

Spring Budget 2022 Pre-Budget Briefings

# **Social security and gender**

## Social security and gender

*A pre-budget briefing from the UK Women's Budget Group – Spring 2022*

### Key points:

- **Women are more likely than men to rely on social security** for a larger part of their income because of their generally **lower earnings**, longer lives and **greater caring responsibilities**. Some groups of marginalised women are even more likely to rely on social security.
- The coronavirus pandemic heightened the need for a social security system which provides protection against risk. The number of **individuals on Universal Credit doubled to nearly 6 million** in March 2021 compared to March 2020 and, in January 2022, remains at nearly 5.6 million. **Food bank use and lone-parent poverty have also increased.**
- The **£20 a week uplift to Universal Credit ended** in October 2021. This **hit over 5.5 million people** with some families losing up to 21% of their income.
- Measures announced in the 2021 Autumn Budget, including a reduction in the UC taper rate and an increase in the work allowance to £500, do not go far enough to mitigate the loss of the uplift, leaving the poorest fifth in the UK with £380 a year less on average.
- The scheduled uprating of 3.1% in April 2022 will be a real-terms cut to benefits, with inflation forecast to hit 7% then.
- Gendered issues in the social security system long pre-date the pandemic; and **cuts and policy changes since 2010 have increased children's, women's and in-work poverty**.
- In particular, the introduction of UC, and other measures including the two-child limit, benefit cap and benefit freeze have gendered impacts. **Lone parents, survivors of domestic abuse, disabled and BAME women have been particularly disadvantaged.**
- In the longer term, insofar as is possible, **social security should be non-means-tested, based on individual entitlement and encourage the sharing of care**. This should be done in consultation with users, with the impact on equality assessed at every stage, as part of a holistic review of public spending and taxation.

Social security is a fundamental element of a caring economy that promotes well-being for all, decent living standards and opportunities for everyone to fulfil their potential in life. Protection against social risks such as illness, poverty and unemployment can come in many forms. Public services provide for health, care and personal safety needs; regulation protects workers and consumers; and benefits provide financial support for those subject to social risks and facing additional costs, providing real

income security and facilitating autonomy and agency for all.

The coronavirus pandemic and the economic impact of lockdowns have confirmed the importance of a system available to all in times of crises. Yet the current system, whilst providing indispensable support, is also falling short for millions of people, especially women.

This briefing explains how recent reforms to the social security system for working-age people in the UK have disproportionately disadvantaged women, especially minority women including BAME,<sup>1</sup> disabled and migrant women and lone parents. It outlines how a generous and sustainable social security system is vital to the recovery of people's lives and the economy from the coronavirus pandemic and makes recommendations to create a social security system that provides universal social protection and promotes equality, justice, dignity and human rights.

This briefing uses the shorthand 'social security' to mean *UK social security policy* that is primarily orchestrated from Westminster. Social security policy is reserved/devolved to different degrees in Wales, Scotland and Northern Ireland and devolved administrations have their own 'mitigation packages' to limit the more restrictive elements of UK policy since 2010.

### Women and social security

In the UK, women on average continue to earn less than men. This is cause and consequence of the fact that women continue to take on responsibility for more unpaid care work than men— of children, and older or disabled people - leaving them with less time for paid work across a lifetime.<sup>2</sup> This means that, on average, women are more likely to rely on social security and receive more of their individual and household income from the social security system than men.

There are also many women who cannot do paid work due to sickness, disability or caring responsibilities: women are the majority of disabled people and those caring for disabled people.<sup>3</sup> A social security system that provides for these women is vital to recognise their humanity and wider contributions to society beyond paid employment.

Social security also has a vital role in securing economic independence for all women. Economic *dependence* makes women more vulnerable to

domestic and sexual abuse and violence since they may be unable to leave abusive relationships, households or contexts due to financial constraints.<sup>4</sup> And more generally, economic dependence can undermine autonomy and equality in relationships.

### Coronavirus and social security

Coronavirus lockdowns caused many sectors of the service-based British economy, including retail, hospitality and tourism, to close.

The government acted quickly to protect jobs by introducing the Coronavirus Job Retention scheme (CJRS) and the Self Employment Income Support Scheme (SEISS). However, the same level of protection has not been introduced for those already out of paid work, or on low earnings, and those changes that were introduced have now largely been reversed.

Furthermore, for many non-EU migrant workers, the failure to lift the 'No Recourse to Public Funds' policy during lockdown saw many left without a safety net.

### Universal Credit

Despite calls for the £20/week UC uplift to be made permanent, it ended on 6 October 2021, with 5.8 million claimants likely to be over £1000 a year worse off.

Just a few days before the uplift was withdrawn the government announced a £500 million Household Support Fund for small grants to meet daily needs such as food, clothing, and utilities, to be accessed in England via local councils (with devolved governments receiving up to £79 million of the £500m and deciding how to allocate this). The fund was for support during the winter, with an end date of 31 March 2022. The Household Support Fund is insufficient to compensate for the losses arising from the end of the uplift.

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<sup>1</sup> Throughout the briefing we use the term BAME (Black, Asian and Minority Ethnicity) but we acknowledge the limitations of this term as the experiences of different people who will fall within that artificial grouping will vary considerably. Where it is possible to disaggregate by specific race and ethnicity, we do so. However, most data sets do not provide accurate enough sample sizes to do so.

<sup>2</sup> WBG (2020) Creating a caring economy: a call to action (<https://bit.ly/3arV2aG>)

<sup>3</sup> WBG (2018) Disabled women and austerity (<https://bit.ly/3503Oda>)

<sup>4</sup> WBG (2021) Distribution of money within the household and current social security issues for couples in the UK (<https://bit.ly/3k2HPbx>)

## Working Tax Credit

During the pandemic, Working Tax Credit claimants could retain their claim if they had temporary short-term reductions in their working hours as a result of Covid-19 which would have affected their WTC eligibility. This came to an end in November 2021.

## The UC Minimum Income Floor for self-employed claimants

The 'Minimum Income Floor' (MIF) which reduces the amount of UC of some self-employed was suspended during the pandemic but was reintroduced in 1 August 2021.

## Statutory Sick Pay

During the pandemic, rules were introduced to enable certain small and medium sized employers to reclaim some or all of their Statutory Sick Pay (SSP) costs from HMRC where the claimant's incapacity was related to Covid-19. This rebate scheme enabled employers to reclaim up to two weeks of eligible SSP costs per employee; it closed on 30 September 2021, so any absence related to Coronavirus after that date will not be eligible for the rebate.

## Carer's Allowance

In recognition of disrupted patterns of care during the pandemic, the Government introduced rules around breaks in care and recognition of emotional support to enable Carer's Allowance to continue to be paid. These easements stopped after 31 August 2021.

## Autumn Budget 2021 changes

In the Autumn Budget, the Chancellor announced that the taper rate for Universal Credit would be cut from 63% to 55%, and the work allowance raised by £500 a year. While welcome, this does not go far enough to mitigate the loss of the £20 per week uplift.

The increased work allowances are now only available to claimants who are responsible for a child or have limited capability for work. There is still no allowance for 'second earners' in a couple, who are more likely to be women.

The taper reduction won't help those who aren't in work (this includes those who aren't expected to be looking for work like carers or disabled people, the majority of whom are women).<sup>5</sup> Nor will it help those whose earnings are below their work allowance limit, as they won't be subject to the taper until they exceed that amount. However, they should gain from the £500 work allowance.

Analysis by the New Economics Foundation has found that even after the UC reforms announced in the Budget, come December, the poorest fifth in the UK will be receiving £380 a year less on average from UC than if the £20 uplift had stayed in place.<sup>6</sup> The analysis finds that reversing the £20-a-week cut to universal credit, rather than lowering the taper rate and raising work allowances — which determine the amount of universal credit withdrawn for every £1 someone earns — would have prevented 300,000 more people from being pushed into poverty this winter.<sup>7</sup>

There were no announcements made in the budget about out-of-work benefits and as such, unemployed people are a group that are being particularly hard hit by the cost of living crisis. There has been no above inflation increase in out-of-work benefits for people who are unemployed and childless for over 50 years, indeed these benefits have been cut in real terms, leaving the living standards for those in that group far below those of other benefit recipients.

## Social security before coronavirus

WBG's 2019 briefing on Social Security and Gender<sup>8</sup> gives a full account of changes made since 2010; only a short summary is provided here.

The problems in the current system long pre-date Covid-19. Cuts and changes made to benefits since 2010 have resulted in reductions of payments and increases in women's, children's and in-work poverty.<sup>9</sup> The introduction of Universal Credit, the benefit cap, the two-child limit, the 'bedroom tax', the benefit freeze and other changes have

<sup>5</sup> WBG (2018) Disabled women and austerity (<https://bit.ly/3503Oda>)

<sup>6</sup> New Economics Foundation (2021) Poorest fifth still £380 worse off a year after chancellor's boost to universal credit, compared to £20 uplift (<https://bit.ly/3HpgtQe>)

<sup>7</sup> Ibid

<sup>8</sup> WBG (2019) Social security and gender: a story of increasing vulnerability (<https://bit.ly/31L646B>)

<sup>9</sup> Joseph Rowntree Foundation (2020) What has driven the rise of in-work poverty? (<https://bit.ly/2ES2oql>)

exacerbated inequalities of gender, race<sup>10</sup> and disability<sup>11</sup>.

- **Universal Credit:** In 2013, the Coalition Government introduced Universal Credit (UC), which combined six means-tested benefits and tax credits into one single benefit, means-tested and paid monthly.<sup>12</sup> From 2015, the Conservative Government introduced more restrictions to UC, in addition to the tighter conditionality and sanctioning, including:
- **The two-child limit** (2015) which limits the amount of extra means-tested help to two children, with one of few exceptions being a child conceived via rape.
- **The five-week wait** (reduced from six weeks in 2016) which means UC claimants wait at least five weeks from application to first payment.
- **The benefit freeze** (2016) which froze most payments so that they did not rise in line with inflation until 2020.
- **The benefit cap** (2016) which sets limits on how much social security many people can claim depending on their circumstances.
- **Cuts to the work allowance and taper rates** (2015) which limit how much people can earn without their Universal Credit starting to be withdrawn. These have since been partially reversed.

Other social security benefits include:

- **Housing Benefit and Local Housing Allowance:** paid to help with the cost of accommodation, now paid as part of UC.
- **Child Benefit:** paid to most parents or guardians to help with the cost of raising children.
- **Statutory Sick Pay:** paid when employed people cannot attend work due to sickness.
- **Employment and Support Allowance (ESA)** paid to those with a disability or health condition that affects how much they can work.
- **Disability Living Allowance (DLA) and/or Personal Independence Payment (PIP):** paid to help cover the additional costs of disability.

- **Other legacy benefits**, including **Jobseeker's Allowance** for those out of paid work. Migration to UC is not complete; so some people are still in receipt of so-called 'legacy' benefits and/or tax credits.

Tweaks made in the 2018, 2019 and 2020 fiscal statements are far outweighed by the successive freezes and cuts to awards of child benefit, most legacy benefits and tax credits, and UC elements since 2010.<sup>13</sup> In 2020, the Chancellor confirmed the end of the benefits freeze, with an uprating of 1.7% from April 2020. For existing claimants this simply stops the situation getting worse but does not compensate for what has been lost during the four-year benefits freeze in 2016-2020.

### Gender impacts of changes since 2010

#### Universal Credit and women

A 2020 report from the *House of Lords Economic Affairs Committee* found that UC is failing in its ambitions to 'make work pay', lift people out of poverty and provide income to meet basic needs.<sup>14</sup> These failings particularly affect women because women are more likely to rely on the social security system at some point, as noted above. Key gender issues in relation to UC include:

- Cuts to work allowances in UC and the increased taper rate compared with tax credits for many 'second earners' reduce employment incentives and therefore the capacity of many women to enter employment or earn a decent living.
- Women are also most of victims/survivors of domestic abuse and the cuts to payments can leave survivors trapped with an abusive partner.<sup>15</sup> Payment into a single bank account can make women more vulnerable to economic abuse.<sup>16</sup>
- The work-related conditionality in UC affects a large group of women in particular for the first time.<sup>17</sup> Parents of young children are expected to be available for (limited hours of) paid work

<sup>10</sup> WBG (2019) *Intersecting inequalities* (<https://bit.ly/310kyTu>)

<sup>11</sup> WBG (2018) *Disabled women and austerity* (<https://bit.ly/2GdtkBP>)

<sup>12</sup> Though it is possible to apply for Alternative Payment Arrangements (APAs) in certain circumstances. In Scotland and Northern Ireland there are other special payment arrangements.

<sup>13</sup> WBG (2019) *Social security and gender: a story of increasing vulnerability* (<https://bit.ly/31L646B>)

<sup>14</sup> House of Lords Economic Affairs Committee (2020) *Universal Credit isn't working: proposals for policy reform* (<https://bit.ly/2YSWZHd>)

<sup>15</sup> Women's Aid (2017) *Women's Aid responds to the Department for Work and Pensions' 'Benefit Cap: Number of Households capped to May 2017' report* (<https://bit.ly/2PArYE8>)

<sup>16</sup> Marilyn Howard and Amy Skipp (2015) *Unequal, trapped & controlled: Women's experience of financial abuse and potential implications for Universal Credit, Women's Aid and TUC* (<https://bit.ly/2JDJa7F>); WBG (2021) *Distribution of money within the household and current social security issues for couples in the UK* (<https://bit.ly/3k2HPbx>)

<sup>17</sup> WBG (2017) *Universal Credit: a 2017 briefing from the UK Women's Budget Group* (<https://bit.ly/3gVos1a>)

and actively seeking it. This can be problematic in particular for lone parents (90% of whom are women) who struggle with combining job-seeking and looking after their children. And in couples the parental role of partners who are not the 'main carer' is not recognised in their work conditionality.

- There is concern that there is little awareness amongst Jobcentre staff of the complexities of gender roles and relationships.<sup>18</sup>

### **Child benefit**

Since 2013, the universal nature of Child Benefit has been compromised by the High-Income Child Benefit Tax Charge (HICBTC). Those with an income over £50,000 per year with one or more children living in their household must pay a charge, in effect additional income tax, to pay back some or all of the child benefit received by themselves or their partner, unless it is given up. The real value of Child Benefit has also been significantly reduced by consecutive freezes and/or uprating by less than inflation.<sup>19</sup>

Women have been disproportionately affected by these cuts as they account for around 9 out of 10 Child Benefit recipients. Children often live in poverty because their mothers do so.

### **Disabled women and disability/incapacity benefits**

Disabled people have unique needs for social security, especially during the coronavirus pandemic when they may be required to stay at home and shield. Nonetheless, a similar pattern of punitive cuts since 2010 emerges in relation to social security for disabled people.

Women have been disproportionately affected by cuts to disability benefits, both as claimants and as carers. 55% of disabled adults and of those claiming Personal Independence Payment (PIP) are women and 58% of carers are women (60% among those caring for more than 50 hours per week).<sup>20</sup> Cuts to Disability Living Allowance (DLA) (and its replacement by PIP), and to Employment and

Support Allowance (ESA), were achieved through a combination of changes to uprating and to eligibility conditions, as well as cuts to amounts. One of the most significant changes to amounts was the alignment of ESA to JSA rates from April 2017 for those in the work-related activity group, as well as the limiting of contributory ESA for this group to a year.

DLA/PIP is a non-contributory, non-means-tested benefit designed to help with the additional costs of a disability or health condition. ESA is either a contributory benefit or a means-tested benefit<sup>21</sup> designed to partly compensate for the loss of income as a result of work incapacity (temporary or permanent). As in the case of other working-age benefit cuts, reductions in the level of support for disability may be framed as a labour market activation policy. However, recent government decisions have created a tougher regime that restricts people's 'enabling' opportunities rather than fostering them. Cuts to social care and other social services have a role to play in this discrimination.<sup>22</sup>

### **Housing benefit and tenants<sup>23</sup>**

Housing benefit has suffered some of the biggest cuts over the past eight years. The 'bedroom tax' (or under occupancy penalty), affecting social housing tenants, is the most well-known. However, there have also been a series of changes affecting private-sector tenants on Housing Benefit, around two-thirds of whom are women.<sup>24</sup>

Most significant of these are the introduction (and reduction) of the benefit cap, and changes to LHA rates, which determine the amount of Housing Benefit people can claim. In 2011 LHA rates were reduced from the 50<sup>th</sup> percentile of local rents for properties of the relevant size to the 30<sup>th</sup> percentile and then, in 2013, indexed only to the Consumer Price Index, which is often significantly lower than rental increases.<sup>25</sup>

<sup>18</sup> In 2018, a Work and Pensions Committee Inquiry found that service providers reported that training on domestic abuse 'lack[ed] detail' (<https://bit.ly/2YWJupl>)

<sup>19</sup> Bennett, F. and Himmelweit, S. (2020) Taxation and social security: overview paper for the WBG Commission on a Gender-Equal Economy (<https://bit.ly/3itml6a>)

<sup>20</sup> See Carers UK fact sheet (<http://bit.ly/2lCyN5d>)

<sup>21</sup> The means-tested element of ESA is being replaced by UC.

<sup>22</sup> WBG (2019) Gender and social care (<https://bit.ly/2YXzH2W>)

<sup>23</sup> WBG's report 'A Home of Her Own: Women and Housing' (2019) contains more detail on housing policy but there are important interactions with the social security system to cover here.

(<https://bit.ly/3bf90M1>)

<sup>24</sup> Private-rented sector housing benefit caseload (House of Common Library figures)

<sup>25</sup> Andrew Hood, IFS, at post Autumn Statement briefing, 26 November 2015 (<http://bit.ly/2lIl5Hq>)

This has left the majority of low-income private renters facing a shortfall between the Housing Benefit they can claim and their actual rents.<sup>26</sup> The subsequent benefit freeze meant that many HB payments did not even cover the 30<sup>th</sup> percentile of rents in 2019.<sup>27</sup> Evictions were suspended and the LHA rates increased to the lowest 30<sup>th</sup> percentile of local rents in response to the coronavirus lockdown, but there has been no 'rent freeze' equivalent to the 'mortgage holiday'. The eviction suspension ended in October 2021.

After a reset in April 2021 to September 2019 levels (real-terms cut in support), LHA rates from April 2022 are going to be reset to April 2020 levels. This is again a real-terms cut in support as private rents have increased 2% during 2021.<sup>28</sup>

### **Migrant women<sup>29</sup>**

Many non-EU migrant women and men have a condition on their visas which means that they have no access to certain public funds, including Housing Benefit or support and Universal Credit. This is called 'No Recourse to Public Funds' (NRPF). NRPF leaves many women on family and dependant visas economically dependent on their partners and facing destitution if the relationship breaks down. Undocumented women and asylum seekers also do not have access to adequate support.<sup>30</sup>

Most refuges cannot accept women with NRPF as they depend on Housing Benefit to fund their services, leaving such women with very limited housing options. Many migrant women are forced to return to their abuser, depend on friends and acquaintances or find other means of survival – options which put them at risk of further harm. These are all parts of the hostile environment created towards migrants.

### **Recommendations**

In the short term:

**Increase social security benefits in line with RPI/CPI;** families are still reeling from the UC £20/week cut in last October and the current cost

of living crisis is set to severely worsen low-income families' ability to afford essentials. The 3.1% increase in April 2022 will not keep up with inflation, projected to reach 7% in that month, resulting in a real-terms cut to benefits.

**Abolition of the Benefit Cap and 2-child limit** to prevent child poverty, and other changes to UC such as ending the UC 5-week wait, single household payment and lack of a second earner work allowance.

**Get Universal Credit to claimants sooner by making advances non-repayable grants:** Currently families are having to wait five weeks for a payment, or accrue debt in the form of an advance, which is only available as a loan. At least during the crisis, the Government should convert this into a non-repayable grant.

**Increase Employment and Support Allowance, Jobseeker's Allowance** and other benefit payments in line with the rise in Universal Credit and Working Tax Credits.

**Increase Child Benefit, to £50 per child:** Child Benefit fell significantly in real terms during austerity. We recommend an above inflation increase to counter this and also close the inequality gaps that have widened during the Covid pandemic.

**Lift the 'No Recourse to Public Funds' condition** which excludes many migrant women from support.

**Extend SSP eligibility and raise the amount payable** as a buffer against income loss when unable to work or advised not to do so for public health reasons.

In the longer term, the coronavirus crisis presents a moment when public attitudes to social security may change, since many people who may never have imagined themselves doing so are now relying on social protection in one form or another, whether it be the Coronavirus Job Retention

<sup>26</sup> Institute for Fiscal Studies (2017) The cost of housing for low-income renters (<http://bit.ly/2zQZ7Ga>)

<sup>27</sup> WBG (2019) A home of her own: women and housing (<https://bit.ly/3bf90M1>)

<sup>28</sup> ONS (2022) Index of private housing rental prices, UK: January 2022 (<https://bit.ly/3HebkRO>)

<sup>29</sup> For more on migrant women's experiences of the social security system read our 2020 briefing 'Migrant women and social security' (<https://bit.ly/3hN6rDq>)

<sup>30</sup> Women for Refugee Women (2020) Will I ever be safe? Asylum seeking women and destitution (<https://bit.ly/321quMZ>)

Scheme (CJRS) via their wages from their employer, Self-employment Income Support Scheme (SEISS), Jobseeker's Allowance and/or Universal Credit. This could spur on the political will for a much-needed overhaul of the system as outlined here.

UC has been shown to be unable to meet needs adequately. Managed migration (which has already been paused) should not be further pursued, and restrictions on benefits should be lifted, while a better system is designed to prevent poverty, end destitution and provide security of income at an adequate rate to allow people to live with dignity and agency.

To meet these aims, a better social security system should be:

- **Based on individual entitlement as far as possible**, so as to foster economic autonomy for individuals and make financial abuse more difficult to perpetrate. Individual interests may not coincide within a family or household and therefore individual access to income also matters.
- **Non-means-tested**, to prevent and not just provide relief from poverty; to compensate people for additional costs (such as children or disability related); and to ensure that individuals have access to an alternative source of income, so as to be able to refuse degrading forms of employment. Some means testing will still be required, but autonomy ought to be prioritised here.
- **Encouraging the sharing of care**, so that the gendered division of labour is not exacerbated. No policy should rely on just one individual having to be the main carer or the main earner in a family.
- **Taking a life-course approach**, so that the benefits system does not impede movement into and out of different types of employment that suit people at different stages of their lives. It should recognise that many people, particularly women, have employment histories interrupted by caring breaks and ensure that this does not lead to poverty in old age.
- **Designed by and for users**, so that the decision-making process on future reforms includes the views and voices of users, as well as those of

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.

- **Assessed by equality analysis at every stage** as an integral part of the policy-making process,<sup>31</sup> in other words when policies are designed, implemented and revised.
- **Part of a holistic review of social security, tax and public services**, because people need public services as well as income. Social security works in combination with other parts of the social protection system, including housing and health, social and child care, and needs to be evaluated as part of that system as a whole and the taxation system that funds it, including for its equality impact.

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<sup>31</sup> WBG (2018) Inquiry into Enforcement of the Equality Act, Response from the UK Women's Budget Group <https://bit.ly/2ECTW3L>