

WBG submission to Labour National Policy Forum Consultation 2023

A future where families come first.

1. How can the next Labour government best deliver a modern and affordable childcare system that supports families from the end of parental leave to the end of primary school? How should Labour ensure that a new childcare system helps to tackle child poverty?

There is a need for immediate interventions to stabilise the early education and childcare providers that remain. However, whilst short-term interventions are required to 'rescue' the system it is essential that a longer-term vision is developed, with a timeframe for interventions that will drive the wider reforms that are needed.

Labour must appreciate the importance of how interventions are made: ensuring provision recognises the benefits of more direct control by workers and parents, supporting higher wages and skills for early education and childcare professionals and guaranteeing more accessible and consistent provision. To create a stable and sustainable universal service that can support all families longer-term reforms must ensure that public funding generates the best possible return on investment and tackles the issues of equal access, high quality of care and a highly skilled and well rewarded staff.

In the short-term urgent action is required. There are issues with the low rate at which the free-hours entitlement policy is being funded¹. Under-funding is undermining the sector's ability to provide care, and may also compromise the quality of care. Funding for the 'free hours' hourly rate should reflect the true cost of care provision.

Whilst this is needed to rescue the system there is also scope to use this intervention to move towards the wider reforms needed. For example, this public investment should include conditions, such as ensuring providers comply with expectations such as ensuring all staff are paid at least the Real Living Wage; that a percentage of places are available for children that benefit the most, including for children with SEND and 2-year-olds that qualify for the free hours².

In the medium term we must move to a supply-side funding model, a better rewarded workforce and increased targeted support for the most disadvantaged

¹ IPPR (2015) Extending the early years entitlement - Costings, concerns and alternatives (<http://bit.ly/1KTD10I>)

² WBG Childcare, gender and Covid-19 Pre Budget Briefing

children, who benefit the most from high-quality early education and childcare. This will need to take place over a series of interventions, in order to enable the currently fragile sector to adapt over time towards a focus on prioritising quality and outcomes over profit. Changes would need to include developing national standards capable of ensuring quality, accountability and sustainability, and to coordinate provision on the basis of a new funding model and regulatory framework. Local Government will need to play a greater role in matching local provision to local need, taking on responsibility for where providers set up, who places are available for.

In the longer-term the next Government must invest in a universal and free system, delivered as a public infrastructure service on equal footing with school education. Modelling by the Women's Budget Group of the employment and fiscal impacts of such a system shows that while the upfront investment is significant, almost all of it is recouped through higher tax revenue due to the returns on increased maternal employment and reduced spending on means-tested benefits³. This provision must be able to deliver on the five core elements already outlined above, namely;

- Provision that works for all kinds of working parents and their employers
- Accessible and affordable options for all parents, in all communities
- Good pay, terms and conditions for the professionals who deliver it
- High quality provision for all children, especially those who benefit the most
- Locally shaped options that respond to local circumstances

Child benefit and childcare support through social security

Child Benefit is currently paid to most parents or guardians to help with the cost of raising children. 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.⁴ These cuts have disproportionately affected women as they account for around 9 out of 10 Child Benefit recipients. Children often live in poverty because their mothers do so.

Labour should Increase Child Benefit, to £50 per child. We recommend an above inflation increase to counter cuts since 2010 and also close the inequality gaps that widened during the Covid pandemic and the cost-of-living crisis. The universality of child benefit is important to support all children and to support mother's economic independence so we would also recommend removing the HICBTC.

³WBG (2021) [Calculating the cost of a high quality, free universal childcare system](#)

⁴ Bennett, F. and Himmelweit, S. (2020) [Taxation and social security: overview paper](#) for the WBG Commission on a Gender-Equal Economy

The current government also provides limited childcare support through Universal Credit, reimbursing up to 85% of UC claimants' childcare costs capped at rates that have not been increased since 2016.⁵

We recommend that Labour supports low income families through the social security system, with childcare costs that arise in addition to state-funded provision, with up front grants and rates that actually meet the costs of childcare.

2. How can the next Labour government defeat the scandal of rising poverty and end the soaring demand for food banks?

Poverty is a gendered phenomenon and women are more likely to live in poverty than men. As set out in our 2018 report with Coventry women's organisations, 'The Female Face of Poverty', the position of women in the labour market, the design of social security and women's roles within the family all contribute to women's vulnerability to poverty⁶.

Individual financial autonomy is the best guarantee of financial security both in the present and in the future. This is achieved for many people in two ways: through employment earnings and through adequate social security support. Our recommendations are threefold:

I. Access to an independent and adequate income for all:

- Barriers to employment should be tackled by investment in child and adult social care provision, public transport and flexible and adaptable jobs.
- Benefits should be designed to ensure that every individual within a household has access to a fair income.
- In addition to collecting data at the household level, statistical authorities (including the ONS and Department for Work and Pensions or equivalent) should collect and publish income data at the individual level.

II. Sharing care responsibilities and care costs more equally – within families and in society:

- Parental and paternity leave should be lengthened and adequately paid to ensure that men can take it. Maternity leave should be paid at the same higher rate.

⁵ WBG (2023) [The Chancellor must invest £1.75bn in childcare to help families with the cost-of-living crisis](#)

⁶ WBG with five women's organisations in Coventry (2018) [The Female Face of Poverty](#)

- Flexible working should be offered as an immediate right to all employees so that women and men can choose their right balance of work and family responsibilities. Differential use of flexible working by men and women should be monitored, and policies put in place to encourage more equal take up.
- Investment in child and adult care should be consistent and adequate to ensure that they are affordable, available to all who need it and of high quality (see our proposal for a universal quality social care system⁷ and universal free childcare⁸).

III. Sustainable funding for specialist women's organisations

- Specialist local women's organisations, including those led by and for women with additional protected characteristics should be adequately funded to ensure that all women have access to relevant support.

3. How can Labour's reforms to social security and employment support ensure people of working-age and pensioners have security throughout their working lives and in retirement?

Social security policy

We would recommend that Labour moves away from Universal Credit and towards a system that recognises the different needs and aims of different social security elements. However, in the short term, our recommendations for addressing the immediate problems with the current social security system are as follows:

- **Increase the real value of benefits, to at least restore their pre-2010 values.** Also, retain regular uprating of social security benefits in line with CPI. Otherwise, the ongoing cost of living crisis is set to further worsen low-income families' ability to afford essentials.
- **Abolish the Benefit Cap and 2-child limit to prevent child poverty**, and make other changes to UC such as ending the UC five-week wait and the single household payment, and introducing a second-earner work allowance.
- **Increase Child Benefit, to £50/week per child:** Child Benefit fell significantly in real terms since the post-2010 austerity period. We recommend an above inflation increase to counter this which would reduce overall poverty by a quarter, and child poverty in particular.
- **Get Universal Credit to claimants sooner by making advances non-repayable grants:** Currently families have to wait five weeks for a payment,

⁷ WBG and NEF (2022) [Universal quality social care: transforming adult social care in England](#)

⁸ WBG (2021) [Calculating the cost of a high quality, free universal childcare system](#)

or accrue debt in the form of an advance, which is only available as a loan. The Government should convert this into a non-repayable grant.

- **Remove the 'No Recourse to Public Funds' condition on most visas** which excludes many migrant women from support.

Universal Credit has been shown to be unable to meet needs adequately. Managed migration 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,⁹ 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 childcare, 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.

⁹ WBG (2018) Inquiry into Enforcement of the Equality Act, Response from the UK Women's Budget Group <https://bit.ly/2ECtW3L>

Pension policy

Female pensioners receive on average 16% less state pension than men. UK state pensions are among the least generous in the world: for anyone who retired before the pension rules changed in April 2016, the Basic State Pension is nearly £40 per week less than the government's own poverty threshold (the level at which single-rate Pension Credit is set). Because legacy rules treated married women as dependent on their husbands, older retired women in particular are less likely than men to receive the full amount. 13% of pensioners overall, and 20% of single female pensioners, live in poverty.

However, it is private pension schemes, promoted and subsidised by UK governments, that are the main reason for the gender gap in pensions. Private pensions favour those with continuous full-time employment and high lifetime earnings. Auto-enrolled private pensions exclude low-paid employees and, like other private pensions, make no allowance for periods of caring. Women's domestic roles are crucial to their pension disadvantage: women aged 65 to 74 have one-seventh of the private pension wealth of men.¹⁰

Our recommendations focus on measures to reduce the gender pension gap:

- Support for full-time employment of mothers through affordable and accessible care services, to allow them genuine choice in balancing paid and unpaid work across the life course.
- A Citizens Pension, based on the Dutch tax-funded model, payable at State Pension Age to each long-term resident and set at the Minimum Income Standard (the amount judged by the public to provide a minimum acceptable standard of living). In 2021, this was £298 per week for a pensioner couple after housing costs.¹¹
- A Voluntary Earnings-related State Pension Addition (VESPA).¹² A VESPA would be a fully portable pay-as-you-go (PAYG) scheme, allowing workers to save without the investment and longevity risks of defined contribution schemes.
- A Family Carer Top-up in auto-enrolled pension schemes to compensate for the loss of future pension income due to family caring.

4. How can Labour make home ownership a reality for more families, give private renters the security they need and tackle the scourge of homelessness? How can the next Labour government build more social

¹⁰ WBG (2021)

¹¹ Davis A, Hill K, Hirsch D, Padley M and Shepherd, C (2021) A minimum income standard for the UK in 2021,

<https://bit.ly/3G07soc>

¹² Ginn, J. and MacIntyre, K. (2013) UK pension reforms: is gender still an issue? *Social Policy and Society*, 12, 1, 91-103

and council housing and ensure greater investment in genuinely affordable homes?

Housing is fundamental to life, security and wellbeing as well as tackling climate change and working towards a zero-carbon future. There is currently not a single English region where the median private rent is affordable on women's median earnings and women need over 12 times their annual salaries to be able to buy a home in England, while men need just over eight times. Women also make up the majority of the statutory homeless.¹³

We welcome Labour's plans to build a new generation of council housing and restore social housing to the second largest form of tenure, and to give renters more powers and therefore security.

In addition, we would recommend:

- Implementing a right to safe, decent and affordable housing, as per the recent UN guidelines.¹⁴ This would mean transforming the private rental sector to discourage buy-to-let properties, bring down rents, guarantee security of tenure and reoccupy long-term empty homes for example by allowing communities, co-operatives and local authorities to purchase them.
- New housing (including new council housing) should move away from suburban sprawl, which increases car dependence and can isolate women and those who are more homebound, and support compact and connected communities close to services to encourage walking, cycling and public transport use.
- Engaging communities in housing design would ensure that it serves their needs. New housing must meet the needs of diverse and increasingly multigenerational households, while supporting care throughout the life course. Building homes that are adaptable as their inhabitants define and change their roles according to their health, care and family needs would allow people to stay in their homes for longer, which also conserves labour, money and materials in the long-term.
- A serious and urgent investment in retrofitting homes and non-domestic buildings, including financing insulation efforts and greening of home heating systems (e.g. heat pump installation), with specific support to social and private renters. New buildings should be planned based on higher energy efficiency and zero-carbon targets, with solar panels and heat pumps as standard.

¹³ WBG (2019) [A Home of Her Own: Housing and Women](#)

¹⁴ Special Rapporteur (2020) [Guidelines for the implementation of the right to adequate housing](#)

5. What are the specific implications of policy proposals in this area for (a) women, (b) Black, Asian and minority ethnic people (c) LGBT+ people, (d) disabled people and (e) all those with other protected characteristics under the Equality Act 2010?

Early Education and Childcare

The early education and childcare workforce is 98% female and among the lowest paid in the labour market.¹⁵ Research for the Department for Education published in 2020 found that 70% of childminders have earnings at or below the national living wage. One in eight early education and childcare workers earns below £5 per hour with 45% relying on state benefits to supplement their income¹⁶.

The informal early education and childcare workforce - encompassing in-home workers such as nannies, au pairs, and domestic workers - was particularly hard hit by the pandemic. This sector has always been relatively unregulated and for this reason it attracts migrant women who need to work “under-the-radar” as well as working-class women who cannot afford expensive training and qualifications.

Research from the Sutton Trust has shown that the lack of formal early education and childcare provision has had “the biggest impact on the poorest children” with potentially lasting impacts on the attainment gap.¹⁷ The absence of flexible, affordable early education and childcare is a huge barrier to tackling inequality: around two-fifths of the total attainment gap between sixteen-year-olds from the most deprived fifth of families and the least deprived fifth of families is already present at age five.¹⁸

Poverty

Women’s looser attachment to the labour market is a consequence of gendered roles and expectations about who should shoulder caring responsibilities. The design of the benefit system and lack of investment in transport, early education and childcare and child and adult social care also hinder women’s ability to combine care commitments with paid employment. Women tend to rely more on means-tested benefits and men more on national insurance benefits which are not means tested. It can be harder for women to qualify for national insurance benefits because of periods out of paid work¹⁹.

Social security

¹⁵ <https://wbg.org.uk/analysis/uk-policy-briefings/childcare-gender-and-covid-19/>

¹⁶ <https://www.gov.uk/Government/news/stability-of-the-early-years-workforce-in-england-report>

¹⁷ <https://www.suttontrust.com/wp-content/uploads/2020/04/COVID-19-and-Social-Mobility-1.pdf>

¹⁸ Hutchinson, J. and Dunford, J. (2016) Divergent pathways: the disadvantage gap, accountability and the pupil premium. Education policy institute

¹⁹ WBG with five women’s organisations in Coventry (2018) [The Female Face of Poverty](#)

With Universal Credit, cuts in work allowances, taper rates and the single monthly payment particularly hit women by reducing work incentives for some second earners and potentially increasing women's vulnerability to poverty and financial abuse. Cuts in benefits and public spending since 2010 have disproportionately affected women, with Black and Minority Ethnic women, disabled women and single mothers hit harder. Benefit sanctions have been increasing in severity and conditionality is now applied to previously exempt groups (e.g. more lone parents and disabled people). These sanctions are having a particular toll on vulnerable groups such as victims of sexual and domestic violence and are pushing many people into destitution and ill health²⁰.

Pensions

Women are becoming more likely to save in a private pension, but the gender gap in earnings, largely due to caring commitments that impact levels of full-time work, is a continuing barrier to such saving. Self-employment, zero-hours contracts and other forms of precarious employment have been increasing and these restrict the ability to pay either NI or private pension contributions.²¹ Even when incomes are similar, women's pension saving is less than men's. While 45% of men contributed to a non-state pension in 2018, only 39% of women did so.²²

Housing

Housing remains a key point of gender and intersectional inequality, with design that does not accommodate diverse needs or caring responsibilities, with mortgages and rents out of reach, and a suburban ideal that requires a car for daily living and can isolate women and children in the home.²³ Women and marginalised groups are often priced out of buying or renting good quality housing. 60% of all statutorily homeless adults in England are women; the number of women living in temporary accommodation has risen by 88% since 2011.²⁴

6. What consideration would need to be given to policy proposals in this area when collaborating with devolved administrations and local governments in England, Scotland, Wales and Northern Ireland?

Local government is responsible for providing or funding many of the services crucial to the daily lives and well-being of women and those they care for – children, families and vulnerable adults. These services include social care, schools, housing, domestic violence services, transport, youth and leisure services, public health, business support and planning and waste collection. Traditionally councils have also been a key source of funding for voluntary sector projects from which women benefit too.

²⁰ WBG with five women's organisations in Coventry (2018) [The Female Face of Poverty](#)

²¹ WBG (2018) Women, employment and earnings, <https://bit.ly/2ExUEtI>

²² ONS (2019) Pension wealth: wealth in Great Britain, Table 6.10, data for 2016-18, <https://bit.ly/3lUp6BH>

²³ Gibbons, A., Women's Budget Group (2021) [Rethinking Housing Supply and Design](#)

²⁴ Shelter (2021) [Women are some of the biggest losers in England's broken housing system](#)

Many of these services provide care to children and adults in need of support, including disabled and elderly people. Women continue to do most of the unpaid child and adult care work and so these services are integral to redistributing unpaid care and ensuring women have equal opportunity to participate in the paid economy.

Our recommendations:

- Local government funding needs to be urgently restored to a level which enables councils to meet their statutory obligations and also provide the preventive, non-statutory services which are vital to the well-being of women, children and those in need of all forms of care.
- Adequate funding should come from general taxation/central government, at least at the same level as for other public services.
- The distribution of central government funding should ensure that the most deprived council areas are properly funded to reflect the greater reliance of poorer people and women on local services. Current deprivation levels should be included in any future local authority funding formula to ensure fairness across the country and regions.
- The shift to dependence on Business Rates and Council Tax should be reviewed, while giving councils greater autonomy and powers to generate local income.
- Funding to meet all current social care needs should be made available from general taxation, on the same basis as the NHS.
- Cuts to funding of voluntary sector women's services must be reversed at a minimum as part of a review of sustainable funding for the sector to support and protect women survivors/victims of sexual and domestic abuse.
- Decent pay and conditions for local government workers, commensurate with other public sector groups, should be ensured through adequate funding to councils and an end to privatisation as a means of cutting women's incomes.

Further insight from WBG:

- [Spring Budget 2023 pre-budget briefings:](#)
 - [Childcare and Gender](#)
 - [Social security and gender](#)
 - [Local government and gender](#)
- [Costings for WBG childcare model](#)
- [Housing and gender \(Spring 2022\)](#)
- [Pensions and gender \(Autumn 2021\)](#)



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