

UK Women's Budget Group, 6 May 2020

Written evidence submission to the Treasury Select Committee

Economic impact of Covid-19

1. The UK Women's Budget Group is a network which analyses the impact of economic policy on different groups of women and men and promotes alternatives for a more gender equal future. Our submission will focus on this question presented by the Committee: *"What will be the impact on inequalities within society and how should the Government address inequalities that may have been exacerbated by the crisis?"*
2. Covid-19 presents not only a global health crisis, but a social and economic crisis too. Men make up 71% of Covid-19 critical care cases in England, Wales and Northern Ireland¹ but women are more vulnerable to the social and economic crisis, because of the work they do, paid and unpaid and because of the widespread problem of violence against women. This is in large part because of pre-existing inequalities in the labour market and economy:

What we know so far about the economic impact on women:

3. Women are **twice as likely** to be key workers²
4. **39% of working mothers are key workers**, compared to just 27% of the working population as a whole³
5. **77% of high risk workers** are women⁴
6. 98% of high risk workers **being paid poverty wages** are women⁵
7. **36% of young women and 25% of young men** worked in sectors that have been closed down⁶
8. Women in the UK are **four percentage points more likely to have lost their job than men**, with 17% of women newly unemployed compared to 13% of men⁷
9. **Mothers in the UK are doing more home-schooling and childcare than fathers leaving them with less time for paid work:** data gathered from 9-14 April show that, on average, men in the UK spend under 2.5 hours on childcare, and do under two hours of home-schooling. Women in the UK spend over 3.5 hours on childcare, and do over two hours of home-schooling.⁸

Pre-existing inequalities explain some of these trends:

10. **Women are the majority of health and care workers.** 77% of healthcare workers are women,⁹ as are 83% of the social care workforce.¹⁰
11. **Women are the majority of workers with highest exposure to Covid-19.** Of the 3,200,000 workers in 'high risk' roles, 77% are women.¹¹ Over a million of these workers are paid below 60% median wages. 98% are women.¹²

¹ ICNARC, (1 May 2020), Report on patients critically ill with COVID-19, <https://www.icnarc.org/Our-Audit/Audits/Cmp/Reports> Note: does not include cases from Scotland

² <https://www.resolutionfoundation.org/publications/risky-business/>

³ <https://www.resolutionfoundation.org/publications/risky-business/>

⁴ <https://www.theguardian.com/world/2020/mar/29/low-paid-women-in-uk-at-high-risk-of-coronavirus-exposure>

⁵ <https://www.theguardian.com/world/2020/mar/29/low-paid-women-in-uk-at-high-risk-of-coronavirus-exposure>

⁶ <https://www.ifs.org.uk/publications/14791>

⁷ <https://www.cam.ac.uk/research/news/women-bear-brunt-of-coronavirus-economic-shutdown-in-uk-and-us>

⁸ <https://www.cam.ac.uk/research/news/women-bear-brunt-of-coronavirus-economic-shutdown-in-uk-and-us>

⁹ WBG, (2020), Health and Gender, (<https://bit.ly/2JMJBw2>)

¹⁰ Skills for Care (2019) The State of the Adult Social Care Sector and Workforce in England (<http://bit.ly/31UezsV>) p. 9

¹¹ Autonomy (24 March 2020) The Jobs at Risk Index (JARI) (<https://bit.ly/2wVsCVH>)

¹² Ibid.

12. **Women are more likely to be low paid and in insecure employment.** Women are the majority of low paid earners (69%¹³) the majority of those in part-time employment (74%), involuntary part-time employment (57%), temporary employment (54%), zero-hours contracts (54%) and part-time self-employment (59%).¹⁴
13. **Women are the majority of people living in poverty and female-headed households are more likely to be poor.**¹⁵ For example, 45% of lone parents (90% of whom are women) are living in poverty.¹⁶
14. **Pre Covid-19, women were more likely to struggle with debt and bills.** 39% of women and 34% of men reported it was a struggle to keep up with bills, some or most of the time, 26% of women and 23% of men said they ran out of money by the end of the month and 29% of women and 23% of men said they would not be able to make ends meet for a month or less if they lost their main source of income.¹⁷
15. **On average, women carry out 60% more unpaid work than men.**¹⁸ This means they earn less, own less and are more likely to be living in poverty.
16. **Women are more likely to experience domestic and sexual violence and abuse.** 20% of women and 4% of men have suffered sexual assault, including attempts, since age 16, equivalent to an estimated 3.4 million women and 631,000 men.¹⁹ More than 1 in 4 women will experience domestic abuse during her lifetime²⁰: that is 1.3 million women under 60 in the last year alone.²¹
17. **Women are the majority (67%) of people living in homelessness,** with single parents making up two-thirds of homeless families with children.²²

Key issues for women:

18. These inequalities are now becoming pronounced and exacerbated, manifesting in serious problems for many women and girls across the country, especially those who are multiply marginalised by race, ethnicity, income or disability:
19. Women are the majority of healthcare workers struggling with adequate personal protective equipment (PPE) and testing. There are knock-on effects for other areas of health particularly affecting women.
20. Women are the majority of care workers trying to deal with this crisis in an already severely overstretched sector, without adequate PPE. The Government's relaxation of social care standards is cause for concern for many elderly and disabled women.
21. There is serious concern that care homes, domiciliary agencies and childcare providers may not financially survive the crisis leaving a shortage of paid care services which women are more likely than men to fill, further limiting their time for paid work.
22. There are gaps in the Government's salary retention schemes for employees and self-employed, which particularly affect women. Pregnant women are at risk of discrimination and workers on zero hours or casual contracts may be made redundant rather than furloughed with disproportionate impact on women. There is serious concern about indirect gender discrimination when the CJRS ceases.

¹³ WBG (2020) Women, employment and earnings (<https://bit.ly/2R4d4pi>)

¹⁴ WBG (2020) Women, employment and earnings (<https://bit.ly/2R4d4pi>) based on ONS (Oct 2019) EMP01 SA: Full-time, part-time and temporary workers (seasonally adjusted) (<http://bit.ly/2pZwHnW>)

¹⁵ WBG (2018), The female face of poverty, (<https://bit.ly/34jMVZa>)

¹⁶ WBG (29 March 2019) DWP data reveals: women and children continue to be worst affected by poverty (<https://bit.ly/2xHdxHj>)

¹⁷ ONS (2 April 2020) Early indicator estimates from the Wealth and Assets Survey: April 2018 to September 2019 (<https://bit.ly/34fc1bk>)

¹⁸ ONS (10 November 2016) 'Women shoulder the responsibility of 'unpaid work' (<https://bit.ly/2KBdnG9>)

¹⁹ Sexual offences in England and Wales: year ending March 2017, ONS, 2018 <https://bit.ly/2C0Y83y>

²⁰ ONS, 2018, Domestic abuse: findings from the Crime Survey for England and Wales: year ending March 2018 <https://bit.ly/34cTzP8>

²¹ ONS, 2018, Domestic abuse: findings from the Crime Survey for England and Wales: year ending March 2018 <https://bit.ly/34cTzP8> of the 2 million adults who suffered domestic abuse in the last year, 695,000 of these were men. Figures for year ending March 2018.

²² WBG (2019) A Home of Her Own: Housing and Women (<http://bit.ly/2L9c9Ts>)

23. Gaps in the social security system disproportionately affect women including amount and eligibility for Statutory Sick Pay (SSP), problems with Universal Credit (UC), arbitrary limits and caps and inadequate provisions for renters.
24. With schools and nurseries closed, the huge increase in responsibility for unpaid care work is disproportionately falling to women, often without the resources or equipment to cope.
25. It is likely many childcare facilities will close permanently during the lockdown exacerbating an already dyer shortage in childcare in the UK which inhibits women’s enrolment in the paid economy.
26. Violence Against Women and Girls (VAWG) is already increasing in ‘lockdown,’ while support organisations remain underfunded.
27. Many migrant women still have no recourse to public funds, leaving them exceptionally vulnerable to poverty and destitution.
28. Undocumented migrants may fear using the health service due to links with immigration enforcement. Maintaining social distancing in detention centres – as in prisons - is near impossible, putting both staff and detainees at high risk.

Job Protection Scheme and Self-employment Income Support Scheme

- What problems (if any) are individuals facing in claiming support from the Job Protection Scheme and the Self-employment Income Support Scheme?
- How effective have these schemes been in maintaining employment and reducing job losses?
- How successful has the Government been in plugging the gaps in the schemes?
- What gaps in coverage still remain and are changes required to increase their effectiveness?
- What actions does the Government need to undertake to pursue to support a successful exit strategy?

Gap/issues in scheme for women particularly:	Recommendation from WBG:
Coronavirus Job Retention Scheme (CJRS):	
<p>29. The significant increase in Universal Credit claims indicates that many employers are choosing to make people redundant rather than furlough them. In fact, data from the University of Cambridge²³ shows that women in the UK are four percentage points more likely to have lost their job than men, with 17% of women newly unemployed compared to 13% of men. Although employees on zero hours and other casual contracts are covered by the furlough scheme, employers may be more likely to simply not offer shifts rather than furlough them. Women are more likely than men to be on zero hours contracts.</p> <p>30. For example, 33% of cleaners and maintenance workers²⁴ report losing their job as opposed to being furloughed which is of increased concern given the overrepresentation of migrant workers</p>	<p>35. There should be a ‘right to request’ furlough.</p> <p>36. The Government should publicise the extension of the furlough scheme to new groups of employees.</p> <p>37. The furlough scheme should allow for part-time furlough, particularly for those who have caring responsibilities.</p> <p>38. It is vital that everyone who needs support can access information about what schemes are available. The Government should ensure that all information materials are available in multiple formats, including different languages, and avoid images of text to convey information as they cannot be read by screen readers.²⁵</p>

²³ <https://www.cam.ac.uk/research/news/women-bear-brunt-of-coronavirus-economic-shutdown-in-uk-and-us>

²⁴ <https://www.cam.ac.uk/research/news/women-bear-brunt-of-coronavirus-economic-shutdown-in-uk-and-us>

²⁵ RNIB website, (2020) Coronavirus and accessible online information, (<https://bit.ly/2UUbcbY>)

<p>without recourse to public funds in this profession. It is welcome that the CJRS is open to migrant workers but in order to truly protect migrant workers, NRPF must be suspended immediately to allow migrants to apply for social security.</p> <p>31. There is no right to be furloughed, both employer and employee have to agree putting especially pregnant workers at risk.</p> <p>32. The Government decision to extend the furlough scheme to employees who cannot work because of care responsibilities as a result of Covid-19 or who are shielding because they are in a vulnerable group is very welcome. However, this has not been widely publicised, meaning that employers may not be aware of the new groups that are covered by the scheme.</p> <p>33. To qualify for the furlough scheme, employees have to have been included on the PAYE payroll on or before 1 March 2020. Anyone who started work after that date is not eligible.</p> <p>34. The furlough scheme does not make provision for people whose hours have been reduced rather than cut altogether. For parents with small children, this means that it is not possible for both to be furloughed part time to meet caring responsibility while continuing to work part time. It is likely that the lower earner in a couple (usually a woman) will therefore be more likely to request to be furloughed, while the higher earner continues on full earnings. This will increase women's unpaid work while lowering their income.</p>	<p>39. Thought must be given to what companies do when the Government stops paying furlough to avoid gender inequalities relating to pregnancy and caring responsibilities disproportionately costing women's jobs.</p> <p>40. With gender pay gap reporting suspended, the Government should require all larger companies to record redundancies by sex to monitor indirect discrimination. Gender pay gap reporting should be reinstated as soon as the CJRS scheme ceases as an added protection.</p>
Self-employment income support schemes (SEISS):	
<p>41. The Institute for Fiscal Studies has highlighted²⁶ that approximately 2 million people with some self-employment income will not be eligible for the Government's self-employment payments.</p> <p>42. It is likely that the majority of these people will be men since women are 33% of self-</p>	<p>45. The three-year period over which average earnings are calculated for the Self-employment Income Support Scheme should exclude any period of family related leave.</p>

²⁶ IFS (2020) Income protection for the self-employed and employees during the Coronavirus crisis (<https://bit.ly/2wamY1u>)

<p>employed people. However self-employed women are more vulnerable to poverty given the self-employed earnings gap: in 2016, full-time self-employed women earned £243/week, compared to £363 for their male counterparts. This is a gender earnings gap of 32%, which is 12 percentage points higher than for full-time employees.²⁷ Women are also the majority (59%) of workers in part-time self-employment.</p> <p>43. Those who do qualify will have to wait until June for a lump sum payment. If they have low household income, they can claim Universal Credit in the meantime and wait 5 weeks for their first payment. However, when they receive the lump sum, this may take them over the savings threshold after which Universal Credit is reduced.</p> <p>44. The calculation of income from self-employment is based on earnings over the last three years. This means that those who have taken time off for caring responsibilities will lose out. This will disproportionately affect women, who are more likely to have caring responsibilities, and in particular mothers who have taken maternity leave.²⁸</p>	<p>46. Consider advance grants of SEISS or Universal Credit to support self-employed people faster.</p>
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Economy, public finances and monetary policy

What economic challenges may arise as the public health and social distancing policies are lifted and the economy begins to recover? What preparations can be made to manage these challenges? For example, could there be difficulty in restarting sectors of the economy quickly, a risk of a spike in inflation, or pressure on the UK balance of payments?

- 47. Childcare is a serious concern in terms of easing lockdown and restarting the labour market.** A survey by Childcare Online²⁹ found that almost one in six childcare providers (numbering more than 10,000 providers) were likely to have gone out of business by the end of the Covid-19 lockdown, with a loss of about 250,000 childcare places in England.
- 48.** This risk has been increased by the Government’s decision to reduce the support available for childcare providers: In March, the Department for Education (DfE) issued guidance that childcare providers could continue to receive ‘free entitlement’ payments for children who were not attending

²⁷ ONS (2018) Trends in Self-Employment (<https://bit.ly/2G0JUUM>)

²⁸ Maternity Action (2020) Covid-19 FAQs: Maternity pay and benefits for self-employed women (<https://bit.ly/2x2qA65>)

²⁹ Childcare.co.uk (22 April 2020) Nearly a sixth of childcare providers set to close permanently due to Covid-19 (<https://bit.ly/2VLIYia>)

childcare during Covid-19 and access the furlough scheme. However, on 17th April new guidance was released which restricts access to the furlough scheme for childcare workers.³⁰

49. Childcare providers have warned that social distancing in nurseries will be impossible. In addition some parents will have lost their childcare place because they have been unable to pay fees because they have lost their job, had their hours reduced or been put on furlough on reduced pay.³¹ All of this means that many parents may find themselves unable to return to work because of a lack of childcare places, particularly in less affluent areas where coverage is already sparse. Parents, especially women, rely on childcare to do paid work and this will constitute a serious barrier to stimulating the economy particularly in sectors where mothers are overrepresented.
50. Covid-19 has also deepened the crisis in social care where the pressure will force some homes and agencies to close while, at the same, demand will increase again for those avoiding paid care environments during lockdown. The BBC has reported that half of the care homes in Wales could close within the year.³² This will result in an increase in the already high number of people not receiving the care they need, a loss of jobs for care workers and an increased burden of unpaid care. All of these impacts will disproportionately affect women who are the majority of those needing care and the majority of those providing it, both paid and unpaid.³³ Women rely on paid care to enter the labour market and a deepened crisis in care will obstruct return to work for many.
51. As above, there is a serious risk of disproportionate redundancies for women, pregnant women and mothers when the CJRS ceases. Many companies that are large employers of women may not recover from the crisis, particularly in sectors such as hospitality, retail, childcare and tourism. Institute for Fiscal Studies analysis shows that 36% of young women and 25% of young men worked in sectors that have been closed down including restaurants, shops, leisure facilities and travel and tourism. Overall, 17% of women and 13% of men work in these sectors.³⁴
52. Many parents are facing additional living costs in lockdown due to school closures. They have not received support with this despite calls for increases to child benefit and a suspension of the two-child limit. Those who have borrowed to get by or had bills suspended during lockdown will face high interest rates and spiraling debt. Pre-crisis, ONS data shows women consistently more vulnerable to poverty: 39% of women and 34% of men reported it was a struggle to keep up with bills, some or most of the time, 26% of women and 23% of men said they ran out of money by the end of the month, and 29% of women and 23% of men said they would not be able to make ends meet for a month or less if they lost their main source of income.³⁵

Shortages of care and widespread economic hardship could cause:

53. **Increased poverty.** Pre-Covid-19 women were more vulnerable to poverty, as the majority of lone parents, single elderly people, precarious and low paid workers and, those with caring responsibilities limiting their time for paid work. Job losses and increased unpaid care responsibilities as a result of lack of childcare and social care are likely to increase poverty and dependence on social security benefits, especially for women.
54. **Increased homelessness:** Women are already the majority (67%) of statutory homeless people and this could increase if payment holidays lift suddenly and protection against eviction ends. Homeless

³⁰ Early Years Alliance, (17 April 2020) Alliance slams government U-turn on financial support for providers, (<https://bit.ly/3bVihU0>)

³¹ Mumsnet.com (13 March 2020), COVID-19 nursery closure and refund, (<https://bit.ly/34ml3DL>)

³² BBC (26 April 2020), Coronavirus 'could close half of Wales' care homes' (<https://bbc.in/2Ya2YHR>)

³³ For more information about Covid-19 and the care sector see WBG (2020) Social Care and Covid-19 (<https://bit.ly/3a14ML4>)

³⁴ <https://www.ifs.org.uk/publications/14791>

³⁵ ONS (2 April 2020) Early indicator estimates from the Wealth and Assets Survey: April 2018 to September 2019 (<https://bit.ly/34fc1bk>)

people currently being housed and supported during the health crisis cannot be abandoned during the economic crisis to come.

Policy responses in the medium term should include:

55. **Provide additional funding for the NHS** to meet the backlog created by postponing treatment during the peak of Covid-19 cases.
56. **Reinstate the obligation to provide social care for all those who need it**, as soon as Covid-19 is under control, replacing the discretionary obligation contained in the Coronavirus Act.
57. **Give local authorities new duties and powers with respect to social care** for which they should be adequately funded by central Government. These should include duties to have oversight of all forms of care in their areas and requiring care providers to provide guaranteed hours, pay comparable to similar NHS jobs, training and support.³⁶
58. Ensure **employers report the numbers of people they make redundant with breakdowns by sex** and other protected characteristics.
59. Introduce **protection against redundancy** as a result of furlough for caring responsibilities or taking time off due to sickness or shielding. There must be clear guidance to mitigate a spike in indirect discrimination for those with caring responsibilities. This should be monitored over time.
60. **Gender pay gap reporting should be reinitiated** and include reporting on the current period.
61. The **basic levels of benefit payment should be increased** in line with the National Living Wage to support those who have lost their jobs. This should be supported by specialist support that recognises the particular challenges facing different groups, for example younger people, older people, disabled people and BAME people who have lost their job in recession
62. Invoke the TUC's new job guarantee³⁷ recommendation to **nationally fund jobs**, especially for young unemployed people which provide a minimum six months contract with accredited training, paid at least the real living wage, or the union negotiated rate for the job.
63. Increasing **support and offering flexibility** (e.g. reducing taper rate) under Universal Credit to provide support to tackle debts as well as **converting all advance payments into grants and ending the benefit cap and two child limit**.
64. Consider direct financial support to write off debts incurred as a result of the crisis
65. Continue to **protect tenants from eviction** and increase local housing allowance to 50% of median rents.
66. Introduce **sustained funding for frontline women's services including VAWG services**. This should include reforming the current commissioning model so that ringfenced funding for women requiring specialist support including those led 'by and for' BAME, LGBT women and disabled women.
67. **Critical infrastructure continuation fund payable to childcare and social care providers** at risk of closure to ensure continuity of care
68. **Do not turn to austerity measures to pay for the cost of the crisis**. This will repeat the past and impact poor, BAME and disabled women most³⁸. Consider alternative ways to pay for the measures needed including investment in social infrastructure to boost the economy, increased taxes on wealth and tackle tax evasion, avoidance, and havens.

Economy, public finances and monetary policy

- *What will be the impact of the outbreak on the Government's economic, customs and financial sector priorities in its negotiations with the European Union?*
- *What are the lessons that society can learn for the future e.g. reducing carbon emissions, increased home working, business resilience?*

³⁶ For more detailed recommendations see WBG (2020) Social Care and Covid-19 (<https://bit.ly/3a14ML4>)

³⁷ <https://www.tuc.org.uk/research-analysis/reports/new-plan-jobs-why-we-need-new-jobs-guarantee>

³⁸ WBG and Runnymede (2018) Intersecting Inequalities: the impact of austerity on BME women <https://wbg.org.uk/analysis/intersecting-inequalities/>

69. As business and industry scrambles to cope with the Covid-19 crisis/fallout and, both UK and EU Governments are equally occupied with mitigating the worst health and economic effects, it seems impossible that a beneficial trade deal can be negotiated by the end of 2020. **The transition period should be extended to maximise the chances of a deal.** A 'no deal' scenario combined with an already plummeting GDP as a result of Covid-19 risks catastrophic damage to the UK economy for which marginalised groups will pay the highest price, given historic inequalities at play in the labour market. Women are more vulnerable to job losses, hunger and loss of rights in a no deal scenario³⁹.

70. There are many lessons to learn from the Covid-19 crisis in terms of gender equality:

- a) The need to value care and health as public goods which are vital parts of our social infrastructure has rarely been more acute. The care sector requires dramatic reformation and reinvestment including structural and financial overhauls of both the childcare and social care systems. Care has not only been vital in the midst of the pandemic; it will be essential to rebuilding the economy with women as equal participants.
- b) Home and flexible working are possible and desirable for many, especially parents. These ways of working help redistribute care more evenly amongst families therefore allowing women especially, to participate in the paid economy.
- c) Migrant labour is fundamental to the functioning of our public services and economy. From care-workers and cleaners to those working in supermarkets, pharmacists and farms, migrant workers are a vital part of Britain's economy and should be respected as such. The proposed points-based immigration system would disqualify many of the people currently providing life-saving care and needs serious reflection.
- d) Britain's economy and public services were unready for crisis. Resilience and reduction of emissions must be prioritised in the face of the climate emergency which threatens to cause further crises and inequality in the future.

May 2020

Please note that this submission was up to date at the time of writing, but the situation is changing constantly and may not reflect recent policy amendments. It builds on the Women's Budget Group full report: '[Crises Collide: Women and Covid-19](#).' In May 2020, we published a briefing on potential problems for women when easing lockdown including shortages in care and indirect discrimination. It is available to read [here](#).

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³⁹ <https://wbg.org.uk/analysis/operation-yellowhammer-briefing-from-the-womens-budget-group/>