

UNIVERSAL CREDIT AND GENDER EQUALITY

UK Women's Budget Group¹ June 2011

The Welfare Reform Bill 2011 sets out the Coalition government's plans to introduce a Universal Credit from 2013, combining out-of-work, in-work and housing benefits/tax credits into a single means-tested benefit. The government describes this as simplifying benefits and increasing the incentives for claimants to move into (any) paid work, thereby promoting a culture of employment. The Women's Budget Group, however, has several concerns about how Universal Credit will affect progress towards gender equality.²

- **DISINCENTIVES FOR SECOND EARNERS**

Universal Credit will in many cases increase the financial incentive for one person in couple households to move into some form of employment. But incentives for many second earners will be weakened in comparison to the current situation, as both government and independent evaluations confirm.³ This will particularly affect women as they are more likely to be the second earners in households as they usually earn less than men and do more informal caring work. Worryingly, the Government finds 'that any such risk of decreased work incentives for women in couples is justified.'⁴ **The WBG's concern is that this could mark the start of a return to a 'male breadwinner model' in which men do paid work and women stay at home to look after children and other dependants.**

- **MANAGING HOUSEHOLD BUDGETS**

Currently families often get a mix of different benefits/tax credits, and child tax credit is paid to the 'main carer'. Collapsing most of these into a single payment (probably paid monthly) to 'mimic wages', and paying it in most cases to one partner in couples, will affect gender equality in two ways. For many low-income families, money often runs out before the end of the week and a single monthly payment will make it harder for such families to budget. This will affect women in particular because they tend to manage the budget and do day-to-day spending. The evidence is that when money is short, women often go without: women tend to be the 'shock absorbers' of poverty. Couple households will have to nominate who receives the payment, and it is likely to be split only in emergencies. This will be likely to affect many women's access to an individual income for children and for themselves. There is no guarantee that money is distributed fairly within households.⁵ **The WBG is seriously concerned about proposals which concentrate financial resources and power into the hands of one person, especially where this may exacerbate existing gender inequalities.**

¹ The UK Women's Budget Group is an independent, voluntary organization which brings together individuals from academia, non-governmental organizations and trade unions to scrutinize the gender implications of Budgets and spending plans of UK governments. See <http://www.wbg.org.uk/> or contact admin@wbg.org.uk. This research note was written by Claire Annesley (Manchester University) and Fran Bennett (Oxford University).

² A detailed analysis of the gendered impact of the Universal Credit can be found in written evidence to the Select Committee Inquiry from Fran Bennett, Ruth Lister and Sue Himmelweit (for the WBG) <http://www.publications.parliament.uk/pa/cm201011/cmselect/cmworpen/743/743we01.htm> and WBG (2011) *Welfare Reform Bill: Women's Budget Group Evidence to Public Bill Committee*, http://www.wbg.org.uk/RRB_Reports_6_3769269156.pdf

³ Brewer, M, *et al* (2011) *Universal Credit: A Preliminary Analysis* Institute for Fiscal Studies <http://www.ifs.org.uk/bns/bn116.pdf>; DWP (2011) *Welfare Reform Bill Universal Credit Equality impact assessment* <http://www.dwp.gov.uk/docs/eia-universal-credit-wr2011.pdf>

⁴ DWP, *Welfare Reform Bill Universal Credit Equality impact assessment*, p. 19.

⁵ WBG, *Welfare Reform Bill* (see note 2). (Child benefit will still be paid to the mother if it is now.)