



Simon Lunn
Statistician with responsibility for HBAI
Information Directorate
Department for Work and Pensions
4th Floor
Adelphi
1-11 John Adam Street
London WC2N 9HT

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The Women's Budget Group (WBG) is pleased to respond to the 16th Households Below Average Income report. The WBG responds regularly to the content of the report from a gender perspective, and we are pleased to see that DWP is making advances in acknowledging the gender dimension of households below average income. You will find further comments and discussion of the report below.

If you would like to arrange a meeting with the WBG discuss these issues in more depth please contact the Project Officer Erin Leigh by tel: 020 7253 2598 or by email: erin@fawcettsociety.org.uk

Kate Bellamy

On behalf of Co Chairs Adele Baumgardt and Kate Bellamy

**Women's Budget Group Response
to the 16th edition of the
Households Below Average Income (HBAI) Analysis 1994/95 – 2003/04
(Department for Work and Pensions)**

The Women's Budget Group (WBG) is an independent UK organisation that brings together academics and activists from non-governmental organisations and trade unions to form a network of experts to promote gender equality through appropriate economic and social policy. It encourages the government to use gender analysis to improve its economic and social policy making. In all our work, we ask the question: 'Where do resources go; and what is their impact on gender equality?' We do this in part by using a tool known as gender budgeting, which allows us to analyse how government revenue is raised and how spending is allocated, and whether they are meeting the needs of women and men.¹

As research demonstrates, higher numbers of women than men live in poverty in the UK; and women are at greater risk of experiencing longer spells in poverty. Men's poverty is very often closely linked with labour market exclusion. For women in particular, however, paid work is not a guaranteed route out of poverty, due to their lower wages, limited access to promotion and fringe benefits, and occupational segregation; and at the end of working life, cumulative gender disadvantages catch up with women and result in lower incomes relative to men's. Moreover, as research has also shown, within couple households in particular women may not receive a fair share of household resources. ***We therefore welcome attempts in the HBAI report to recognise women's higher risk of low income compared to men's at different stages of life,² as well as potential inequalities in income sharing between partners in couples.*** However, we recommend several changes to further improve the gender analysis in the Report in future editions and also to ensure that a focus on gender is mainstreamed in other relevant government documents.

Women's poverty

We appreciate the HBAI Report's recognition of women being at higher risk of low income, and especially persistent low income, than men. The discussion of pensioners' position also refers frequently to single female pensioners as being more vulnerable to low income than men; and the Report notes that single working and workless females were more likely to be below low income thresholds than their male counterparts. However, the references to lone parents do not appear to include the fact that the overwhelming majority are female, other than in the chapter on low-income dynamics. And the gender split by quintile throughout the document needs to be described and explained in more accessible language for a clearer understanding of the obstacles women face in exiting the low-income bracket.

¹ For information on gender budgeting please visit www.wbg.org.uk

² See for example, pp17 and 19 of Households Below Average Income (HBAI) Survey 1994/95 – 2003/04, Department for Work and Pensions (DWP), 2005.

We would urge that the recognition that children in lone-parent families were ‘much more likely’³ to live in low-income households be taken further, to analyse the links between women’s and child poverty in the UK.⁴ In fact, gender analysis of low-income households is of special significance to the study of children, given that costs related to children, such as childcare, are often the responsibility of women, and the link already mentioned between (largely female) lone parenthood and childhood poverty.⁵ Women’s poverty is closely associated with family status and caring roles. Women heads of household, especially lone mothers and single pensioners, have the highest poverty risks.

We recognise that the factual style of presentation used in the Report means that narrative explanations of experiences which are differentiated by gender are not pursued. We were hoping that the 16th edition of *Opportunity for All* would pursue such an analysis, and were disappointed that it did not; we hope that this will be rectified in the 17th edition. It would be useful for the HBAI analysis to be able to refer to fuller explanations in other government documents, if it is not able to include these itself.

We therefore recommend that the gender analysis in the HBAI Report be made more explicit and accessible.

Income-sharing

Whilst we welcome the fact that references are made in several sections of the report to the possibility of unequal income-sharing, the main analysis in the HBAI Report continues on the assumption of all individuals benefiting equally from the combined income of the household, using equivalence scales to make comparison between different types of households.

The Women’s Budget Group, in its response to the 13th edition of the HBAI Analysis, called for a qualification to this assumption. We are pleased with the present commentary’s attempts at taking on board the recognition that the assumption of equal benefit to all individuals ‘is not always valid, as men sometimes benefit at the expense of women from shared household income’.⁶ However, we would like to see this taken further, by presenting analyses of individuals’ positions in the income distribution based on different assumptions about such income-sharing in the same way as is done in the current Report by showing results based on different equivalence scales. These could range from an assumption of no sharing (based solely on the contribution of each individual to household income) to the current one of equal sharing.

This is vital to the aim of this report, because if the traditional assumption of equal benefit for all members from household income does not hold, there is the potential for ‘hidden poverty’ within non-poor households. Thus, some women in particular in households with income which does not appear to be low may nonetheless be

³ *ibid.* pp.6, 40.

⁴ Women’s Budget Group (2005) *Women’s and children’s poverty: making the links*. Available at: <http://www.wbg.org.uk/documents/WBGWomensandchildrenspoverty.pdf>

⁵ HBAI pp.6, 40, 43.

⁶ For example, see *ibid.* p.69.

living on a restricted level of resources themselves. This possibility is acknowledged but they do not actually appear in this report. Neither does unequal sharing at other levels of the income distribution.

Research indicates that bringing money into the household often brings with it a sense of entitlement; and since the person who brings money into the household tends to have more say in determining how it is spent, men often have more pronounced control over how money is spent or shared. Further, women are more likely to deny themselves basic necessities in order to protect their families from the impact of poverty.⁷ Together these factors mean that, particularly within households on low incomes, the woman may be existing at a lower living standard than the man, compounding their experience of poverty. In addition, one conceptualisation of poverty is a lack of control over resources of one's own; in this sense, many women with no income of their own could be seen as living in poverty even if income is shared fairly within the household.

The assumptions involved in income equivalisation also affect the analysis of transitions into and out of low income. Individuals make these transitions through changes in either income levels or household composition (or both). But the implications of this in terms of people's real lives currently tend to be hidden by the language employed (for example, p. 127 discusses lone parents having a higher share of exits from low income when there is a rise in the number of workers when household size changes; in the majority of cases, this is likely to mean that the (female) lone parent is repartnering – but this is not conveyed by the words used.) Such transitions may not always remedy the disadvantaged position that women may face due to unequal household income-sharing, even when such an event takes them and their children out of household poverty.

The Women and Equality Unit publishes regular analyses of individual income, but there currently seems to be no link between these and the regular HBAI reports, and they do not receive the same level of publicity. The HBAI Report could in future include some analysis based on the contribution of each individual to household income (ie assuming no sharing), so that a more direct comparison could be made. This would measure the control over income (or lack of it) by individuals, and would thus provide an alternative picture of numbers in poverty.

We therefore urge that different analyses be presented in future editions of the HBAI report on the basis of different assumptions about the extent of sharing within households. These could range from an assumption of no sharing (based solely on the contribution of each individual to household income) to the current one of equal sharing.

We also recommend that women's disadvantaged position in terms of household income-sharing be explicitly acknowledged in the analysis of events (such as changes in income levels, or changes in household composition) associated with entries into low income.

⁷ Rake, K and Jayatilaka, G: *Home Truths: An Analysis of Financial Decision-Making Within the Home*, Fawcett Society, 2002.

Costs of caring

Households vary greatly in the extent of their caring commitments and in the extent to which these are fulfilled through the unpaid time of members of the household or are costs that are being paid for so that members of the household can earn an income. However, in the latter case these costs, like other work expenses, are not accounted for in assessing household incomes. This creates a distortion between households, especially when some of that income itself may be provided in order to purchase care, for example in the childcare element of the Working Tax Credit. In particular, it makes it appear that a two-earner household that purchases care is as well off as a single-earner household with the same income in which there is an adult performing full-time care. In reality the former household has a considerably lower disposable income after paying for the cost of care, a necessary cost of earning that household's income. Lone parent households that purchase care will also appear to be better off than they are in terms of disposable income.

We were very pleased to see the 1994-95 to 2002-03 edition of the HBAI Report, following a methodological review of the HBAI statistics, acknowledge that just as figures are produced before and after housing costs, they could also be provided before and after caring costs. Figures on an after caring costs basis would provide some important new information of significant relevance to gender analysis. The 1994-95 to 2002-03 Report presented some figures on individuals and children living on low incomes after taking into account childcare costs. It also investigated the issues involved – including consideration of the element of choice (albeit often constrained) involved in childcare provision. Childcare also of course has other crucial functions, besides being a necessity for parents with paid employment. We recognise therefore that to deduct the costs of childcare provision from the income figures provided raises complex issues. Greatly encouraged by a consideration of these costs in the 1994-95 to 2002-03 report, we urge that the investigation be continued and that there should be further proactive consideration of including figures after childcare costs in these reports.

Whilst we have raised here the issue of childcare costs specifically, there are also of course both other work expenses and other caring costs which could be treated in a similar way.

Conclusion: gender mainstreaming

We welcome the references to gender in several sections of the HBAI, including those on working-age adults and pensioners, as a step forward in making analysis of households living below the average income more gender-responsive. However, while we note the presence of statistical data on the composition of low-income groups and income distribution disaggregated by gender, the analytical commentary on gender as *integral* to any study of low income and poverty - especially women's poverty - remains limited in the HBAI report, as elsewhere. We call for a more effective analysis of income distribution in the UK that mainstreams gender into its study of low income and low-income dynamics.

In conclusion, we continue to maintain that unless government statistics and reports, crucially the HBAI commentary, take into account in detail the different circumstances of women and men, policy will continue to fail to meet the needs of

women living in poverty. In addition, a more holistic inclusion of the gender variable in all sections of the report should give a more comprehensive picture of the real situation of individuals living in low-income households in the UK.

In order to meet the European Union's objective of gender being mainstreamed in member states' strategies to tackle poverty and social exclusion, the gender analysis employed by the government needs to be more thorough and explicit.

We recommend that the DWP, along with other branches of government, takes the process of mainstreaming gender further by using gender impact assessment consistently in its analysis. In terms of the HBAI Report we recommend specifically that it examines ways to present analysis based on

- i. different assumptions about sharing within households*
- ii. both before and after childcare costs (and possibly other work related and caring expenses)*