

**Submission to House of Lords Economic Affairs Committee:  
*Inquiry into the Economics of Universal Credit***

1. The Women's Budget Group is a network of academic researchers, civil society organisations, activists and policymakers who analyse the intersectional impact of economic policy on women and men and promote alternatives for a more gender equal future.
2. We welcome the opportunity to submit written evidence to the Economic Affairs Committee. Our submission focuses on the disproportionate impact of UC on women.
3. In addition to the specific evidence provided below, much of our work in recent years has been focused on the disproportionate impact of cuts to public services and social security - including the roll-out of Universal Credit - on women especially [Black, Asian and Ethnic Minority women](#)<sup>1</sup> and [disabled women](#)<sup>2</sup>. As part of this work, we have also produced evidence explaining why and how Universal Credit is [exacerbating the risk of domestic abuse](#)<sup>3</sup> and violence against women and girls [across the United Kingdom](#).<sup>4</sup> We draw on this evidence in answer to the questions asked by the Committee here:

**Summary: Universal Credit and women**

4. The latest Universal Credit (UC) statistics show that around 2.3 households, and 2.8 individuals, received UC in January 2020<sup>5</sup>, with more women (56%) claiming UC than men (44%). Until May 2018, most claimants were men, reflecting the criteria for claiming UC in the early days limiting eligibility to jobseekers without children, mirroring JSA (typically claimed by more men than women). Thus the UC caseload has an increasing proportion of families with children.
5. There are also gender differences in the work-related conditionality groups: in particular, 42% of the searching for work category are women; but 94% of the 'planning for work' category are women (this is where someone must take part in work-focussed interviews; this is aimed at lone parents or main carers of a child aged one, foster carer of child under 16, or main foster carer in a couple; or started caring for a friend or relative's child in the past year).
6. As of December 2019, women claiming UC were more likely than men to be in employment (40% and 30% respectively<sup>6</sup>)
7. Women are particularly affected by UC in the following ways:
  - a. **UC structure:** this includes a lower rate of benefit for under-25s, especially affecting young single parents (mainly women); lower payments for disability including disabled children, compared to the previous system<sup>7</sup>

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<sup>1</sup> WBG (2018) *Intersecting Inequalities* <https://wbg.org.uk/analysis/intersecting-inequalities/>

<sup>2</sup> WBG (2018) *Disabled women and austerity* <https://wbg.org.uk/wp-content/uploads/2018/10/Disabled-women-October-2018-w-cover-2.pdf>

<sup>3</sup> WBG (2018) *Universal Credit and Financial Abuse: Exploring the Links* <https://wbg.org.uk/analysis/reports/universal-credit-and-financial-abuse-exploring-the-links/>

<sup>4</sup> WBG (2019) *Benefits not Barriers: Making the social security system work for women across the four nations* <https://wbg.org.uk/analysis/benefits-or-barriers-making-social-security-work-for-survivors-of-violence-and-abuse-across-the-uks-four-nations/>

<sup>5</sup> <https://www.gov.uk/government/publications/universal-credit-29-april-2013-to-9-january-2020/universal-credit-29-april-2013-to-9-january-2020>

<sup>6</sup> Data from StatExplore

<sup>7</sup> Disability Benefits Consortium (2019) *Has Welfare Become Unfair?* <https://disabilitybenefitsconsortium.files.wordpress.com/2019/09/disability-benefits-consortium-report-has-welfare-become-unfair.pdf>

- b. **Benefit reductions:** features such as the benefit cap and the two-child limit (which also apply to tax credits) have particularly affected single parents (predominantly women)
- c. **Work-related conditionality:** this has been extended to more groups, including parents and carers. Whilst in some circumstances such conditions can be relaxed (such as for caring responsibilities or domestic abuse), these rules are contained in guidance and not regulations, administered through work coach discretion. Sanctions for non-compliance have become more severe with single parents and disabled people most vulnerable to sanction. Couples must decide which of them is to be the 'main carer', who will then have different work conditions than the main jobseeker or earner, rather than each partner having some easements relating to their parenting.
- d. **Payment and assessment:** issues with the 5-week, wait whole month approach to assessment, and monthly pay, have made budgeting particularly difficult for women (who are often the ones managing a low family income). For couples, the single payment can create power inequalities and could create an environment within which financial control of one partner by the other is legitimated.
- e. **Treatment of income:** Maternity pay is treated differently, depending on whether it is Statutory Maternity Pay (treated as earnings) or Maternity Allowance (reduced £ for £).
- f. **Joint claims** for couples: whilst aggregating the income and savings of a couple is standard in out of work benefits, joint claims for UC involve a mix of individual and joint responsibilities. Each partner must sign a claimant commitment dictating their individual conditionality up to a joint earnings threshold; one partner will be affected by the other's behaviour (eg if fined or sanctioned) and partners are both liable for an overpayment even if this is only incurred by one of them. Online claims and management can also compromise individual privacy as a partner can access some information about the other's activities<sup>8</sup>.

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<sup>8</sup> WBG (2018) Universal Credit and Financial Abuse: Exploring the Links <https://wbg.org.uk/analysis/reports/universal-credit-and-financial-abuse-exploring-the-links/>

## The Committee's questions

### How well has Universal Credit met its original objectives?

8. Originally the UC white paper referred to objectives as:
  - To provide a basic income for people out of work, covering a range of needs;
  - Make work pay as people move into & progress in work and
  - Help lift people out of poverty<sup>9</sup>.
9. Since then the government's aims have been variously stated as to:
  - make the benefit system fairer and more affordable
  - reduce poverty, worklessness and welfare dependency
  - reduce levels of fraud and error<sup>10</sup>
10. In addition to the broad headlines of simplification and making work pay, UC has become laden with multiple objectives including boosting claimant responsibility (work-related conditionality and payments); IT development of a 'digital by default' approach to making and managing a claim; and also a vehicle for cost-cutting measures<sup>11</sup>. As well as objectives not necessarily being consistent or coherent throughout the roll-out, the problems with multiple objectives are the challenges underlying them and trade-offs between them.
11. The key objectives of UC: simplification, making work pay and, tackling worklessness and poverty- or women especially, have largely failed due to a lack of concern for how unpaid care and gender inequality interact with the social security system.

### Simplification has not been effective, especially for women

12. The default arrangement for UC is that six means-tested benefits and tax credits are rolled into one single monthly payment – though it is possible to apply for Alternative Payment Arrangements (APAs) for the housing costs element, in effect the equivalent of housing benefit. In Scotland and Northern Ireland there are other special payment arrangements.
13. UC is regarded as a simpler system because it amalgamates six former means-tested in- and out-of-work benefits and tax credits into one. But this does not mean that UC is a simple benefit. Some complexity from the previous system has been carried over into UC, and new complexity introduced such as through extending work-related conditionality including for those in work<sup>12</sup> and the whole month approach to assessment and its intersection with real-time earnings<sup>13</sup>. Having all the eggs in one basket can also increase the risk of administrative errors and payment delays.<sup>14</sup>
14. The Government's stated intention was that a monthly payment would mimic as closely as possible the monthly pay that people receive when in employment. However, half of all those earning less than £10,000 per year receive their earnings at different intervals from monthly and with UC almost all your eggs are in the one basket. So, if there are delays or administrative problems – which are common with UC payments currently – workless claimants risk losing almost all their income. Only council tax support amongst the means-tested benefits is dealt with separately. There are reports of claimants surviving for weeks on child benefit as their only source of regular income<sup>15</sup>. This inevitably results in hardship for many claimants and their families, as most have little or no savings to fall back on.

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<sup>9</sup> P14 DWP (2010) *Universal Credit: welfare that works*. November 2010. Cm 7957

<sup>10</sup> <https://www.gov.uk/government/publications/2010-to-2015-government-policy-welfare-reform/2010-to-2015-government-policy-welfare-reform>

<sup>11</sup> Resolution Foundation (2020) *The Long and Winding Road: The introduction and impact of Universal Credit in Liverpool City Region and the UK*; Resolution Foundation (2019) *The shifting shape of social security*

Charting the changing size and shape of the British welfare system.

<sup>12</sup> UC and related regulations: call for evidence, response from the then Centre for Economic and Social Inclusion, July 2012 <http://www.learningandwork.org.uk.gridhosted.co.uk/wp-content/uploads/2017/01/Universal-Credit-Inclusion-response.pdf>

<sup>13</sup> <https://www.barrowcadbury.org.uk/wp-content/uploads/2018/08/CPAG-Rough-justice-2018.pdf>

<sup>14</sup> Resolution Foundation (2020) *The Long and Winding Road: The introduction and impact of Universal Credit in Liverpool City Region and the UK*

<sup>15</sup> Resolution Foundation (2013) *Squeezed Britain* (<http://bit.ly/2zVzWjC>)

15. As part of the ‘simplification’ objective, much of the claiming and management of claims for UC are now done online. We can see the many benefits of this in terms of cost and efficiency. However, we are concerned that the drive to digitalise public services and social security is leaving some behind. Internet access is a primary concern: disabled people are more likely than non-disabled people to be offline. Non-internet users are likely to be women and not in paid work<sup>16</sup>. Then, there is the issue of verifying identity – the Public Accounts Committee in 2019 found that only 38%<sup>17</sup> of UC recipients were able to verify their identity, due to their lack of a digital footprint. Universal Credit claimants with limited English language skills face additional difficulties in making claims and completing an online journal.

### **Simplification is risking the safety of women and failing abuse victims/survivors**

16. As UC is one benefit, couples must nominate one bank account for the family’s entire UC entitlement to be paid into; this reverses previous policy of paying the Child Tax Credit to the main carer (which reflected previous research that benefits labelled as for children were more likely to be spent on them if paid to the carer). This single payment to couples risks exacerbating gender inequalities and economic dependence. Evidence from WBG<sup>18</sup> and the Work and Pensions Select Committee<sup>19</sup> shows that the single payment of UC to couples can facilitate economic abuse, a recognised form of violence against women and girls (VAWG). Crucial to this issue is distinguishing between the intentionality of abuse and how system design may facilitate abuse. In a financially abusive situation the perpetrator manipulates resources to control the survivor; but as domestic abuse is both a cause and consequence of gender inequality, social security design can have implications for gender equality, which in turn can affect abuse. Therefore, there is a role for government to reduce or mitigate the extent to which such abuse may be facilitated.
17. Currently, split payments can be arranged if abuse is disclosed; but evidence from Women’s Aid for the TUC<sup>20</sup> and Surviving Economic Abuse<sup>21</sup>, shows that this can exacerbate abuse. Women’s organisations are calling for separate payments of UC to individuals. Split payments must also be done manually, as, despite earlier assurances, the IT system currently has no capacity for automatically splitting an award<sup>22</sup>. In January 2020 there were 86 split payments across GB<sup>23</sup> but there is no data on reasons for applying. In Northern Ireland payment can be made into two separate bank accounts on request<sup>24</sup> and the Scottish Government is negotiating with DWP about how to apportion awards between partners and make separate payments more routine<sup>25</sup>. Women’s organisations are calling for separate payments of UC to individuals in any couple across the UK. An initial analysis of bank accounts by DWP suggested that where the gender of account holders could be identified, 60% of accounts were held by a woman<sup>26</sup>. The online claiming process now includes a ‘prompt’ where the bank account is nominated for this to be in the name of the main carer. Whilst this may be of some help to channel payments to women, it only relates to couples with children and still reproduces inequalities of resource and work within the household.
18. Additionally, the ‘non-consensual conception exception’ within the two-child limit (‘rape clause’) provides no real solution for VAWG survivors and may make it more difficult for them to leave an abuser.<sup>27</sup>

### **Making work pay has not been effective for women**

19. This is primarily because incentives to work for second earners in a household (statistically much more likely to be women) are reduced for many. The tapering of UC at 63% of net income reduces the incentive for

<sup>16</sup> WBG (2019) Rebuilding a just social security system <https://wbg.org.uk/wp-content/uploads/2019/08/Social-security-WBG-submission-to-Labour-NPF-June-2019.pdf>

<sup>17</sup> Public Accounts Committee, ‘Accessing public services through the Government’s Verify digital system’ (PAC, 2019) at para 16.

<sup>18</sup> See for example WBG (2019) Benefits or barriers: making the social security work for survivors of violence and abuse across the four nations <https://wbg.org.uk/analysis/benefits-or-barriers-making-social-security-work-for-survivors-of-violence-and-abuse-across-the-uks-four-nations/> and, WBG (2018) Universal Credit and Financial Abuse: exploring the links <https://wbg.org.uk/analysis/reports/universal-credit-and-financial-abuse-exploring-the-links/>

<sup>19</sup> Work and Pensions Committee (2018) Universal Credit and domestic abuse <https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/1166/116602.htm>

<sup>20</sup> Women’s Aid (2018) Unequal, trapped & controlled: Women’s experience of financial abuse and potential implications for Universal Credit

<https://www.tuc.org.uk/sites/default/files/UnequalTrappedControlled.pdf>

<sup>21</sup> Work and Pensions Committee: Oral Evidence: Universal Credit (2018) <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/universal-credit-rollout/oral/81812.html>

<sup>22</sup> House of Commons Work and Pensions Select Committee (2018) *Universal Credit and Domestic Abuse*

<sup>23</sup> StatExplore

<sup>24</sup> Though few such requests have been made: House of Commons Work and Pensions and Northern Ireland Affairs select committees (2019) *Welfare policy in Northern Ireland*.

<https://publications.parliament.uk/pa/cm201719/cmselect/cmniaf/2100/2100.pdf>

<sup>25</sup> [https://www.parliament.scot/S5\\_Social\\_Security/General%20Documents/20190212\\_CabSecSSOP\\_to\\_Conv\\_UC-\\_split\\_payments.pdf](https://www.parliament.scot/S5_Social_Security/General%20Documents/20190212_CabSecSSOP_to_Conv_UC-_split_payments.pdf)

<sup>26</sup> <https://www.gov.uk/government/publications/gender-of-bank-account-holders-on-universal-credit/gender-of-bank-account-holders-on-universal-credit-august-2018>

<sup>27</sup> CPAG (2019) All kids count: the impact of the two child limit after two years <https://cpag.org.uk/policy-and-campaigns/report/all-kids-count-impact-two-child-limit-after-two-years>

second earners to enter paid employment, or to work more hours, in comparison with tax credits.<sup>28</sup> In many couples the first earner will already have used up the work allowance in relation to their own wage.

20. The emphasis on financial incentives also ignores other barriers to work especially for women and parents, such as availability of jobs, health and childcare that can be trusted.

### **Tackling worklessness and poverty has not been effective for women**

21. The Government has highlighted the fact that the employment rate, and in particular women's employment rate, are now higher than in 2013 when UC was introduced. However, many of these jobs are low paid and precarious, with the prevalence of zero-hour contracts increasing between 2013 (1.9% of all those in employment) and 2019 (3% of all those in employment)<sup>29</sup> – women make up 54%<sup>30</sup> of these. In the same period, in work poverty has also increased<sup>31</sup>. This is because, in particular for women - who are more likely to take on responsibility for unpaid care work - worklessness is not always the root cause of poverty. Rather, the unpaid care work women undertake acts as an impediment to working enough hours to lift oneself out of poverty. It is also for this reason that increases to the Living Wage are not necessarily a solution to women's poverty by themselves.
22. The effectiveness of UC in tackling poverty was further reduced by the changes introduced by the 2015 Budget. These included the two-child limit, the four-year benefits freeze and cuts to the work allowance. These policies mean that Universal Credit is actually contributing to an increase in poverty: a combination of the policies listed above and other public service cuts and social security 'reforms' – especially cuts to local government - mean that UC is contributing to increasing poverty amongst women, BAME families and children.
23. Women continue to take on the majority of childcare responsibilities and make up the majority (some 90%) of lone parents. When children are living in poverty it is generally because their mothers are as well. The proportion of single women living in poverty has stalled for three years at 25%, while the figure for poor single men has decreased to 23% (from 26% in 2016/17). 45% of single parents are living in poverty. Almost half of children living with a single parent (47%) are now in poverty.<sup>32</sup> Younger lone parents are also worse off under Universal Credit: single parents under the age of 25 used to receive a higher personal allowance under legacy benefits; under UC they will receive the same rate as an under 25 year old without any children, thus creating hardship for younger single parents when out of work.<sup>33</sup>
24. Childcare is expensive and the cost of a nursery place has risen four times faster than wages since 2008<sup>34</sup> and can cost around 30% of the income of dual earner couples on median incomes. The demand for a childcare place also exceeds supply, with only half of English local authorities having enough places for full-time working parents and only a fifth having enough for part time parents. UC provides some help with childcare (up to 85% of childcare costs, subject to a cap), though claimants must pay costs upfront, which can later be reimbursed. (Advisers have been encouraged to use the Flexible Support Fund to help parents with childcare in the first month of work, and the period of reporting has been relaxed).

### **Were the original objectives and assumptions the right ones? How should they change?**

25. The social security system should be straightforward and simple for people to access. However, the apparent simplicity of a single monthly payment administered by the DWP has clearly failed to match the complexity of the lives of claimants. Simplicity may be seen as 'common sense' but what may appear simple for

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<sup>28</sup> Resolution Foundation (2013) All work and no pay: Second earners' work incentives and childcare costs under Universal Credit (<http://bit.ly/2hP1u35>)

<sup>29</sup> ONS (2020) People in employment on zero hour contracts

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourcontracts>

<sup>30</sup> WBG (2019) Employment and earnings <https://wbg.org.uk/wp-content/uploads/2019/10/EMPLOYMENT-2019.pdf>

<sup>31</sup> IFS (2019) Why has in-work poverty increased in the UK? <https://www.ifs.org.uk/uploads/WP201912.pdf>

<sup>32</sup> WBG (2019) DWP data reveals women continue to be worst affected by poverty <https://wbg.org.uk/blog/dwp-data-reveals-women-continue-to-be-worst-affected-by-poverty/>

<sup>33</sup> Gingerbread (2019) Single parents and universal credit: singled out? <https://www.gingerbread.org.uk/wp-content/uploads/2017/10/Singled-out.pdf>

<sup>34</sup> WBG (2019) Childcare: key policy issues

administration is not the same thing as simplicity for claimants<sup>35</sup>, and there are also trade-offs with other objectives such as meeting needs, which may be complex.

26. The objective of 'tackling worklessness and poverty' assumed that unemployment was the primary cause of poverty. However, the rise in levels of in-work poverty has shown that this is not always the case. Low pay, low hours and/or number of earners in the household (resulting in low overall earnings) and high housing costs all contribute to in work poverty. So does the lack of a generous and flexible system of out-of-work non-means-tested benefits for partners in couples who are currently out of the labour market for good reason. For women, caring and other unpaid work restricts their earning potential meaning that a significant increase in the number of women in paid work has gone hand in hand with an increase in in-work poverty.
27. The objectives of a social security system ought to include the provision of collective security against risk to everyone, as well as being delivered in a way that guarantees human rights to dignity, equality and safety. Framed through these objectives, it is clear that UC is not only failing to provide a safety net to vulnerable people and fulfil their human rights, but also failing against its own objectives.

### **What effect has fiscal retrenchment had on the ability of Universal Credit to successfully deliver its objectives?**

28. The cumulative impact of cuts to public services and reform of the social security system has been especially damaging for poorer families, women, disabled people and ethnic minorities. This was the focus of WBG's 2018 report with The Runnymede Trust: *Intersecting Inequalities: the impact of austerity on BAME women*<sup>36</sup>. The report finds that cuts to public services and social security have disproportionately affected women and BAME families. At the same time as households losing thousands of pounds in social security benefits, public services which provide vital safety nets have also been cut. Cuts to adult social care and childcare services can force women to reduce their working hours, undermining attempts to 'make work pay'.
29. Changes made to UC in the 2015 Budget including the introduction of the two-child limit, benefit freeze and cuts to the work allowance have been particularly damaging to the objective of tackling poverty. Although the work allowance was then increased in the 2018 budget by £1000/year this only makes up for half the cut made in 2015 and does not rectify the other cuts and changes made.

### **Which claimants have benefited most from the Universal Credit reforms and which have lost out?**

30. WBG's research finds that women have lost out more than men, although few marginalised groups have benefited from UC. This has been supported by the UN Special Rapporteur on Extreme Poverty's 2018 report<sup>37</sup> where concluded that UC had pushed large numbers of people into poverty and that women, BAME and disabled people had been hardest hit.
31. Changes made in the 2015 Budget had a disproportionate impact on these groups: our 2017 analysis with the Runnymede Trust<sup>38</sup> following changes announced in the 2015 Budget found that, employed claimants would be £1200 worse off per year by April 2021 compared with the original design of UC. Unemployed claimants would be £500 worse off in the same time period. Women on average would lose more than men: employed women would lose £1400 of their yearly income, with a £600 loss for unemployed women. Employed black women would lose the most: £1500.
32. Subsequent changes made in the 2018 Budget reversed some of these cuts. However, taken cumulatively changes and cuts to social security including the introduction of UC since 2010 have still seen women lose out most. Tweaks made in 2018 are dwarfed by the successive freezes and cuts to awards of child benefit, most legacy benefits and tax credits, and UC elements since 2010.

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<sup>35</sup> Summers, K. and Young, D (2020) Universal simplicity? The alleged simplicity of Universal Credit from administrative and claimant perspectives. *Journal of Poverty and Social Justice* <https://blogs.lse.ac.uk/politicsandpolicy/universal-credit-simplicity/>

<sup>36</sup> WBG (2018) *Intersecting Inequalities* <https://wbg.org.uk/analysis/intersecting-inequalities/>

<sup>37</sup> <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=23881&LangID=E>

<sup>38</sup> WBG (2018) *Intersecting Inequalities* <https://wbg.org.uk/analysis/intersecting-inequalities/>

33. Renewed distributional analysis in 2018 showed that by 2021/22, employed lone mothers entitled to UC would lose on average £4933 per year if changes to income tax, NICs, the National Living Wage, benefits and tax credits are assessed together. **This means that the measure announced in Budget 2018 would only reverse about 13 per cent of the cumulative average cut in their net incomes.** For working couples with children, set to lose about £4600 for single earners and £4200 for dual earners, the increase reverses 14 per cent and 15 per cent of the cumulative cut respectively. Lone mothers not in employment – who will not benefit from this measure – will still lose a staggering £7000 per year in total by 2021/22<sup>39</sup>. Changes to the national living wage and income tax since 2010 will not compensate the introduction of UC.
34. Disabled women have also been disproportionately impacted by changes to social security policy since 2010. Multiple changes reduced the generosity and the scope of disability and incapacity benefits - this has a disproportionate impact on women as disabled women are majority of claimants (55%)<sup>40</sup>. The Employment and Support Allowance being absorbed by UC is most relevant here. The shift from legacy benefits to Universal Credit (UC) will have a particular negative impact on households with children that have a disabled adult. UC-entitled households with non-disabled children but with a disabled adult stand to lose an additional £1,300 per annum by 2021 when migrated into UC, and those with both a disabled child and a disabled adult an additional £3,000. This contrasts to a net additional gain of £300 for UC-entitled households with children where no one is disabled<sup>41</sup>.

The reasons for women's disproportionate loss, in addition to what is listed above, is as follows:

35. **Women are hit harder by cuts to cash transfers:** women and BAME groups are statistically poorer than men in income and assets. As a consequence, they are more likely to depend on social security.
36. **Conditionality disproportionately affects women:** UC has introduced work-related conditionality for the first time for many partners in couples, with and without children, who if they had a partner in employment were previously not affected. This will bring a large group of women in particular into conditionality for the first time.<sup>42</sup> Parents of 3- and 4-year-olds are expected to be available for work and actively seeking it. Parents of 2- and 1-year-olds are required to attend work-focused interviews. This is problematic in particular for lone parents (90% of whom are women) who struggle with combining job-seeking and looking after their children. Although there are easements to conditionality under some circumstances, there is concern that there is little awareness amongst Jobcentre staff of the complexities of gender roles and relationships, and the potential impact of the combination in UC of joint claims, conditionality for both partners individually, a joint earnings threshold target and a single monthly payment for most couples.
37. **The two-child limit increases child poverty and disproportionately affects BAME,** migrant and families who are members of certain religions who tend to have more children.<sup>43</sup> This means that the two-child limit imposed on UC and tax credits, as well as disregarding children's needs, is discriminatory.

### **How has the world of work changed since the introduction of Universal Credit? Does Universal Credit's design adequately reflect the reality of low-paid work?**

38. Automation and increased precarity via the gig economy have all changed the world of work substantially both before and since UC was introduced<sup>44</sup>. Women are now 47% of those in employment but are still the majority of those in part-time employment (74%), involuntary part-time employment (57%), temporary employment (54%), zero-hour contracts (54%) and part time self-employment (59%). Women are more likely to be in sectors struggling to cope with underfunding or struggling sectors like social care, hospitality and the public sector. They are also more likely to be living in-work poverty due to unpaid caring responsibilities<sup>45</sup>.

<sup>39</sup> See IFS Submission to the Work and Pensions Committee's Universal Credit rollout inquiry, 11 January 2018, (<https://bit.ly/2z5cs9Z>)

<sup>40</sup> WBG (2018) Disabled women and austerity <https://wbg.org.uk/wp-content/uploads/2018/10/Disabled-women-October-2018-w-cover-2.pdf>

<sup>41</sup> WBG calculations using the Landman tax-benefit model

<sup>42</sup> WBG (2017) Universal Credit: A 2017 briefing from the UK Women's Budget Group <https://wbg.org.uk/analysis/universal-credit-briefing-uk-womens-budget-group/>

<sup>43</sup> WBG (2019) Intersecting inequalities: the impact of austerity of Black and Minority Ethnic women in the UK <https://wbg.org.uk/analysis/intersecting-inequalities/>

<sup>44</sup> RSA (2019) From precarity to employment: women and the future world of work <https://wbg.org.uk/wp-content/uploads/2019/08/Women-and-the-Future-of-Work.pdf> written for the Commission for a Gender-Equal Economy

<sup>45</sup> WBG (2018) Rethinking low pay and in-work poverty <https://wbg.org.uk/blog/rethinking-low-pay-and-in-work-poverty/>

39. The rise in zero-hour contracts and other jobs with fluctuating levels of pay complicates UC claims. A claimant may have relatively high earnings one month, leading to lower levels of UC the following month at a point where their pay is lower. This can make it more difficult to budget.
40. Women are increasingly likely to become self-employed, and to be part-time and have lower self-employed income than their male counterparts<sup>46</sup>. This means that potentially women could be more affected by UC rules around self-employment. This means reporting income and expenses every month, and in some cases subject to the 'minimum income floor' (where earnings are assumed to be at the national living wage rate) except for those in the first 12 months of self-employment.
41. Universal Credit is unable to effectively reflect the reality of low-paid work in part because it does not sufficiently account for gender inequalities, including women's disproportionate responsibilities for unpaid care. The five-week wait is not feasible for those already living on the breadline even if they get an advance, given that they have to pay it back out of their benefits. The two-child limit discriminates against particular groups and families and the cruel, punitive sanctioning system compounds the anxieties of those already living in poverty. The combination of six benefits makes it difficult to budget, especially for the primary carer. The reality of low-paid work also intersects with levels of domestic abuse, as we know that poverty and violence are inextricably linked<sup>47</sup>. The single payment puts women in low-paid work particularly at risk.

**If Universal Credit does not adequately reflect the lived experiences of low-paid workers, how should it be reformed?**

42. WBG is currently in the process of setting out what a dignified and effective social security system might look like as part of our [Commission for a Gender-Equal Economy](#) which will report in September 2020. In the meantime, we have established a series of principles for the replacement of UC - which we think should be paused in any event, so that the DWP can undertake a meaningful equality impact assessment before managed migration is rolled out following the pilot<sup>48</sup>.
43. In the short term ending the five-week wait, the two child limit, and the unnecessarily punitive sanction system and introducing separate payments by default would mitigate some of the worst impacts of Universal Credit. However, the system itself has been shown to be so flawed that we believe the Government should pause the roll out of Universal Credit and develop a social security system which prevents poverty and ends destitution and provides stability, predictability and security of income at an adequate rate to allow people to live with dignity and agency.
44. A new social security - or Universal Credit system - should be designed to meet these aims. This requires recognising that individual interests may not coincide in a family, and that individual incomes therefore matter. In so far as is possible, this means that social security should be provided without a (family based) means test, so that the resources available to individuals are not dependent on the presence, actions and/or resources of other(s).
45. Individuals live in many families over their life course. The design of the system should not allow or encourage the long-term prospects of any individuals to be subordinated to the immediate needs of their current family. For example, the social security system should ensure that the long-term employment prospects of women are not in conflict with the immediate income needs of their families. Nor should it tie social security rights to family form.
46. Meeting these aims also requires that the social security system encourages more equal sharing of caring and employment roles within families but UC requires nomination of a lead carer which is counter to this narrative. It should recognise the value of unpaid work, without reinforcing or exacerbating the current gendered

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<sup>46</sup> WBG employment briefing?

<sup>47</sup> WBG (2019) Benefits or barriers? Making the social security system work for women in the four nations of the UK <https://wbg.org.uk/wp-content/uploads/2019/06/Benefits-or-barriers-4-nations-report.pdf>

<sup>48</sup> WBG (2019) WBG calls on the DWP to do an updated equality impact assessment of UC before managed migration <https://wbg.org.uk/analysis/uk-policy-briefings/wbg-calls-on-the-department-for-work-and-pensions-to-assess-and-publish-the-impact-of-universal-credit-on-women-before-managed-migration/>

division of labour. No policy should rely on just one individual having to be the main carer or the main earner in a family.

47. The Women's Budget Group recommends that we move towards a social security system based as far as possible on non-means-tested benefits. Means testing is usually done on household income, which forces partners into mutual financial dependence and particularly affects women, who are likely to be the lower earner in couples, reducing their gains to employment, and sometimes making it not worthwhile to take employment and thus increasing their dependence on their partner. It is particularly important that benefits that are designed to pay for additional costs, such as those for children and disability, are not means tested. This is because the purposes of social security are far wider than just the relief of poverty after it has already affected people. As well as preventing poverty, the social security system also needs to be a means of mutual sharing of risks to livelihoods, compensating people for additional costs (such as children or disability related), and ensuring that individuals have access to an alternative source of income, so as to be able to refuse degrading forms of employment.
48. The social security system should be designed to ensure that it does not impede movement into and out of different types of employment that suit people at different stages of their lives, in particular when taking caring breaks. It should recognise that many people, mostly women, have employment histories interrupted by caring breaks and ensure that this does not lead to poverty in old age.
49. Design and implementation of policy for working age benefits can often fail to take into account the varied lives and complex needs of claimants<sup>49</sup>so the decision-making process on future reforms should include the views and voices of those seldom heard as well as other experts. This also includes adhering to the spirit of international obligations such as the UN conventions on the rights of the child, disabled people and women<sup>50</sup>. Processes such as equality analysis can also improve the quality of decision-making and help to avoid unintended policy consequences. Equality impact assessments (EIAs) should also be undertaken as an integral part of the policy-making process<sup>51</sup> when policies are designed, implemented and revised. DWP undertook EIAs in the early days of UC, but their adequacy<sup>52</sup> has been questioned and they do not appear to have been updated to reflect policy changes<sup>53</sup>. A good first step would be to revise and update existing EIAs for wider public debate.
50. A system to replace or amend Universal Credit ought to include non-means-tested separate payments of different benefits for different things paid in a frequency defined by the claimant.

## Women's Budget Group submission

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<sup>49</sup> Gray, P. and Timmins, N (2018) *Reforming working age social security: lessons for policy makers*. Institute for Government / Social Security Advisory Committee

<https://www.instituteforgovernment.org.uk/sites/default/files/publications/working-age-social-security-final.pdf>

<sup>50</sup> <https://www.unicef.org.uk/what-we-do/un-convention-child-rights/>; <https://www.un.org/development/desa/disabilities/convention-on-the-rights-of-persons-with-disabilities.html>;  
<https://www.ohchr.org/en/hrbodies/cedaw/pages/cedawindex.aspx>

<sup>51</sup> <https://wbg.org.uk/wp-content/uploads/2018/10/FINAL-submission-Equality-Act-enforcement-inquiry.pdf>

<sup>52</sup> <https://www.equalityhumanrights.com/en/parliamentary-library/welfare-reform-bill>

<sup>53</sup> <https://www.equalityhumanrights.com/en/publication-download/impact-welfare-reform-and-welfare-work-programmes-evidence-review>