

## Who loses from benefit uprating changes? A gendered analysis

Social security provides a lifeline for millions of people and for some of the most disadvantaged in our economy. 40% of people on Universal Credit (UC), the biggest working-age benefit, are in paid work. 55% of people on UC are women.<sup>1</sup> Caring responsibilities are a major barrier to women working more hours and finding better paid but often less flexible jobs. Social benefits are therefore an important complement to women's incomes.

The current cost-of-living crisis is hitting the poorest families and individuals harder because a higher proportion of their incomes is spent on essentials. The cost of these items, like food and energy, is also increasing more rapidly than the headline inflation figure.

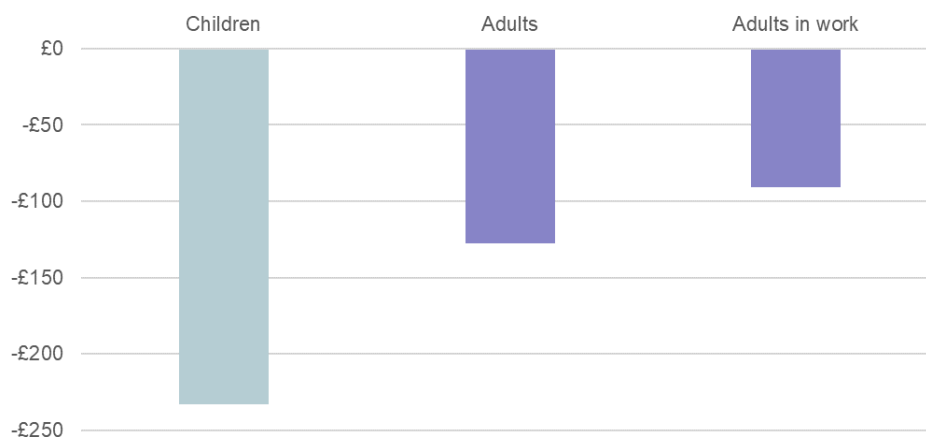
The Government is considering increasing benefits in line with average pay growth, rather than inflation. This would mean a cut in the value of those benefits for the people who are being hardest hit by this crisis.

Social security benefits, just like other forms of income such as wages, need to rise in line with inflation in order for people not to see a fall in the money they have available. During a cost-of-living crisis, uprating benefits in line with the price level becomes urgent to stop people from going hungry or cold.

By not increasing benefits in line with inflation, the Government would effectively be cutting the value of those benefits. In April 2022, this was already the case, when the Government uprated benefits in line with the 3.1% inflation rate of September 2021, at a time when inflation was 9%. Low-income families already have less money to spend than they did a year ago. Combined with tax cuts announced in the September Budget, this cut to benefits will widen inequality between rich and poor, and between men and women.

*Figure 1: Average impact of cuts in benefits on yearly disposable income, by population group, 2022 prices*

**Children will lose on average £233 per year as a result of the benefit cuts**

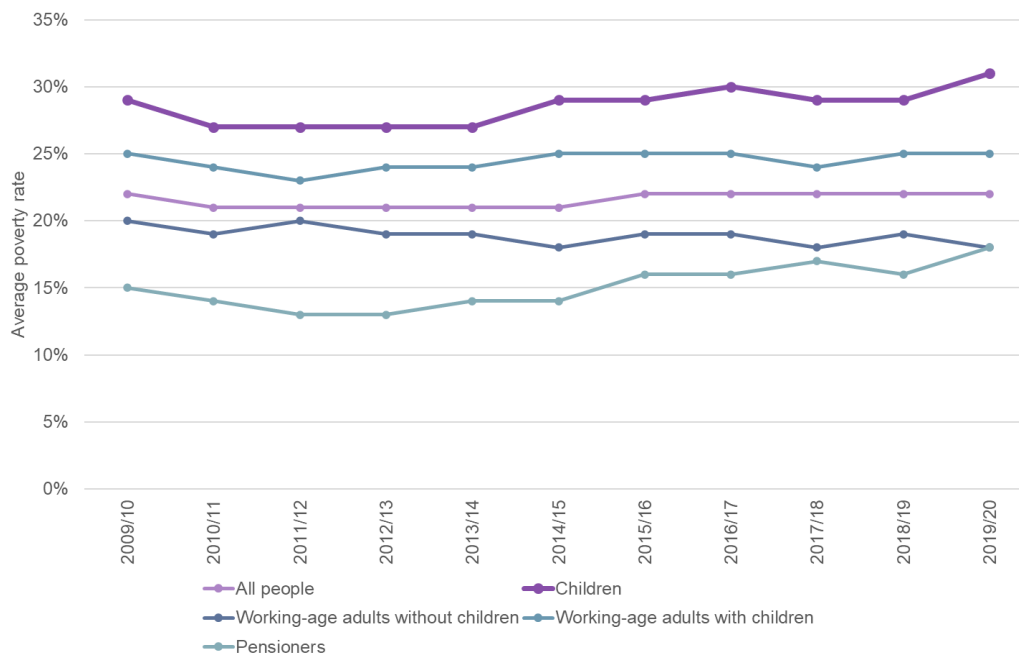


Source: WBG calculations using UKMOD 3.23+ and Family Resources Survey

<sup>1</sup> DWP (Feb 2022) [Universal Credit statistics, 29 April 2013 to 13 January 2022](#)

If social benefits are uprated by 5.5% (average pay growth) instead of 10% (inflation) children will lose an average of £233 per year (Figure 1). Child poverty has increased since 2010/11, reaching 31% of children in poverty in 2019/20 (Figure 2) and a cut in benefits would put more children into poverty. In addition to the immediate impacts on children's wellbeing, growing up in poverty has long-term effects on the children experiencing it, including lower educational attainment, lower life expectancy, and poorer mental health, among many others.<sup>2</sup>

*Figure 2: Average poverty rate by group*  
**Child poverty is higher than the average poverty rate and has increased in the last decade**



Source: JRF, based on Households Below Average Income, 2019/20, DWP

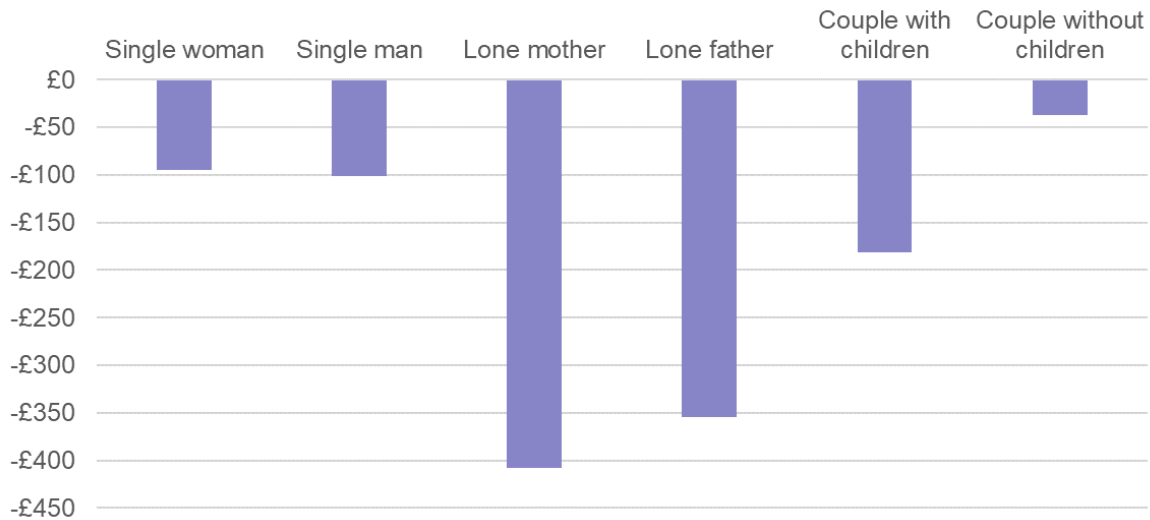
Lone-parent households, of which 85% are lone mothers, would be significantly impacted by a cut in the uprating of benefits. On average, lone-mother households will lose £408 per year as of next April (Figure 3). putting more pressure on families that have been struggling with soaring prices. Already by the beginning of 2022 there was a sharp increase in the use of food banks: the FSA Consumer Insights Tracker Data shows that 15% of the respondents used a food bank or food charity in March 2022, compared to 9% in March 2021. This percentage is considerably high for households with children, with 27% of them using food banks and food charities.

Overall, one-fifth of the participants of the FSA survey declared cutting down the size of their meals or skipping meals because of financial reasons in March 2022. For the households with children, 49% of lone parents (versus 31% of coupled parents with children) declared they have cut down the size of their meals or skipped meals because they did not have enough money to buy food. Since most lone parents are women (85%), the increase in food prices impacts women to a greater extent.

<sup>2</sup> Griggs and Walker (2008) [The costs of child poverty for individuals and society](#). Joseph Rowntree Foundation; : Wickham S, Anwar E, Barr B, et al. (2016) [Poverty and child health in the UK: using evidence for action](#).

Figure 3: Average impact of cuts in benefits on yearly disposable income, by benefit unit, 2022 prices

**Lone mother households will lose over £400 per year**



Source: WBG calculations using UKMOD 3.23+ and Family Resources Survey

The Government appears to be considering a second wave of austerity, reducing social security and cutting benefits, all under the argument of promoting economic growth. However, evidence shows that austerity policies inflicted severe damage to the economy in the 2010s, with impacts on the livelihood of millions of people. According to the OBR, austerity policies generated 2% of GDP loss between 2010 and 2012.<sup>3</sup> Recent research shows an increase of over 330,000 deaths during the austerity years.<sup>4</sup> In that same period, little progress was made in terms of children's wellbeing.<sup>5</sup> Women from ethnic minority backgrounds were also particularly affected by the austerity measures.<sup>6</sup>

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<sup>3</sup> J. Van Reenen (2015), [Austerity in the UK: past, present and future](#)

<sup>4</sup> Walsh D, Dundas R, McCartney G, et al. (2022) [Bearing the burden of austerity: how do changing mortality rates in the UK compare between men and women?](#)

<sup>5</sup> Y. Chzhen (2020) [The 'lost decade' of austerity: the UK makes no progress on child wellbeing](#)

<sup>6</sup> WBG (2017) [Intersecting inequalities. The impact of austerity on Black and Minority Ethnic women in the UK](#)