicky Pryce, Visiting Professor at Birmingham City University and board member of the Centre for Economics and Business Research

The budget unveiled by the Chancellor, Rishi Sunak last week, though raising taxes over the longer term, mostly focussed on supporting the economy in the short term as it struggles to get out of its Covid-induced slump. That should be good news for all, added to the remarkable progress on the vaccine front that has allowed a roadmap adopted by the UK for lifting all Covid restrictions by the summer .

There were measures aimed at businesses, individuals, those on Universal Credit, homebuyers. But there was nothing in it specifically for women whose greater exposure to health risks and bigger disruption in working conditions has increased concern that gender equality is in fact going backwards. The hope is that resumption of growth will help. Yes, unemployment may peak at 6.5% rather than the 7.5% forecast by the Office for Budget Responsibility (OBR) in November 2020, helped by the extension of the furlough scheme. But the OBR growth projections accompanying the budget were disappointing. GDP is expected to have fallen by 3.8% this quarter and despite the expected bounceback, 2021 as a whole is likely to see a rise of just 4%, compared to a 5.5% forecast in November. And after a strong 7.3% recovery in 2022, growth is then forecast to fall back to just between 1.6% and 1.7% for the remaining years to the end of this parliament.

That is bad news for all as extra tax rises and /or more public spending cuts seem likely to be needed to contain the debt/GDP ratio in the years ahead given the extent of the borrowing required throughout the period. The government has already tried to claw back by announcing a pay freeze for most workers in the public sector where women dominate, and offering just 1% pay rise to health workers where women are in the majority . There are spending reductions of £15b already announced for what are strangely known as ' non- essential' departments . But public sector average skills and pay have tended to be higher than in the economy overall,

also benefiting the women who work there. According to the Women's Budget Group (WGB) such cuts disproportionately therefore impact on women as public sector employees but also their ability to work in general as they tend to be the ones having to provide unpaid work when public services are cut. Additionally such cuts particularly affect single mothers and minority ethnic women .

But this is not the whole story. Brexit will have accentuated the slowness in GDP and the recovery thereafter. The OBR reiterated its view on March 3 that the UK-EU Trade and Cooperation Agreement (TCA) on 24 December '*entailed a long-run loss of productivity of around 4 per cent compared with remaining in the EU*'.^[ii] However, this may be an understatement as the OBR also noted the extent to which '*the implementation of the agreement and introduction of health checks at the border has involved more short-term disruption to UK-EU trade than was assumed in our November forecast. The arrangements for trade in financial and other services remain subject to further discussion.*' It is not clear of course whether these are temporary problems alone but recent data are telling us clearly that Brexit barriers are negatively affecting trade flows between the EU and the UK since the turn of the year^[iii] which, if maintained can only be negative for growth.

What is also worrying for women is that the Charter of Fundamental Rights was not retained in UK law after its exit from the EU^[iii] .The government argues that women's rights are safeguarded through the Equality Act 2010. But the then Equality and Human Rights Commission had voiced its concern before the final exit from the EU that this left the UK free to change or dispose of the Act at any point in time. Moreover, there is no obligation at present to take account of changes being made EU- wide in women's rights including in areas such as quotas and forced pay transparency. There are also measures contained in the new Work Life Balance Directive which are meant to be implemented by the EU states by the middle of next year and which cover areas such as extended parental leave, flexible working rights and many more.

We have already seen attempts, later abandoned, to drop the Working Time Directive by the current UK government. Other secondary pieces of legislation that were mentioned as possibly being under threat by the EHRC included the Pregnant Women's directive

which is meant to safeguard the rights of pregnant women in the workplace as well as the Agency Workers Directive which protects the rights of people on agency or zero-hours contracts, where women again are in a majority in the UK.^[iv]

On the positive front, as well as activities through the week of March 8 celebrating International Women's Day should help. Universal Basic Income which should benefit women in particular is being increasingly discussed. And the February publication of the Hampton Alexander Review's Report was a wake- up call on how much more needs to be done to promote gender equality below board level. But there is no doubt that Brexit has made it more difficult- and also more urgent -to deal with these issues.

Vicky Pryce is Visiting Professor at BCU, a board member of the Centre for Economics and Business Research(CEBR) and a former Joint Head of the UK Government Economic Service

[i] <https://obr.uk/>

[ii] https://amp.ft.com/content/5b8028a7-edaf-4488-8e96-3761ba8b015f?_twitter_impression=true

[iii] <https://www.legislation.gov.uk/ukpga/2018/16/section/5>

[iv] <https://www.gov.scot/publications/social-equality-impacts-brexite/pages/15/>