

## Written evidence submitted by Chwarae Teg (BSW0008)

### Introduction

Chwarae Teg is the Welsh charity that exists to deliver a vision of a fairer Wales where women achieve and prosper. We work with women, business and decision-makers to build a society in which there is an equal sharing of power, influence and resources between women, men and non-binary people. Our work focuses on addressing the causes of women's economic inequality, ensuring that women are fairly represented in positions of power and influence and to reduce the risks women face from poverty, isolation and violence.

Our response to this inquiry therefore focuses on the gender equality impacts of the social security system, considering how well current support responds to the needs of women in Wales.

### Key messages:

1. Gender continues to shape our society and economy, resulting in different experiences and challenges for women, men and non-binary people. These differences need to be taken into account in public policy if we are to ensure equitable outcomes. The social security system, like many aspects of public policy has not adequately considered these differences and as a result is not responsive to women's needs and leaves women vulnerable to disproportionately negative impacts.
2. Universal Credit is a particular challenge from a gender equality perspective. The benefit is based on a model of a two-person household of a primary wage-earner and a primary carer. This is reflected in the default payment to a single person in the household and the lack of a work allowance for second earners. This risks entrenching gender inequality. Furthermore, UC also fails to provide adequate support for childcare and payment arrangements are not in-line with how many low-income households manage their money, risking increased stress and pressure for women who are often managing household budgets.
3. Covid-19 placed further pressure on many, with women more vulnerable to some of the worse economic effects. Childcare and homeschooling fell overwhelmingly to women during the lockdowns, leaving it difficult for many to continue to balance caring responsibilities with work. Support schemes, such as the Furlough scheme, were slow to adapt to better meet women's needs. Although the extension of the Furlough scheme to those with caring responsibilities and on a part-time basis were very welcome changes.
4. To ensure that women in Wales are better supported by the social security system:
  - a. The £20 uplift to Universal Credit should be retained

- b. Financial support should continue to be available to those who need to take time away from work due to caring responsibilities created or increased by disruption to schooling and childcare due to Covid-19
- c. Universal Credit should be reformed so that it does not entrench gender inequality. This should include split payments, a work allowance for second earners, improved support for childcare and payment delays need to be addressed
- d. Administration of social security should be devolved to the Welsh Government so that financial support can be delivered in the most effective way for people in Wales
- e. Both the UK Government and Welsh Government should embed intersectional gender analysis into policy-making to ensure that women's needs and experiences are considered from the outset

## Detailed Response

### 1. What are the key challenges for the benefits system in Wales and how do they differ from the other nations and regions of the UK?

#### Pre-pandemic, how effectively did the UK benefits system tackle poverty and socio-economic inequalities in Wales as compared to England and Scotland?

- 1.1. Poverty remains a particular challenge in Wales. Poverty rates have remained largely static for a number of years, with around 23% of households living in relative income poverty.<sup>1</sup> This varies for different groups - single parent households are at much higher risk of living in poverty, with 42% living in relative income poverty (86% of single parents are women).<sup>2</sup>
- 1.2. Wales also has particular challenges with low pay, being among the lowest paid parts of the UK.<sup>3</sup>
- 1.3. From a gender perspective, data on poverty presents a number of challenges. Measured at the household level, an assumption is made that resources are shared equally within that household. It can therefore be challenging to gain a true picture of poverty among women. Looking across a number of key indicators, we are able to conclude that women are at a slightly higher risk of poverty<sup>4</sup>:
  - 1.3.1. 42% of single parents live in relative income poverty and across the UK 21% of women live in low-income households compared to 19% of men
  - 1.3.2. 18% of women in Wales are materially deprived compared to 14% of men. The highest rate of material deprivation is among single parents
  - 1.3.3. 33% of low-paid women surveyed have no savings

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<sup>1</sup> Chwarae Teg (2021) *State of the Nation 2021*

<sup>2</sup> Ibid.

<sup>3</sup> In Brief "Poverty and supporting low-income households"

<https://research.senedd.wales/research-articles/poverty-and-supporting-low-income-households/>

<sup>4</sup> Chwarae Teg (2019) *Trapped: Poverty Among Women in Wales Today*

- 1.3.4. Women make up 63% of applicants to local authorities for help because they are threatened by homelessness. Relationship breakdown was the cause of being threatened with homelessness for one in eight women
- 1.3.5. Women are more than twice as likely as men to experience low food security
- 1.4. From these various indicators, we see that women are at slightly higher risk of poverty. Crucially though, it also highlights that women's poverty is different. Women's poverty is shaped and sometimes masked by their relationships with a partner; the differences for women with children are particularly stark as they bear many of the additional costs of raising children while living with the constraints on their labour market participation and education.<sup>5</sup>
- 1.5. These differences stem in part from the fact that gender still shapes our society and economy. These differences must be taken into account in public policy if we are to ensure equitable outcomes. The social security system, like many aspects of public policy, has not adequately considered these differences and as a result, is not responsive to women's needs and leaves women vulnerable to disproportionately negative impacts.
- 1.6. Changes to the social security system over the past decade have reduced the real-terms value of most benefits, and women have been adversely affected by almost all of the reforms.<sup>6</sup> Analysis by the EHRC estimate that households in Wales will lose on average around £480 a year from benefit, tax and minimum wage reforms announced since 2010; the biggest losses are among single parent families who on average lose £3720 a year.<sup>7</sup>
- 1.7. Universal Credit is a concern from both a gender and poverty perspective.
  - 1.7.1. The benefit is based on a model of a two-person household of a primary wage-earner and a primary carer. This is reflected in the payment of the benefit to one person in the household, increasing issues of financial dependency which are a particular issue in relation to women's poverty and domestic violence.<sup>8</sup>
  - 1.7.2. This model is also reflected in the lack of a work allowance for a second earner, which is a powerful disincentive for a second person in a household to take up employment.<sup>9</sup>
  - 1.7.3. Universal Credit is a benefit for both the unemployed and those in work. In Wales, 43% of women UC claimants are in work compared to 33% of men claimants.<sup>10</sup> This means that women will be impacted to a greater extent by any in-work conditionality. The aim of such conditionality is to encourage people to increase their hours/ income, but in some instances it may be beneficial for women to remain with an employer who offers better support with childcare, greater flexible working and better progression opportunities. Having to move

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<sup>5</sup> Ibid.

<sup>6</sup> Chwarae Teg (2019) *Trapped*

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Chwarae Teg (2021) *State of the Nation 2021*

jobs merely to avoid possible sanctions would not be helpful for women and would not improve gender equality in the labour market.

- 1.7.4. Universal Credit also does not make adequate provision for children. A combination of the benefit cap and the limit on claims for dependent children to two limits the amount of benefit that can be claimed by larger families.<sup>11</sup> In addition, UC does not cover the full cost of childcare for working parents, and any contributions are made in arrears even though childcare usually has to be paid for upfront.<sup>12</sup>
- 1.7.5. The arrangements for paying UC do not reflect how people on low incomes manage their finances. UC involves a wait of at least five weeks before payment is received, when many families making a claim have no savings to fall back on.<sup>13</sup> Advance loans can be made but need to be repaid in a relatively short period. When UC is paid, it is monthly in arrears. However many low income households are used to managing their money on a weekly or fortnightly basis.<sup>14</sup> As women typically manage resources in very low income households, UC's payment arrangements are likely to increase stress and pressure.
- 1.7.6. A survey of women in Wales in 2019 found that many were fearful of changing to UC.

*“I am dreading it, just the stories I have heard about the money stopping for so many weeks. I use my wages to pay my bills and then I live on my tax credits every week. People say that they have been worse off. I haven't checked - I am too scared. Friends have said that they have gone six or seven weeks with nothing.”*

*“To manage when you only have your income for a whole month is going to be difficult because I rely on weekly money to get groceries, petrol for work and things like that ... there are school trips and they only give you a week's notice so you have to have money for that”*

## **2. How has the COVID-19 pandemic changed the type and amount of support needed by people in Wales?**

- 2.1. The pandemic had a significant impact on people in Wales, with a number of groups at particular risk of both the health and economic impacts of the crisis. Women, Black, Asian and Minority Ethnic people, disabled people, single parents, young people and those on low incomes were all disproportionately hit by the pandemic.
- 2.2. The need for financial support increased significantly as lockdown restrictions came into effect. In April 2021, over 125,000 more people in Wales were claiming UC than at the start of the pandemic.<sup>15</sup>

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<sup>11</sup> Chwarae Teg (2019) *Trapped*

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>15</sup> In Brief “Poverty and supporting low-income households”

- 2.3. There were also almost 180,000 Covid-related payments through the Welsh Government's Discretionary Assistance Fund over the year to 18th March 2021, mainly due to people requiring support as a result of stopping or reducing work, delays to benefits claims or increased cost of living.<sup>16</sup>
- 2.4. The closure of schools and childcare providers and lack of access to informal childcare support during the lockdowns also had a significant impact on women's lives. Women took on the majority of additional childcare and home-schooling responsibilities during the lockdown – in households with a child under five women did on average 78% more childcare than men.<sup>17</sup> This led to significant disruption to their work, with mothers doing just 35% of the number of uninterrupted hours the average father did.<sup>18</sup>
  - 2.4.1. The pressure of balancing work with childcare and home-schooling led to some women either reducing their hours or leaving work altogether.<sup>19</sup> This risks increased numbers of women relying on the social security system, particularly as the Furlough scheme winds down. Given the issues outlined above with Universal Credit, this means a greater number of women could end up reliant on a benefit that does not meet their needs.
  - 2.4.2. Should there be a need to reintroduce restrictions where schooling and childcare is disrupted, or requirements to self-isolate continue, women could be left vulnerable to financial hardship if there is not adequate financial support in place for those who have to take time away from work for caring responsibilities.

### **3. How effectively has the UK benefits system responded to these needs, and what else should the UK Government do to deliver the right support in Wales?**

- 3.1. Research we carried out during the first lockdown highlighted a number of issues with UK benefits and financial support for women during the pandemic.<sup>20</sup>
- 3.2. While the eventual extension of the Furlough scheme to those with caring responsibilities, and on a part-time basis were very welcome, the fact that these elements were not included from the outset are an example of gender-blind policy-making. Once challenges were identified, the Furlough scheme was slow to adapt to better support women and those with caring responsibilities.
- 3.3. There are also well documented challenges with the Self-Employment Income Support Scheme, which saw many self-employed people fall through the cracks, and

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<https://research.senedd.wales/research-articles/poverty-and-supporting-low-income-households/>

<sup>16</sup> Ibid.

<sup>17</sup> Parenting in lockdown: Coronavirus and the effects on work-life balance, ONS OPN Survey, release date: 22.07.2020

<sup>18</sup> Institute for Fiscal Studies, How are mothers and fathers balancing work and family under lockdown?, Andrew A., Cattan S. et al., May 2020.

<sup>19</sup> ITV Wales News "I feel like I'm split in two": The unique impact of the pandemic on working mothers" Broadcast on 2<sup>nd</sup> June 2021 <https://www.itv.com/news/wales/2021-06-02/i-feel-like-im-split-in-two-the-unique-impact-of-the-pandemic-on-working-mothers> [Accessed 04.08.21]

<sup>20</sup> Chwarae Teg (2020) *Covid-19: Women, Work and Wales*

also failed to take account of maternity leave in calculations, leaving women at a further disadvantage.<sup>21</sup>

- 3.4. The £20 uplift to Universal Credit was a positive move, and one that should be retained. Delays in initial payments continued to cause challenges for people during lockdown and contributed in part to increased applications to the Welsh Government Discretionary Assistance Fund. The £20 uplift should be retained as a minimum, and further reform to Universal Credit should be considered to address the gender equality issues outlined above.
- 3.5. Overall, social security policy does not respond particularly well to women's needs and experiences, as gender inequality was not considered fully enough when policies were designed and decisions were taken. Going forward, social security policy and public policy more generally, should be developed and implemented with a gender mainstreaming approach.

#### **4. How effectively do the Welsh Government's allowances and grants meet the particular needs of people in Wales?**

- 4.1. There are numerous benefits administered in Wales, including the Discretionary Assistance Fund, Council Tax Reduction Scheme and Free School Meals. These are not necessarily seen as a coherent benefits system. Changes to create a single point of access to information and guidance and reforming some of these existing benefits to improve take-up would be helpful to create a more coherent Welsh benefits system.
- 4.2. The Discretionary Assistance Fund has proven to be an invaluable support for many during the pandemic. There have been challenges in the past in relation to awareness of the scheme and how to access it, but the pandemic experience could offer lessons to address these in the future.
- 4.3. During the pandemic, the Welsh Government were also quick to respond to the issues encountered by those entitled to Free School Meals. Local Authorities were expected to continue to support pupils, including during the holidays. Initial issues where vouchers were provided instead of cash were addressed in most local authority areas.
- 4.4. The Welsh Government offered a number of additional financial support packages during the pandemic. These were aimed at plugging the gaps in UK administered support. This took the form of grants for businesses forced to close, payments for essential workers and support for those having to self-isolate. Gender disaggregated data is not readily available for these schemes so it is difficult to determine how well these initiatives supported women.

#### **5. What reforms are needed to the benefits system and should there be further devolution of powers?**

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<sup>21</sup> Women's Budget Group (2021) *Gender Differences in Access to Coronavirus Government Support*

- 5.1. As outlined above, many aspects of the social security system do not work for women, as they have not been designed with women's lives, or gender inequality, in mind.
- 5.2. We remain of the view that Universal Credit needs to be reformed. As a minimum, changes are needed to enable split payments as a default option, a work allowance needs to be introduced for second earners, the £20 uplift should be retained and better support for childcare needs to be included.
- 5.3. The principles underpinning our social security system need to change so that it is based on human rights, dignity and equality and offers a genuine safety net for whoever needs it. As such, many of the regressive reforms made to social security since 2010 need to be reversed so that people can expect to receive enough money to meet their basic rights and needs. Punitive sanctions should also be removed, and a much more person-centred approach needs to be adopted on the front-line so that women's diverse needs are properly considered.
- 5.4. We support the devolution of administrative powers over social security, on the same model as Scotland. This would enable Welsh Ministers to administer social security in a way that works best for the people of Wales. It would also enable Welsh Ministers to address some of the above issues with Universal Credit.

## **6. What are the implications of the UBI pilot in Wales?**

- 6.1. UBI is one of a number of potential solutions that *could* offer benefits to women and help to tackle inequality. But it's crucial that we understand how UBI might impact women and men differently, so we can identify any issues and address them in future pilots or policy design
- 6.2. We need further evidence to understand whether a UBI will support equitable outcomes for women and men, and to inform thinking on key design issues such as the level at which a basic income should be set and what support is needed for those with caring responsibilities.
- 6.3. Key questions to consider will be:
  - 6.3.1. Whether UBI better supports women to balance work and care than current systems
  - 6.3.2. Whether UBI risks lower income women falling out of the labour market all together
  - 6.3.3. Whether UBI offers the same opportunity for women and men to explore leisure activities and doesn't lead to a gender disparity where women use any free time for care while men are free to explore other activities
  - 6.3.4. Whether UBI can help encourage a greater sharing of caring responsibilities.
- 6.4. The planned pilot of a UBI is on a very small scale, which is unlikely to gather the evidence needed to answer these questions.
- 6.5. We remain of the view that if a pilot is to take place then it must be on a wider scale, and not focused on a single group. A wider pilot, based on a geographical area and therefore including different demographic groups would be far more helpful to carry out further gender analysis of UBI proposals.

- 6.6. Whatever the outcome of the UBI pilot, should this be a policy area that Welsh Ministers wish to pursue, there will be a need for further devolution, notably around taxation, as well as social security.
- 6.7. It's also important to remember that there are a number of other actions needed to address gender inequality, beyond a potential UBI. While a UBI could be part of the solution, we also need to look at critical issues such as childcare, agile and inclusive working practices and sexual harassment and need to see a change in **how** we do things, so that gender equality is mainstreamed into all policy development and decision-making.

## **Conclusion**

From a gender equality perspective, there are significant issues with the social security system. Reforms since 2010 have disproportionately hit those on lower incomes and women.

As with many areas of public policy, there has been a failure to consider gender equality and the reality of women's lives when social security policy has been designed and decisions taken. As a result, the social security system does not effectively support women and risks further entrenching gender inequality.

There are many changes needed to address existing issues with social security, and going forward there is a need for governments to embed gender analysis into policy-making so that women's needs and experiences are considered and every opportunity to tackle inequality is seized.

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