

## **The gendered impact of welfare reform**

In July 2018 the Equality and Human Right Commission (EHRC) published a report on the state of women's rights in Great Britain - 'Pressing for progress: women's rights and gender equality in 2018'<sup>i</sup>. Richard Machin looks at the findings of the report with reference to welfare reform and discusses the extent of gender inequality in the social security system in relation to universal credit, the benefit cap and the two-child limit.

## **The gendered experience of the social security system**

There is a growing body of evidence that demonstrates that women are disproportionately affected by changes to the benefit system which we have witnessed since 2010.

The EHRC have submitted a series of submissions to the United Nations expressing concern about the impact of welfare reform on women. Their longitudinal analysis demonstrates that across the whole income spectrum, benefit changes implemented between May 2010 and January 2018 result in losses for women of nearly £400 per year compared to approximately £30 per annum for men. The changes to the benefit system have a more severe impact on women as statistically they rely more heavily on social security benefits than men: on average women receive 20% of their income from social security benefits compared to 10% for men<sup>ii</sup>. Furthermore, women are disproportionately affected by changes to benefits relating to caring roles and household disability as they are more likely to be primary carers in the family (70% of unpaid care is provided by women<sup>iii</sup> and 74% of carer's allowance claimants are women<sup>iv</sup>). We can also see that overall gendered inequalities in relation to poverty are influenced by labour market trends where women form the majority of low paid workers (66% of those earning less than the living wage are women, 55% of workers on zero-hours contracts are women)<sup>v</sup>.

The EHRC emphasise that certain groups of women are particularly susceptible to losses as a result of welfare reform. These include:

- Lone parents, over 90% of whom are women, will lose on average £5,250 per year by 2022 based on the benefit changes in the period 2010-2018. This equates to 19% of net income and increases to a net income loss of up to 25% for lone parents in the lowest income bracket.
- Households with a disabled lone parent and one or more disabled child experience a decrease in net income of 29.5%.
- Women aged between 25 and 44
- Black and ethnic minority women are particularly vulnerable to benefit cuts as they are statistically more likely to be experiencing poverty, caring for dependent children and more likely to be living in larger families. Analysis by the Women's Budget Group and the Runnymede Trust<sup>vi</sup> demonstrates that Asian women in the poorest third of households will lose 19% of their income as a result of benefit changes by 2020, Black women in this same income bracket will lose 14% of their income and Black and Asian lone parents will lose over £4,000 a year as a consequence of benefit reforms.

## **Gender inequality: Universal Credit, the Benefit Cap and the Two-child Limit**

This section of the article explores the gendered inequalities inherent in universal credit, the benefit cap and the two-child limit for universal credit and child tax credit by referring to the government equality impact assessments completed for these benefits and contrasting these to the findings presented by the ECHR in their 'Pressing for Progress' report.

**Universal Credit:** the 2011 impact assessment for universal credit<sup>vii</sup> stated that this benefit would 'present an opportunity to promote gender equality through helping more parents access the right support to take up employment.' The assessment asserted that universal credit would introduce a range of positive features for women including improved assistance with childcare and more effective support into the labour market through appropriate work-focused requirements. The assessment did acknowledge the risk of decreased work incentives for second earners, who are primarily women.

Despite the potential for gender equality stated above the EHRC have raised concerns that the default monthly payments to one member of a couple has the unintended consequence of reducing financial independence for women in poorer households. For couples claiming universal credit the EHRC identified the criticality of whether the lead claimant is male or female. Assuming a 50-50 split of universal credit payments between men and women the ECHR calculate that women in the bottom decile of income distribution will lose approximately £1,450 per annum. Further financial forecasting based on universal credit being paid to the highest earner in a couple (the male partner in 80% of cases) results in estimated annual losses to women of approximately £3,650 and estimated gains to men of around £1,000<sup>viii</sup>.

As already noted benefit changes which have a negative impact on lone parents will disproportionately affect women. The EHRC urge caution in making generalisations about lone parents given the significant variance in the profile of this group. However, they argue that universal credit disregards can improve incentives for lone parents to enter low paid and low hours work but provides a less generous prospect for claimants who are working more than 16 hours (due to low work allowances and the taper rate of 63%).<sup>ix</sup> The treatment of unearned income under universal credit is also of importance to lone parents. For example, spousal maintenance payments previously ignored for tax credit purposes are treated as unearned income for universal credit. Benefits such as widow's pension and private pension attract a higher taper (100%) under universal credit than has previously been the case for child tax credit (41% taper).<sup>x</sup>

The EHRC have raised particular concerns about women experiencing domestic violence. Drawing on research from Women's Aid and TUC<sup>xi</sup> it was found that 91% of women questioned stated that the payment of benefits into a joint account had, or would likely to lead to conflict. Additionally 61% of women who participated in this research stated that they experienced debt due to financial abuse by a partner. This research questioned the robustness of current systems which allow for split payments of universal credit. There is a strong argument that the universal credit conditionality requirements expected of lone parents also disproportionately affect women as the expectation that a 'lead claimant' will look for work of up to 16 hours per week when a child turns three can provide significant practical and financial challenges<sup>xii</sup>.

The concerns of the EHRC in relation to second earners and the reinforcement of a 'male breadwinner' model are echoed by a wide range of other organisations including the Women's Budget Group, Engender and the Women's Equality Network.

**Benefit cap:** the impact assessment for the benefit cap (July 2012)<sup>xiii</sup> stated that just less than 60,000 households would be affected by this policy (including 80,000 adults and 190,000 children). Households that were identified as particularly vulnerable to the cap were those with three or more children and those in high-rent areas with associated large payments of housing benefit. These factors resulted in 49% of affected households being in Greater London. This impact assessment made no specific reference to women but did state that there would be a significant impact on lone parents.

The EHRC draw on DWP data (2017) to demonstrate that 78% of those affected by the benefit cap are from single claimant households, 90% of which were female<sup>xiv</sup>. They emphasise the significance of the assertions of the United Nations Office of the High Commissioner for Human Rights which found in 2015 that the benefit cap had a disproportionate impact on female lone parents and, therefore, could increase the likelihood of poverty for this group. The EHRC highlight the High Court decision [2018] EWCA Civ 504<sup>xv</sup> which ruled that the benefit cap unlawfully discriminated against lone parents with children under the age of two. The UK government successfully challenged this decision in the Court of Appeal on the basis that the challenges faced by this group of lone parents was not sufficiently unique to set them apart from other groups of lone parents. Permission has been granted for an appeal to the Supreme Court.

A DWP/Ipsos MORI (2013)<sup>xvi</sup> evaluation of the benefit cap found that of those affected by the cap, men were more likely to have entered work than women, and that lone parents found the transition into work more problematic as a result of caring responsibilities and childcare costs. This study reported that lone parents were statistically more likely than all other groups to have reduced spending on essentials.

**Two-child limit:** the impact assessment for the two-child limit<sup>xvii</sup> again emphasised that the principle aims of the Government's welfare policy are to help to move people into work and to provide a system which is fair to claimants and the exchequer. The limiting of benefits to the first two children in the family is intended to align the behaviour of benefit claimants with those in work (although the impact assessment does state that 'There is no evidence currently available on the strength of these effects'). The impact assessment acknowledges that on an individual basis women may be more likely than men to be affected by this policy. Primarily this is because lone parents are overwhelmingly women, and a high proportion of this group are in receipt of child tax credit. The impact assessment states that ethnic minority households are more likely to be affected by this policy as, on average, they are more likely to have larger families. The impact assessment asserts that this policy will have a positive impact on family life as 'households make choices based on their circumstances rather than on taxpayer subsidies.'

EHRC research shows that by 2021/2 households in Wales and England with three or more children will lose at least £900 per year as a result of the two-child limit<sup>xviii</sup>. The EHRC has voiced particular concern about the practical implementation of the exemption to this policy for women who have children who are born as a result of non-consensual conception. These concerns centre on women's right to a private and family life and the intrusive nature of inquiries that are necessary to demonstrate that this exemption should be applied. In February 2018 the High Court found that the two-child limit unlawfully discriminates against kinship carers. Child Poverty Action Group is pursuing a further appeal on the basis of discrimination against children with multiple siblings, large families and those with a religious or moral opposition to birth control (to be heard by the Court of Appeal on 19 and 20 December 2018)<sup>xix</sup>.

## Conclusion

In examining the impact of recent benefit changes on women we can see the disconnection between the ideological aims of welfare reform and the practical impact of this programme of change. Two of the key aims of welfare reform have been to reduce poverty and worklessness<sup>xx</sup>. However, the ECHR analysis and other related research demonstrates that in relation to women the former of these aims has certainly not been achieved while the jury is out on the latter. The ECHR have recommended that the UK government should review the level of social security expenditure provided to women, provide a separate 'cumulative impact assessment' for individual policies, offer split universal credit payments as standard, and review the so called 'rape clause' of the two-child limit for universal credit and child tax credit<sup>xxi</sup>.

The impact of welfare reform on women should be seen in the broader context of economic change and cuts to public services that we have witnessed in recent years. Bennett (2015)<sup>xxii</sup> has emphasised the 'restricted incomes and opportunities' available to women and highlighted that the practical and financial burdens of austerity often fall to women who manage household budgets. The Women's Budget Group (2016)<sup>xxiii</sup> estimate that 86% of treasury savings in the period 2010-2020 will have come from women and we should not underestimate the impact this has on the way that support and care is provided across society.

## References

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<sup>ii</sup> As i above

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<sup>iv</sup> Carers UK (2014) Caring and Family Finances Inquiry: Carers struggling with alarming levels of hardship available at <https://www.carersuk.org/news-and-campaigns/press-release-rss/580-nation-s-carers-struggling-with-alarming-levels-of-hardship>

<sup>v</sup> Close the Gap (2018). Challenging poverty means challenging women's inequality at work, available at <https://www.closesthegap.org.uk/news/blog/challenging-poverty-means-challenging-womens-inequality-at-work/>

<sup>vi</sup> Women's Budget Group, Runnymede Trust, RECLAIM and Coventry Women's Voices (2017). Intersecting Inequalities. The impact of austerity on Black and Minority Ethnic women in the UK, available at <https://www.runnymedetrust.org/uploads/PressReleases/Correct%20WBG%20report%20for%20Microsite.pdf>

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<sup>xiv</sup> Hudson-Sharp et al (Equality and Human Rights Committee) (2018), 'The impact of welfare reform and welfare to work programmes: an evidence review', available at

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